

# UOB Business Outlook Study 2024



(SMEs & Large Enterprises)

UOB conducted a Business Outlook Study in Thailand covering 525 business owners and key executives from SMEs and Large Enterprises.

The Business Outlook Study provides a comprehensive understanding of the current business sentiment, inflation impact and outlook among businesses across various sectors in Thailand.

By capturing robust insights around key themes such as Overseas Expansion, Supply Chain Management, Digitalisation, and Sustainability, this study can help Thailand businesses better understand the current environment they are operating in and plan for future opportunities and challenges.



Thailand

## ▶ WHAT



15-minute online survey



Total of 525 interviews



Data collection:  
Late-December 2023 to mid-January 2024

## ▶ WHO



Businesses with revenue from  
THB 30 million to < THB 7.5 billion



Covers both SMEs and Large Enterprises  
across key industry verticals



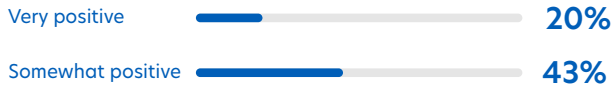
Owners/C-suite/Management level who are  
involved with business decision making



Classification of businesses:  
Small Enterprises (BB) - annual turnover of  
THB 30m to < 400m  
Medium Enterprises (CMB) - annual turnover of  
THB 400m to < 7.5b

Industries	Sample
Consumer Goods	57
Real Estate & Hospitality	57
Tech, Media & Telecom	56
Business Services	56
Community & Personal	56
Construction & Infrastructure	55
Wholesale Trade	53
Manufacturing & Engineering	53
Professional Services	50
Industrials, Oil & Gas	32
Total	525

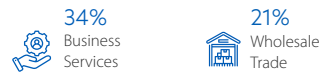
► Business sentiment



Most positive sectors



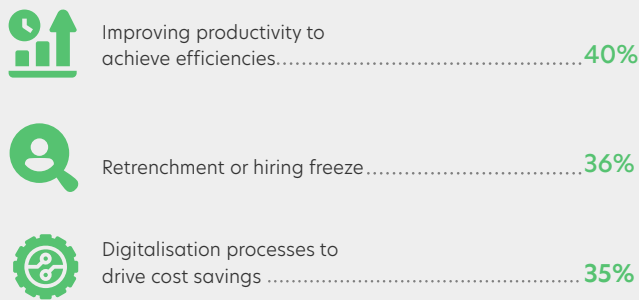
Most improved sectors



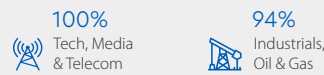
► Inflation and its impact



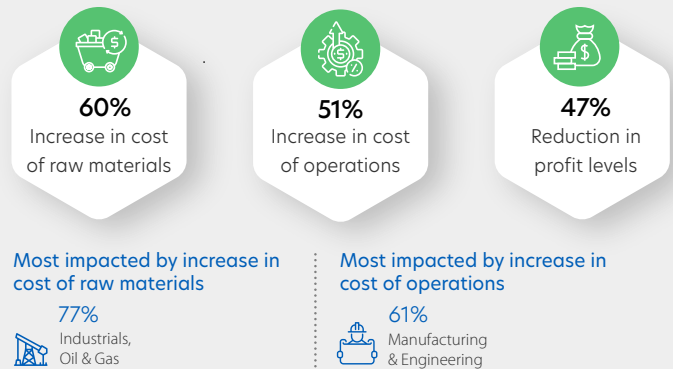
Ways to combat inflation



Most affected sectors



Areas affected by inflation



► Overseas expansion interest



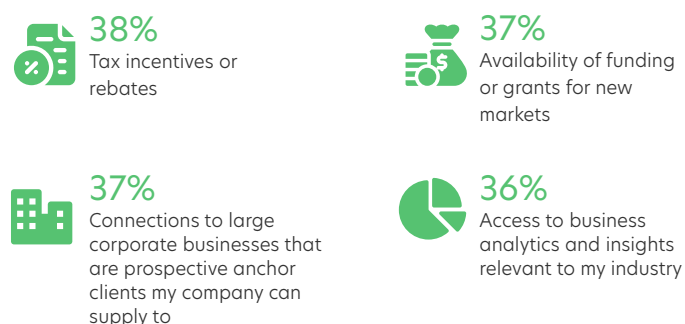
Most interested sectors



Least interested sectors



Support measures for overseas expansion



Key motivators for overseas expansion



► Supply Chain Management (SCM) and its challenges

Over **3 in 5** businesses in Thailand say that geopolitical tensions have affected their supply chain.

