



# An Inside Look

*Asia-Pacific  
Small & Medium Business Overview*

August 2023

**NIQ**



## About the survey

NIQ's 'An Inside Look' is a global survey to a digital panel comprising 181 business owners from 35 markets representing approximately \$34 million in FMCG sales value. It was designed to understand the realities faced by Small and Medium-sized Businesses (SMBs) in today's economic and retail landscape.

- Fieldwork: April to May 2023
- Regions represented: Asia-Pacific, Latin America, North America, Europe, Middle East & Africa and China

**This regional report** delivers an overview of the **Asia-Pacific** respondents from small and medium-sized businesses\* across 10 markets\*\*.

\* Based on NIQ Retail Measurement Service (RMS) segmentation for small and medium businesses

\*\* Markets include Australia, New Zealand, South Korea, Malaysia, Philippines, Indonesia, Thailand, Vietnam, India, and Bangladesh

# Summary

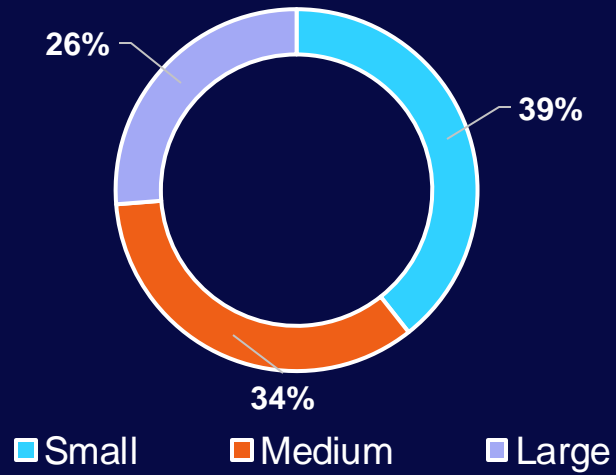
The APAC SMB survey report is written based on data collected from both global and APAC SMB respondents. The report consists of two different cross-data comparison: APAC SMB data based on business sizes (small, medium, and large), and global SMB data, also based on business sizes.

- **Challenges and risks:** The survey reveals inflation and rising cost of raw materials and goods is the biggest challenge across all regions including APAC except for China where they pay more attention to developing omni-channel distribution. Especially, APAC companies across all sizes are adopting proactive measures such as adjusting their product portfolio and removing low-performing products to fight against major risks including reduction in margins.
- **Channels and distribution:** While traditional trade is still dominant, APAC is home to the world's most advanced e-commerce markets, and this reflects in the choices made by business. The survey respondents across all business sizes favor the ecommerce channel and their primary area of focus is omni-channel strategy when it comes to channel and distribution.
- **Product value and pricing strategy:** Most APAC SMBs state that the value of their products lies in "Value for money" whereas globally it leans towards "Healthy and nutritious products". Moreover, all regions including APAC choose to focus on communicating the key benefits of their products to justify prices.
- **Data and insights:** The importance of data and insights is commonly recognized in all regions and companies across all sizes are inclined to purchase market data to make business decisions such as pricing. We are also seeing a growing trend among SMBs in the use of data and insights for decision making.