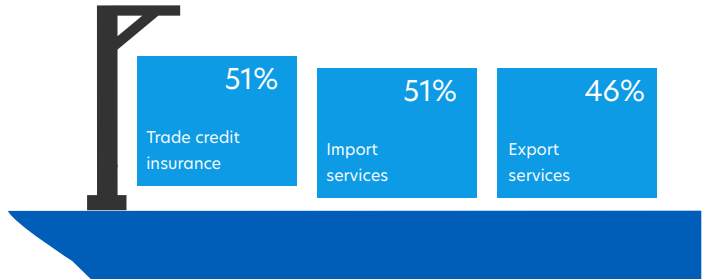
Most impacted sectors



Challenges faced by businesses



Key trading needs among businesses

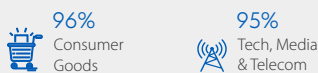


► Digital adoption

Current state

Over **9 in 10** businesses in Thailand have digitalised one or more departments.

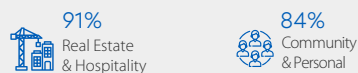
Most digitalised sectors



Expected spending in 2024

Nearly **4 in 5** businesses expect to spend more on digitalisation in 2024, with most budgeting an increase of 10% to 25%.

Higher spending sectors



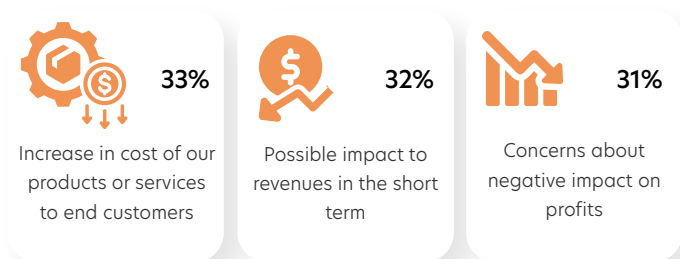
► Sustainability adoption

Over **9 in 10** businesses in Thailand believe sustainability is important to their business. Adoption level has improved since 2022.

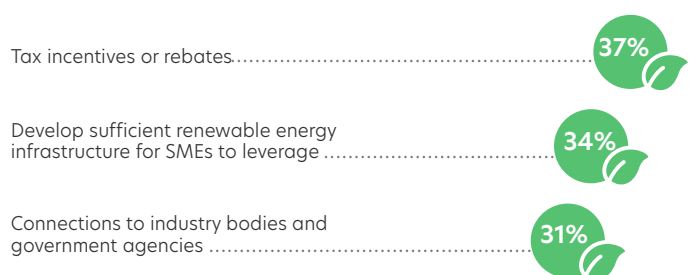
Higher adoption sectors



Challenges faced by businesses



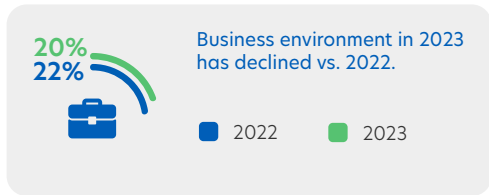
Support measures to drive sustainability adoption



## Business environment in 2023



### Most positive sectors



## Business outlook for 2024



### Most improved sectors



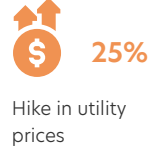
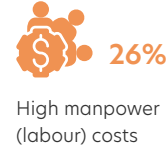
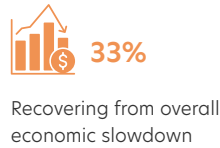
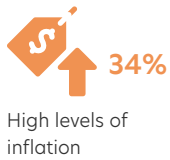
Nearly 1 in 5 businesses continue to expect a vastly improved performance in 2024, similar to the previous year.

Vastly improving, 2023 **17%**

Vastly improving, 2024 **17%**

## Top factors that have impacted businesses in 2023

High inflation, recovery from economic slowdown and rise in interest rates are the top three macro factors impacting businesses.



## Business priorities for next 1-3 years



High inflation and recovery from economic slowdown are leading to many businesses looking to reduce costs in the next 1-3 years.

Sourcing for new customer base is a priority for over 3 in 10 businesses in Thailand.



## How businesses plan to achieve their priorities

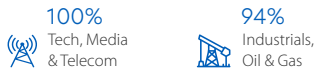
To achieve their business priorities, many businesses are looking to focus on improving customer service or experience, work with ecosystem partners, and adopt digital solutions.



## ► Extent of inflation impact



### Most impacted sectors



### Most impacted cities



## ► Macro factors impacting business in 2023



High levels of inflation



Recovering from overall economic slowdown



Rising interest rates



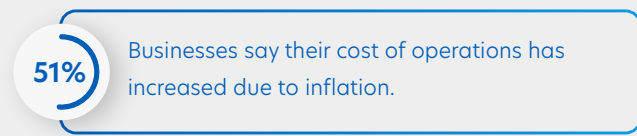
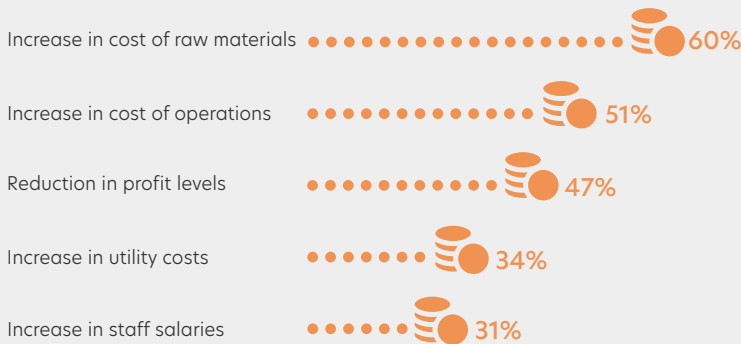
High manpower (labour) costs



Hike in utility prices

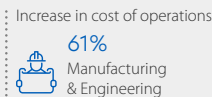
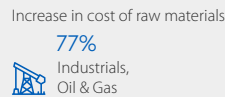


## ► How inflation has impacted businesses

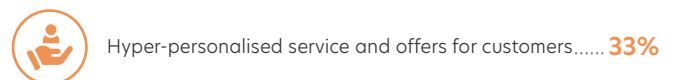
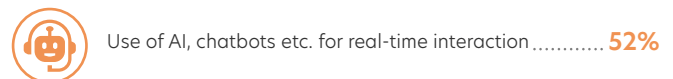
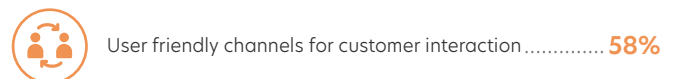
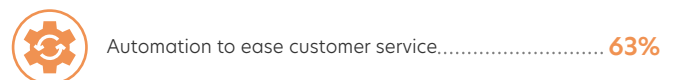
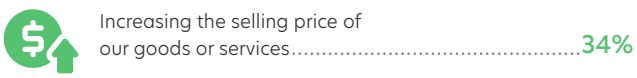
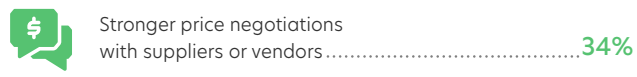
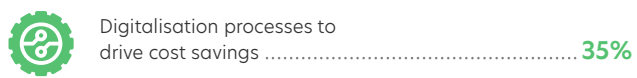
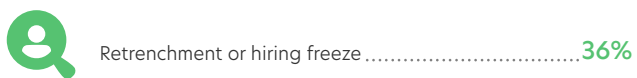
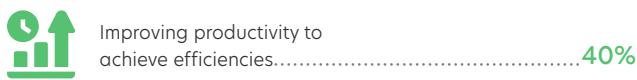
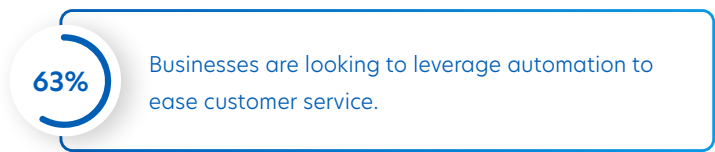
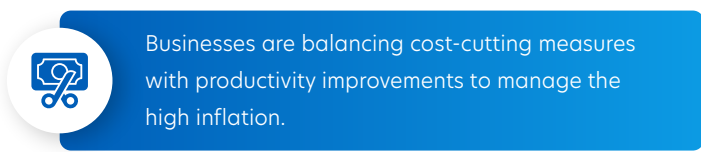


The impact across sectors has not been uniform. More Industrials, Oil & Gas businesses have seen an increase in their cost of raw materials while more in the Manufacturing & Engineering sector has been impacted by increase in their cost of operations.