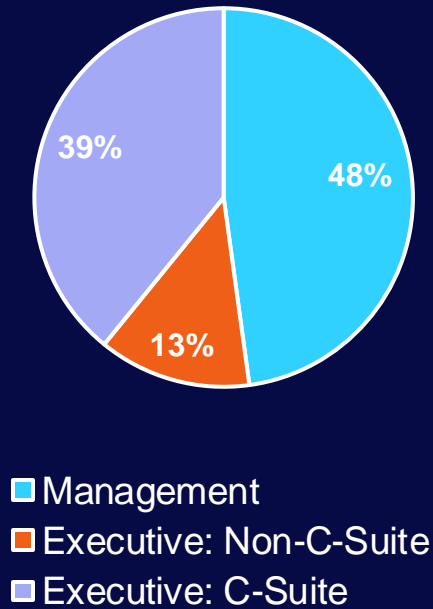


# About the respondents (Asia-Pacific)

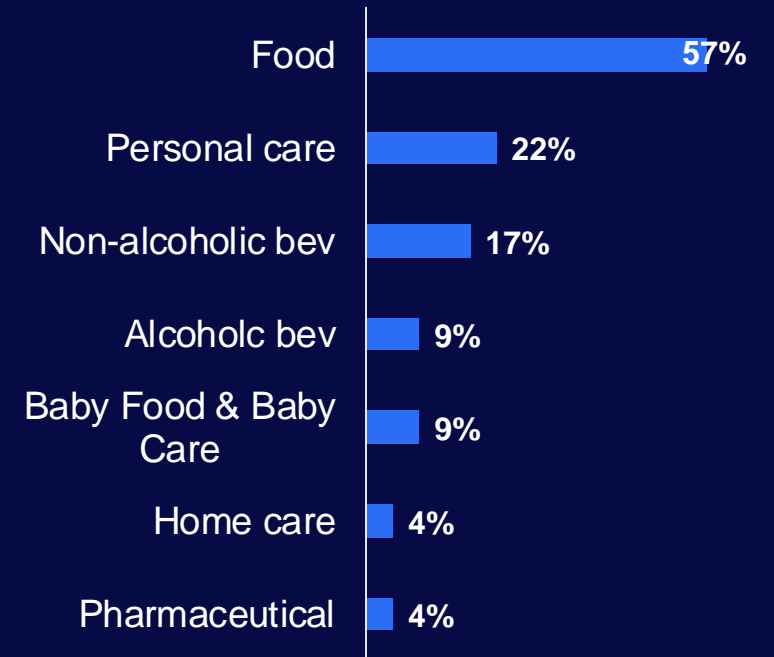
### Respondents' business size



### Respondents' management level



### Category breakdown

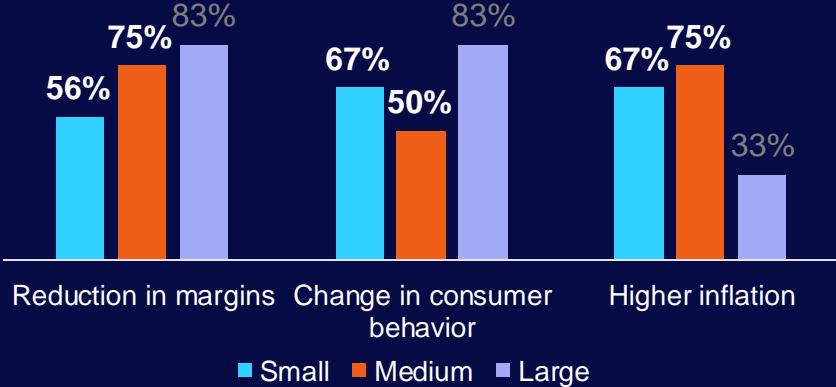
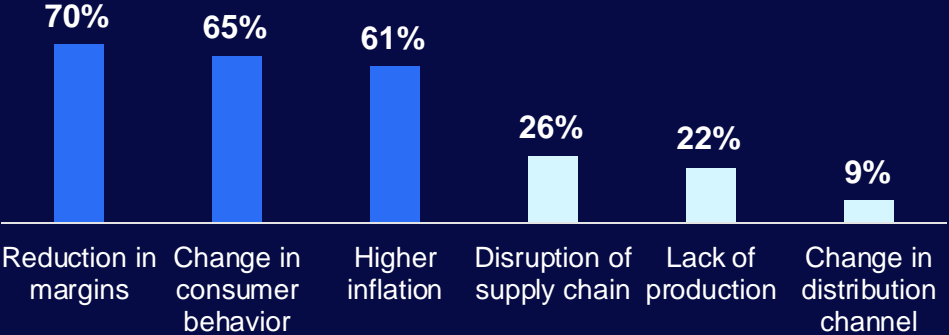


# Survey Results

# Main risks for SMBs in the next 12 months

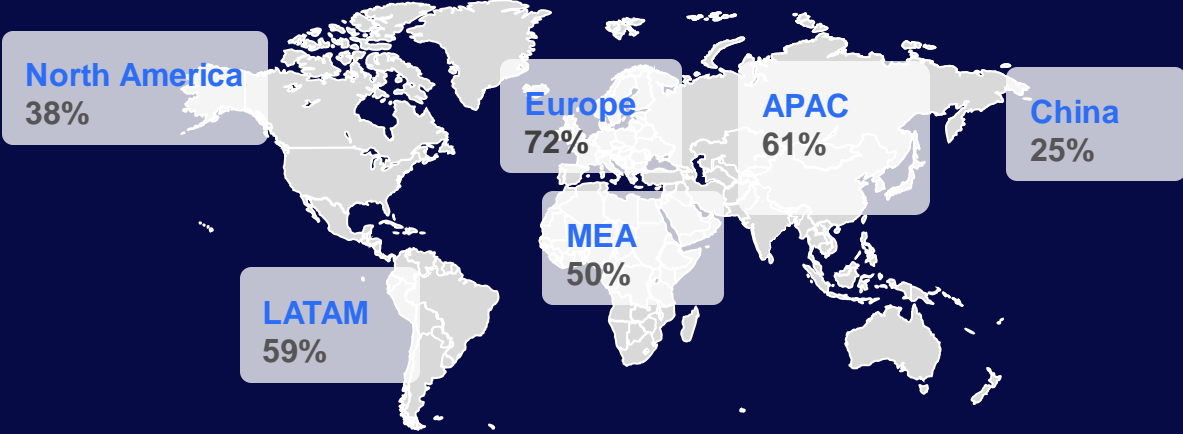
## APAC

Top 3 risks identified by APAC companies are **reduction in margins, change in consumer behavior and higher inflation**. Small and medium-sized businesses are significantly concerned by higher inflation resulting in possible change in consumer behavior and reduction in margins. Meanwhile, only 33% of large companies state that they are most concerned by higher inflation but show even greater concerns over reduction in margins and change in consumer behavior.