### Most affected sectors



## ► Ways to combat inflation



## Interest in overseas expansion

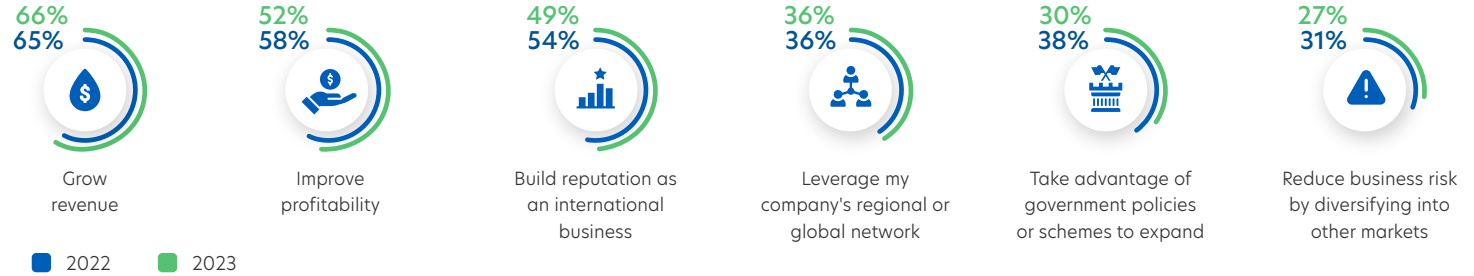


### Most interested sectors



## Key motivation for businesses to expand overseas

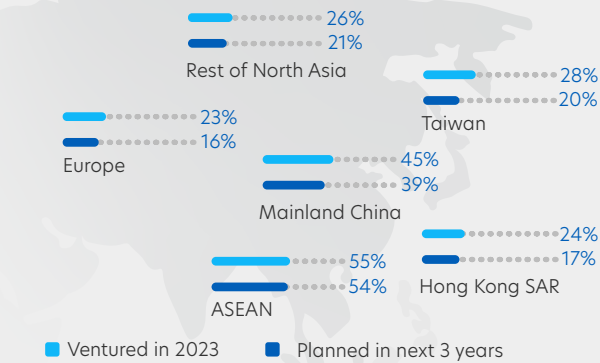
More businesses are now looking to expand to grow their revenue.



■ 2022 ■ 2023

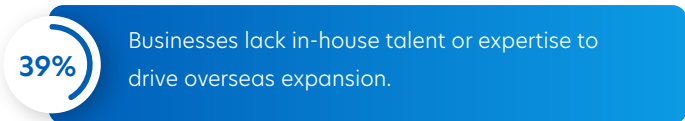
## Key markets on the radar for overseas expansion

ASEAN and Mainland China are the top two regions that businesses in Thailand have expanded in 2023 and will continue to expand in the next 3 years.

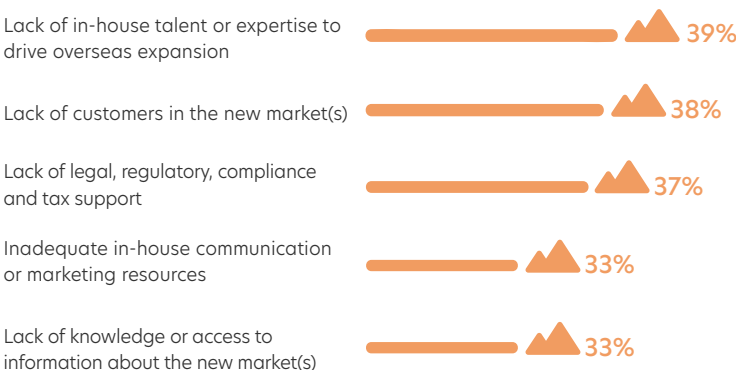


Consumer Goods sector has ASEAN on its radar for future expansion. Within ASEAN, Singapore and Vietnam, the two largest domestic markets, attract businesses the most.