## VS. Global

**Inflation** is perceived as a common risk for the companies in most regions, except for China where changes in consumer behavior and distribution channel are considered more urgent.



# Main challenges faced by SMBs

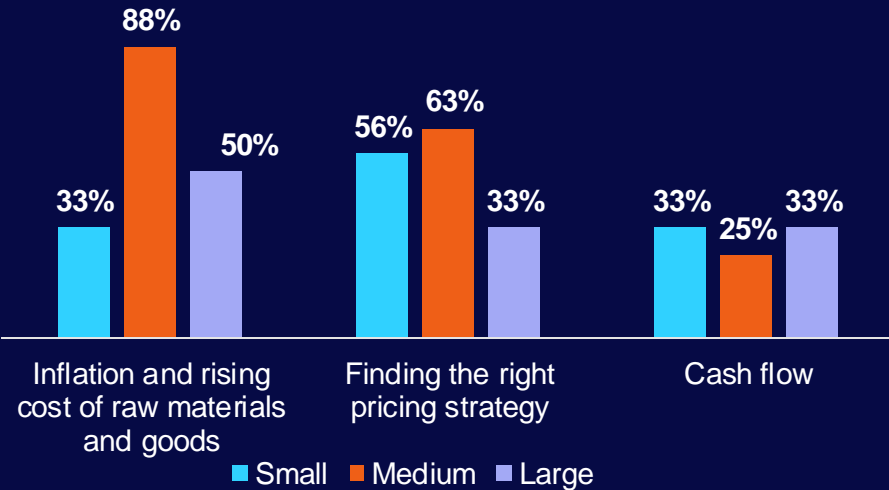
## APAC

The no.1 challenge that the APAC companies are encountering is 'inflation and rising cost of raw materials and goods'. When we look deeper at the different business sizes, finding the right pricing strategy stands out for small companies, with equal weightage to inflation and cash flow. Whereas, medium and large companies are more concerned about inflation, followed by the right pricing strategy and cash flow.



## VS. Global

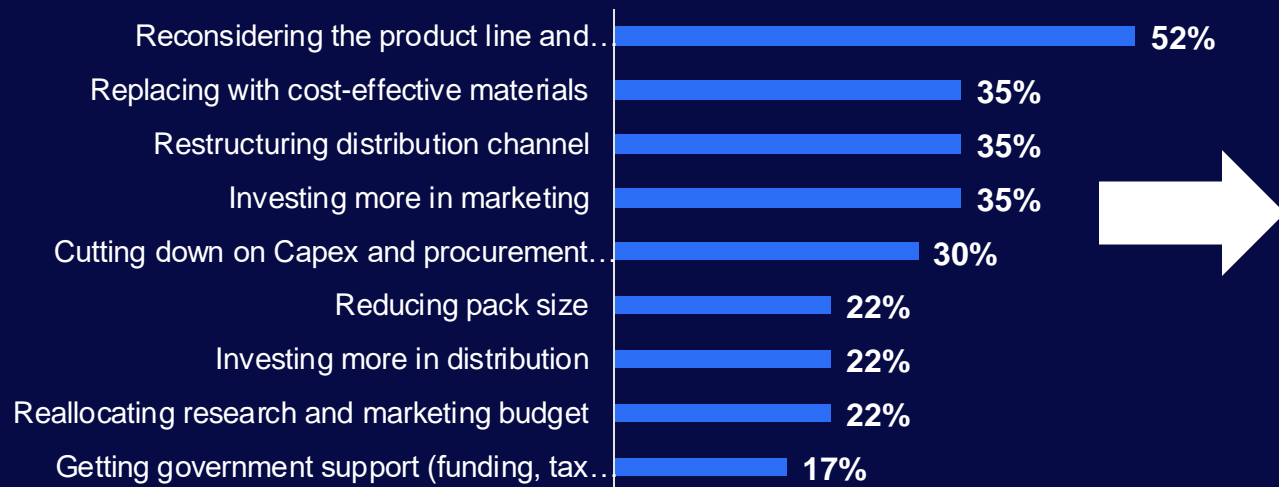
Inflation and rising cost of raw materials and goods is perceived as the biggest challenge across all regions (Global: 46%) except for China (29%) where the concern is more focused on developing omni-channel distribution (51%).