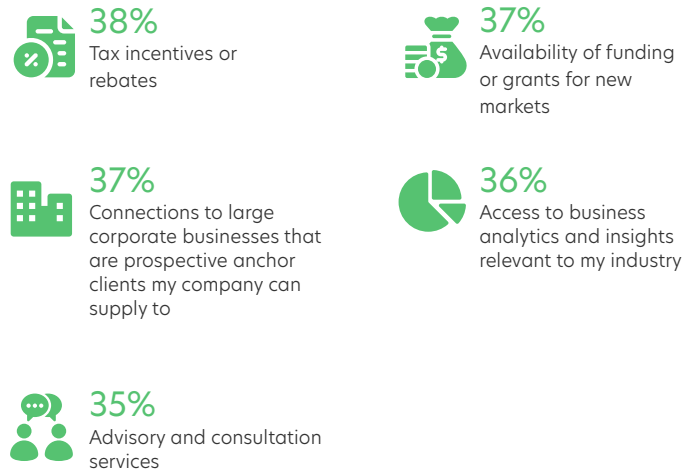
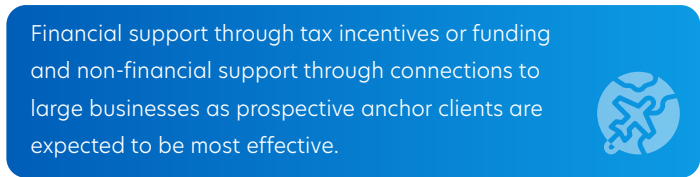
## Barriers for overseas expansion



Lack of in-house talent or expertise is by far the biggest challenge for Professional Services businesses.



## Support measures for overseas expansion



► Importance of SCM



Sectors where SCM is more important



Differences by turnover



► Impact of geopolitical tensions on supply chain

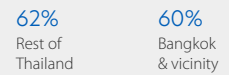


Over 3 in 5 businesses in Thailand say that geopolitical tensions have affected their supply chain. However, fewer businesses are affected now than a year ago.

Most impacted sectors



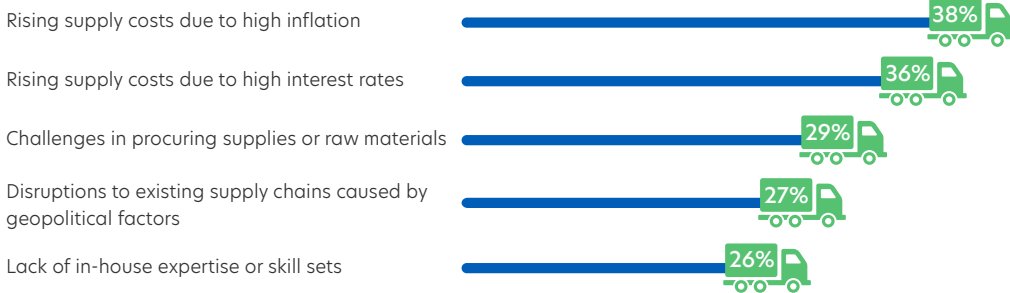
Most impacted cities



► Supply chain challenges faced

Rising supply costs due to inflation & interest rates, and challenges in procuring supplies or raw materials are the top 3 supply chain challenges businesses faced.

Rising supply costs due to high inflation are especially challenging for businesses in the Consumer Goods sector.



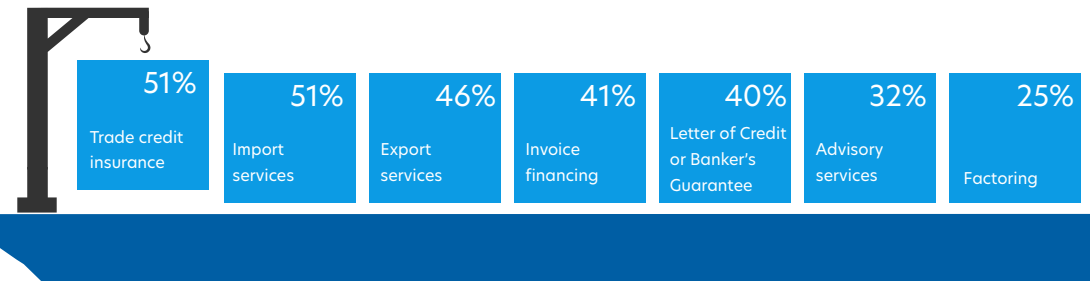
► Current practices in SCM

Businesses are taking three key actions to manage supply chain challenges – source for alternative raw materials to diversify risk, have more diverse sources of suppliers and use data analytics for faster decision-making.