# Adjusting the product portfolio is the top solution for 52% of respondents

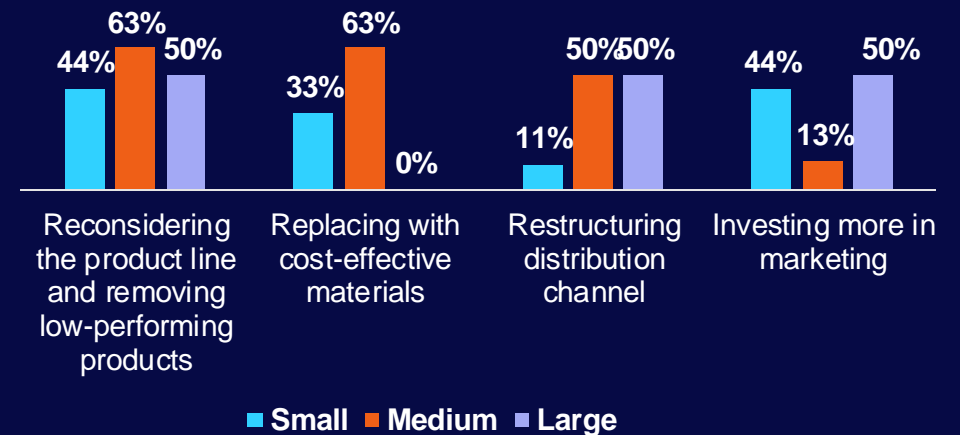
## APAC

The most effective solution that APAC companies are taking to deal with the current challenges is reconsidering their product line and removing low performing products. This is the no.1 solution for companies of all sizes. In addition, small companies are equally considering investing in marketing, whereas medium companies are giving equal weightage to replacing with cost effective materials. Large companies would consider restructuring their distribution channel as well as investing more in marketing, after reconsidering their product line.



## VS. Global

Adjusting the product portfolio is the top solution companies across all regions are implementing to cope with the challenges (Global: 50%). This tendency is even more visible for small (39%) and medium sized (55%) businesses.

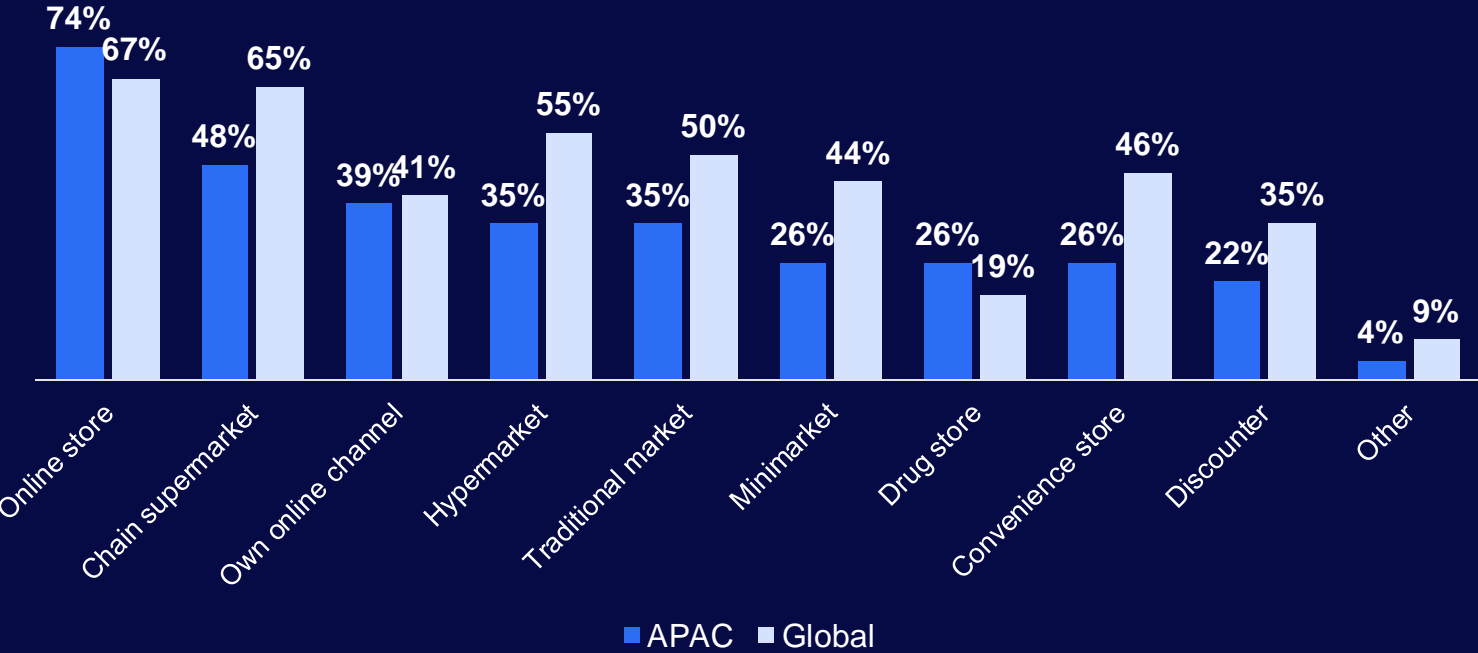




# Online store emerges as the most relevant channel for SMBs

## Channel distribution (% of respondents)

Home to the most advanced e-commerce markets, APAC companies state that online is the most dominant channel for their businesses (online store: 74%, own online channel: 39%). This tendency is common across all business sizes, which is a major difference compared to other regions where offline is still a more dominant channel - Latin America: Traditional market (54%), Europe: Chain supermarket (94%).