Manufacturing & Engineering businesses are most active in sourcing for alternative raw materials to diversify risk.



► Key trading needs among businesses

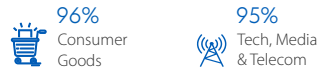


Trade credit insurance, import services and export services are the top three trading support services sought by businesses.

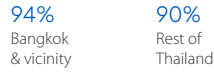
## ▶ Current state of digitalisation

Over **9 in 10** businesses in Thailand have digitalised one or more departments, with 37% claiming digitalisation has happened across the business.

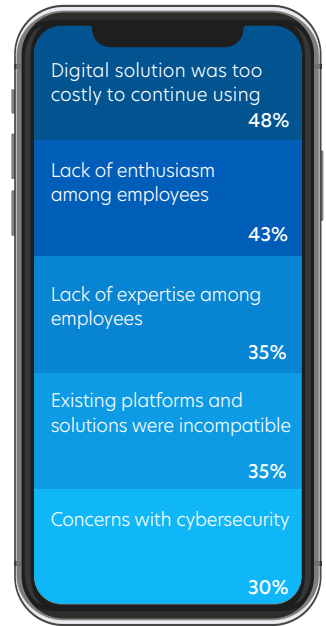
### Most digitalised sectors



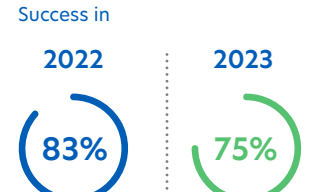
### Most digitalised cities



Costly digital solutions, lack of enthusiasm and lack of expertise among employees are key reasons why digitalisation efforts are less successful for some businesses.

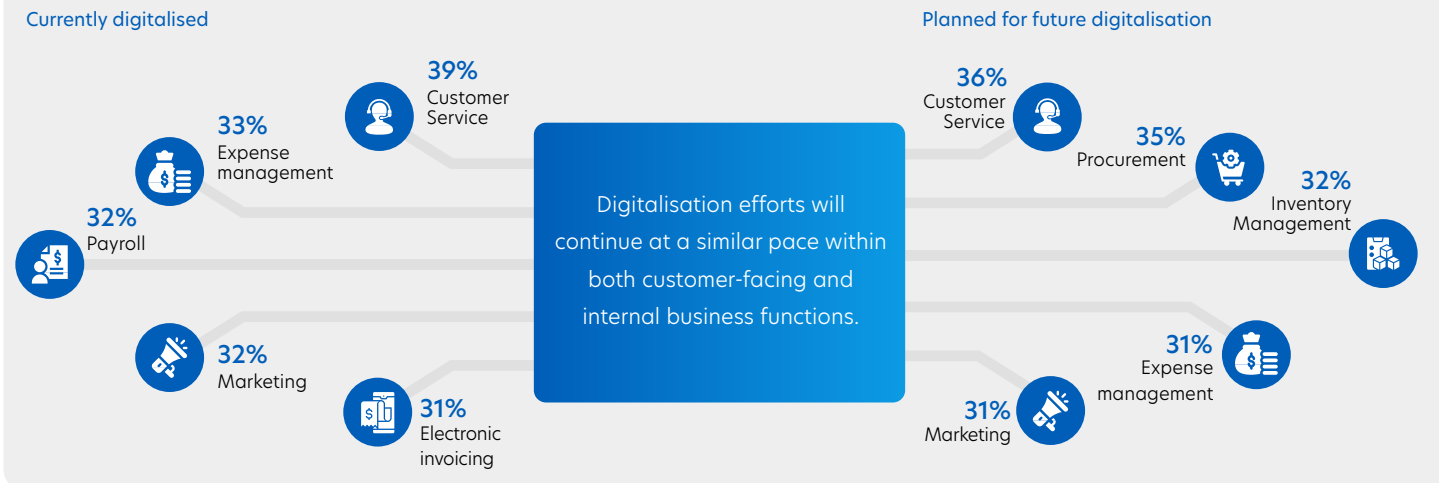


While **3 in 4** businesses in Thailand have seen success from their digitalisation efforts, the number of businesses that succeeded has declined from the previous year.



## ▶ Business functions digitalised

In future, businesses plan to prioritise digitalisation of functions like customer service, procurement and inventory management.



## ▶ Expected spending on digitalisation in 2024

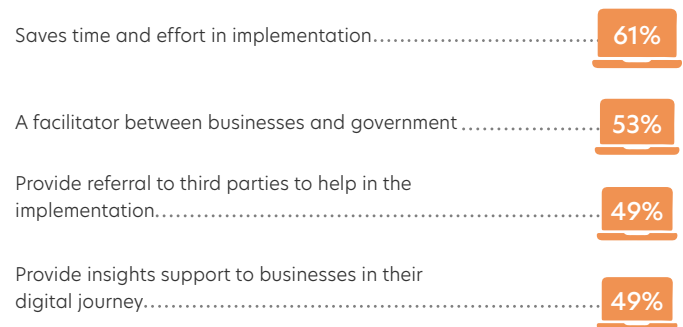
Nearly **4 in 5** businesses expect to spend more on digitalisation in 2024, with most budgeting an increase of 10% to 25%.



## ▶ Banks and Financial Institutions (FIs) have a key role in digitalisation

Over **3 in 5** businesses believe they save time and effort in implementation when supported by banks and FIs in their digitalisation journey.

Over **1 in 2** of businesses feel banks and FIs can be a facilitator between businesses and government.



► Current state of sustainability

94% of businesses consider sustainability important. However, only 55% of businesses have implemented sustainable practices in 2023. Adoption in Thailand is higher than regional average of 44%.

Higher implementation sectors

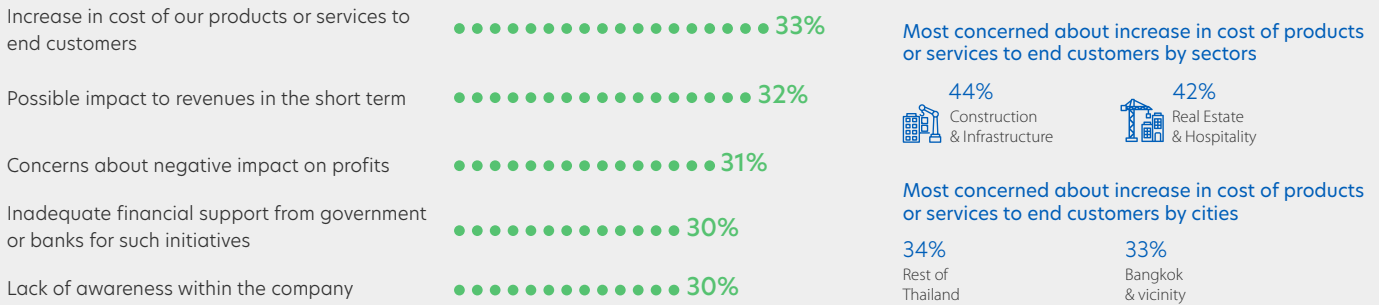


Higher implementation cities

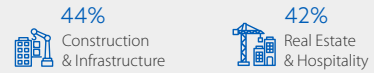


► Top barriers to sustainability

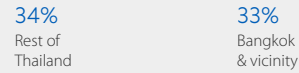
Increase in cost of products or services, possible impact to revenues in the short term and concerns about negative impact on profits are key obstacles in sustainability implementation in Thailand.



Most concerned about increase in cost of products or services to end customers by sectors