<b>Top 3 – Small (APAC)</b>
Online store, Chain supermarket, Traditional market
<b>Top 3 – Medium (APAC)</b>
Online store, Chain supermarket, Own online channel & Hypermarket
<b>Top 3 – Large (APAC)</b>
Online store, Convenience store, Minimarket

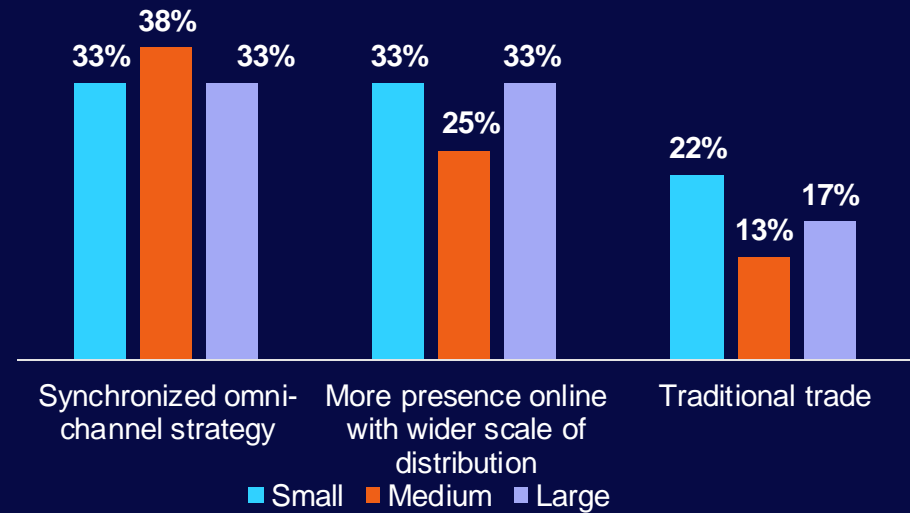
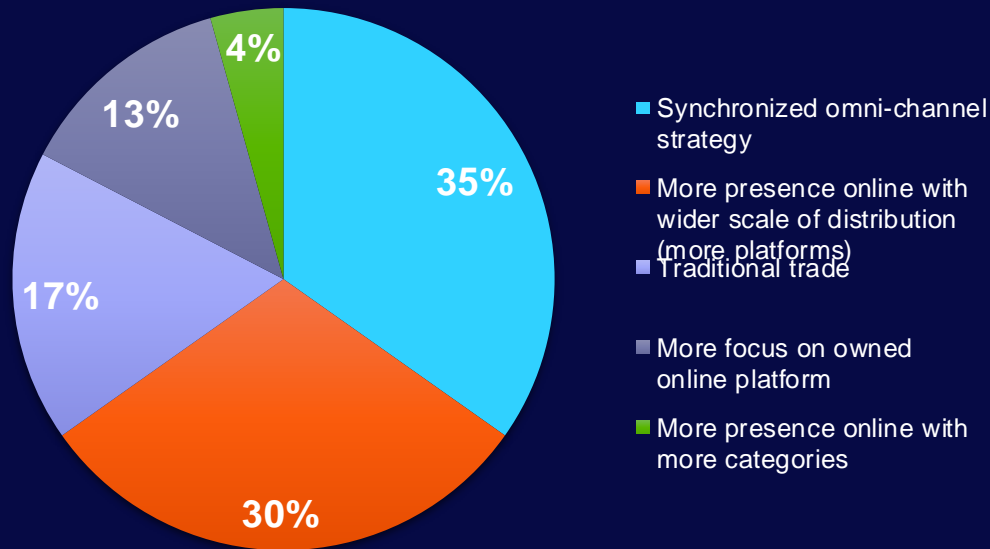
# APAC companies are focused on Synchronized Omni-Channel Strategy

## APAC

Synchronized omni-channel is identified as the primary area of focus when it comes to channel/distribution strategy for APAC companies across all sizes. As such, understanding which channel is most effective for different FMCG products is critical in maximizing your success.

## VS. Global

While APAC companies are weighing heavily on synchronized omni-channel and online, traditional trade is the top priority for most regions and especially for Europe (Global average: 31%, Europe: 78%).



## For APAC SMBs, value of their products lies in:

**39%**

**Value for Money**

*vs. global average of 21%*

**17%**

**Healthy, nutritious products**

*vs. global average of 31%*

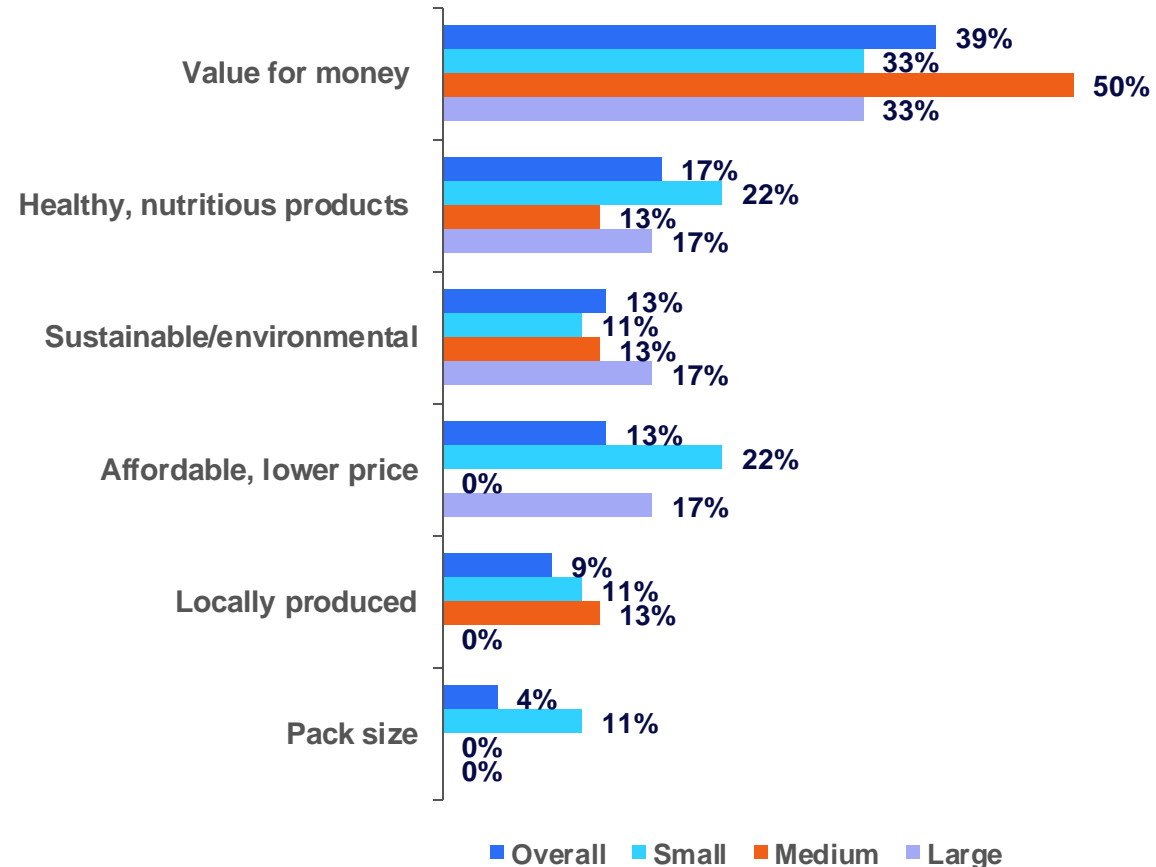
**13%**

**Sustainable & Locally produced**

*vs. global average of 6% & 7%*

Question: "What is the key value your product offers to your customers?"

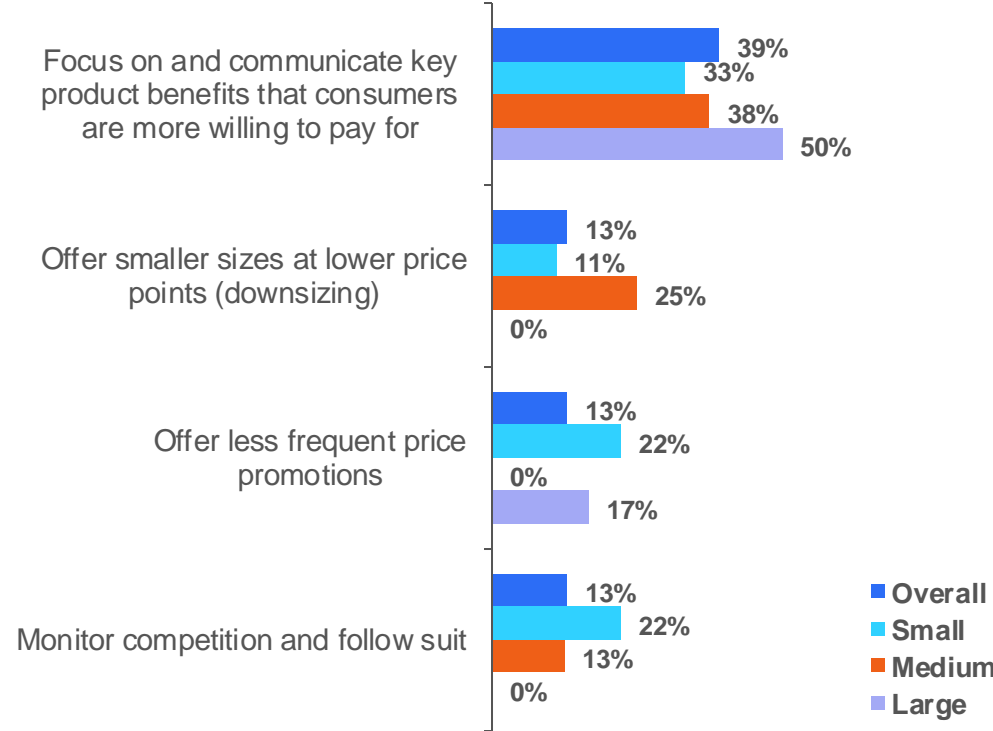
'Value for money' is the top benefit that SMBs feel their products provide their customers. This becomes especially important during an inflationary period, where companies tend to focus on raising prices. However, another NIQ analysis shows that 84% of growing brands, which prioritized volume in an inflationary environment, experienced 34% growth in value. Hence, brands trying to drive profitability, should focus on driving volume above price.