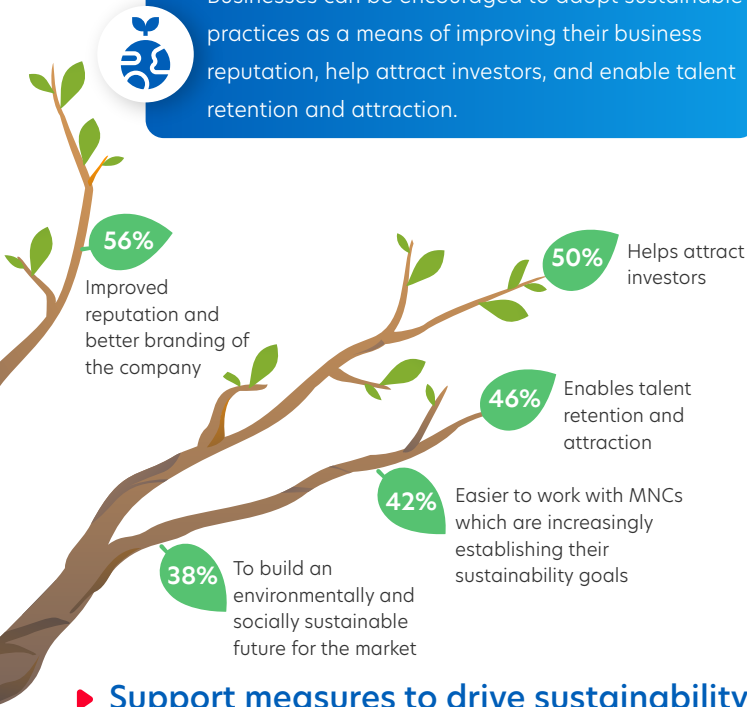


Most concerned about increase in cost of products or services to end customers by cities



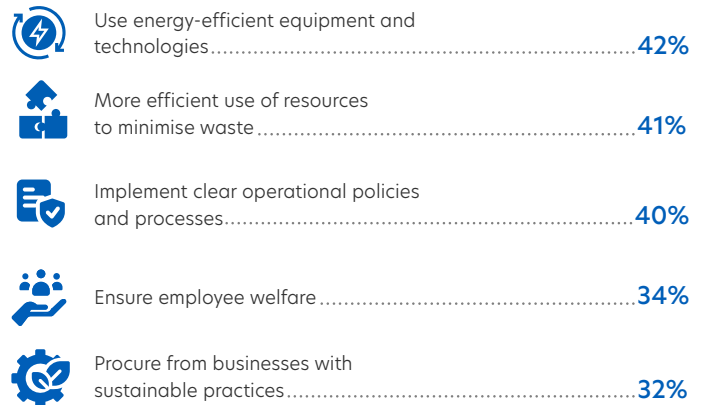
► Ways to encourage sustainable practices

Businesses can be encouraged to adopt sustainable practices as a means of improving their business reputation, help attract investors, and enable talent retention and attraction.



► Sustainability practices prioritised

Sustainable practices leading to use of energy-efficient equipment & technologies, and more efficient use of resources to minimise waste are prioritised for implementation.



Higher prioritisation of energy-efficient equipment by sectors



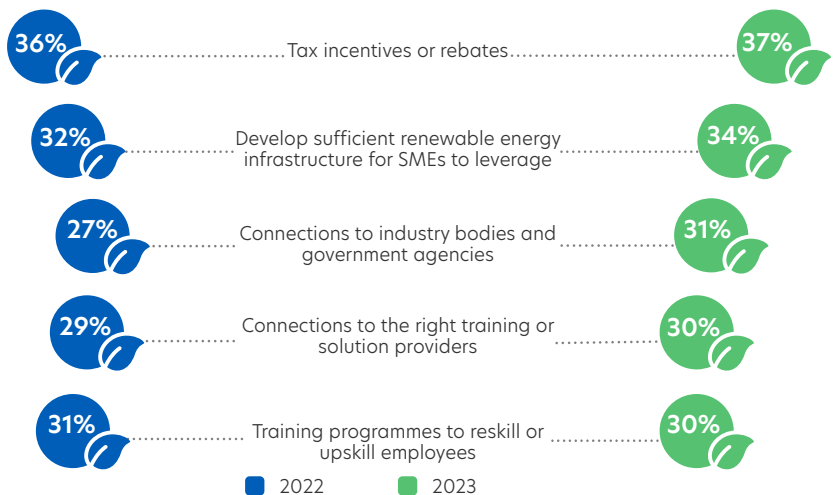
Higher prioritisation of efficient use of resources by sectors



► Support measures to drive sustainability adoption

Financial measures such as tax incentives or rebates are key to drive greater adoption. Businesses can also benefit from leveraging renewable energy infrastructure available for SMEs, connections to industry & government agencies, and connections to the right training or solution providers.

A sectorial approach can also be adopted to offer relevant support measures to sectors that are in more need for it. For example, Professional Services sector seeks more tax incentives while businesses in the Real Estate & Hospitality sector seek to leverage on available renewable energy infrastructure for SMEs.



■ 2022 ■ 2023