# Communicating product benefits is key

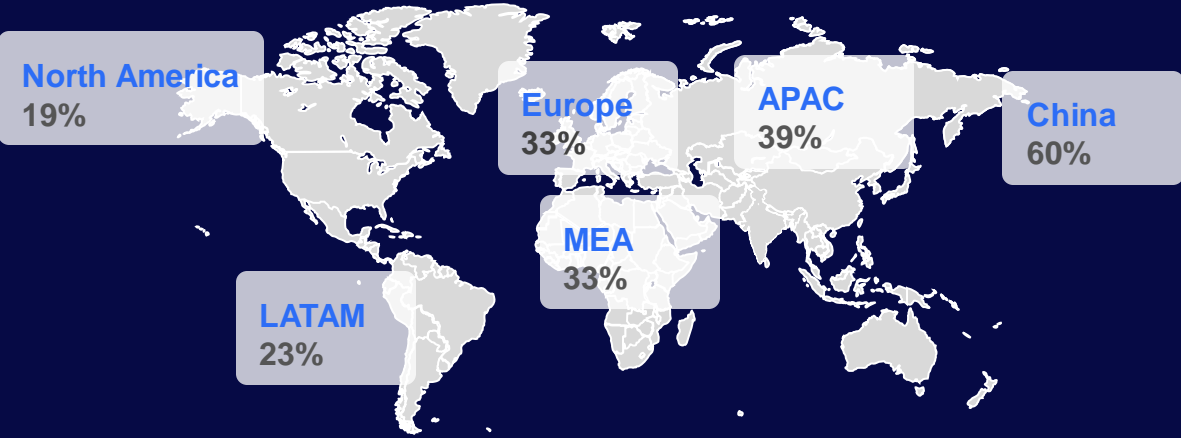
## APAC

No.1 pricing and promotional strategy for APAC companies is focusing on and communicating key product benefits across all business sizes. Small and medium-sized companies are also willing to take other measures like offering less frequent price promotions and downsizing.

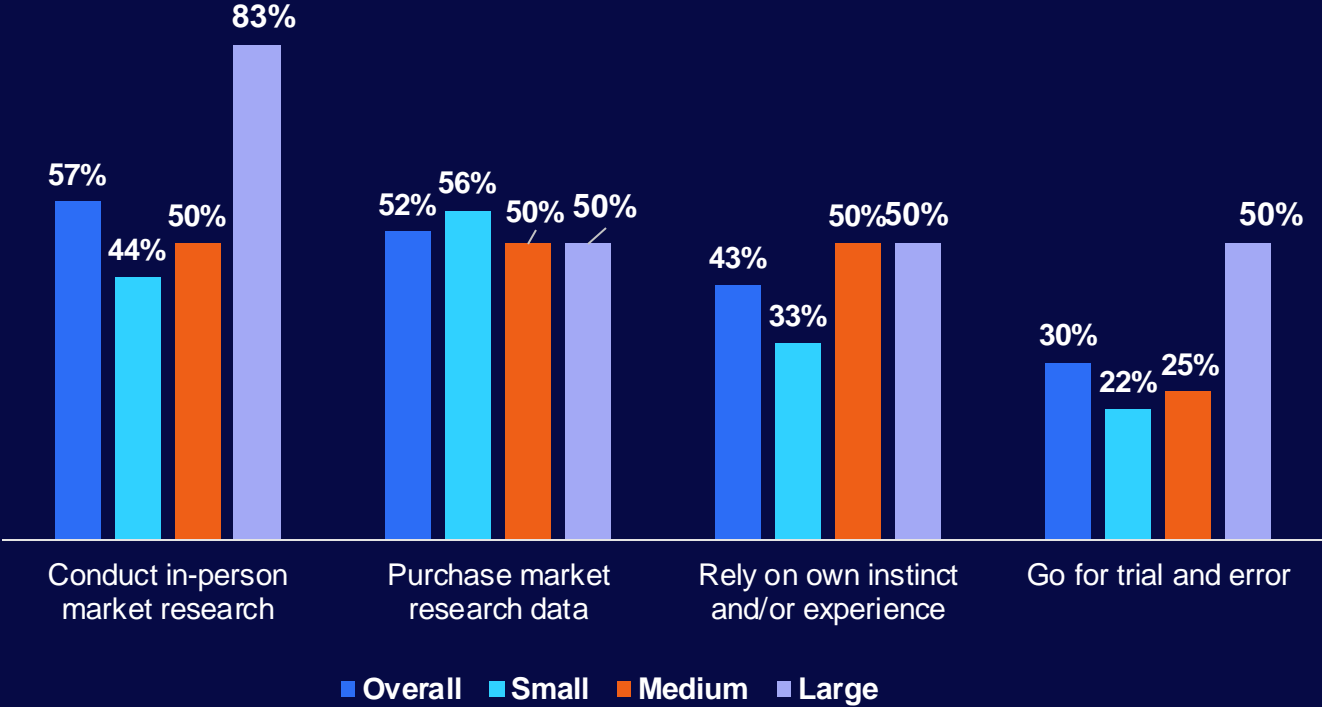


## VS. Global

While "focus on communicating key product benefits" is identified as the key strategy for APAC, China, Middle East & Africa and Latin America regions, the tendency differs in North America and Europe where the focus is more on "maintaining same product and quality while increasing prices".



# Importance of market data is commonly perceived by APAC companies when evaluating price range

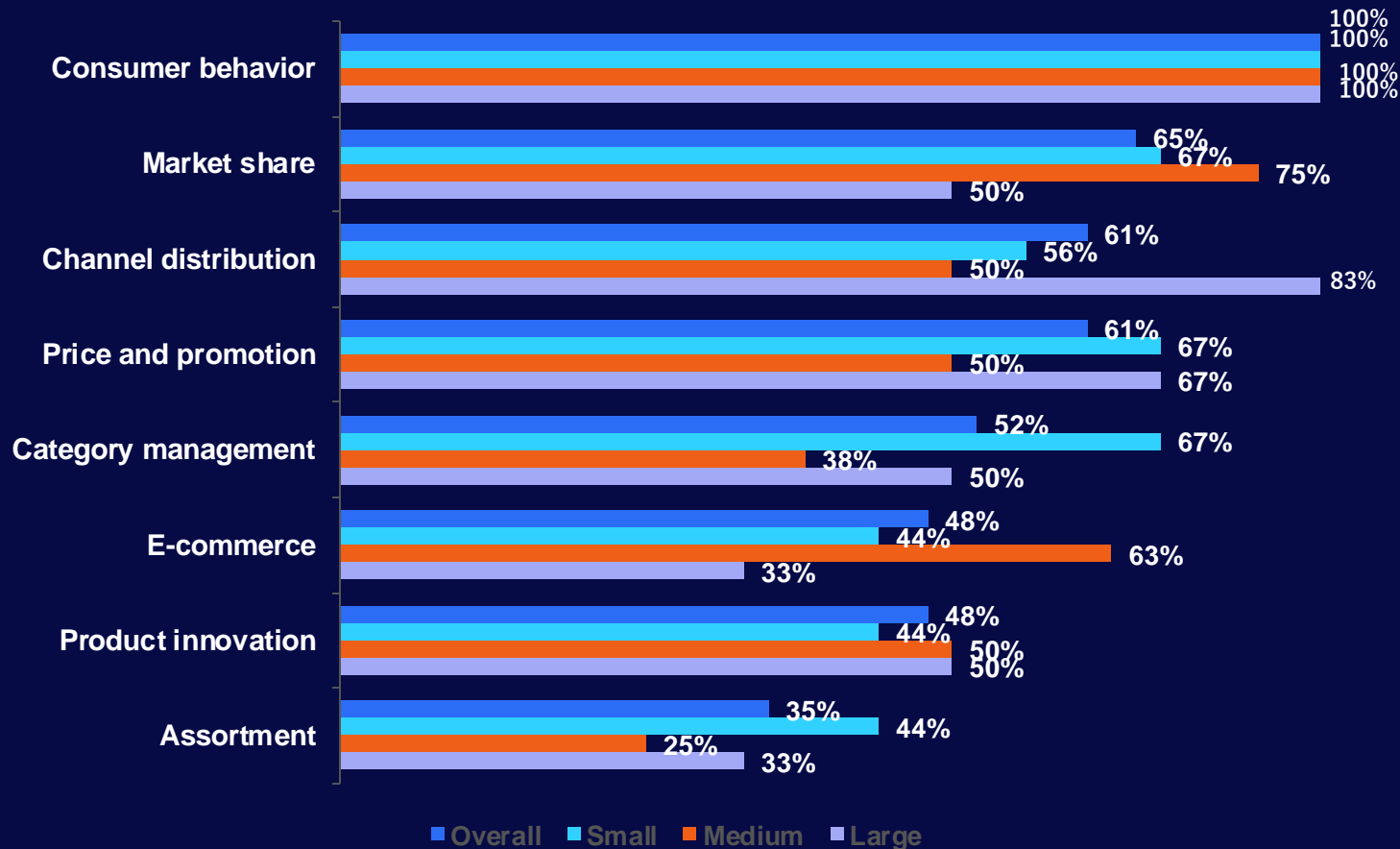


52%

of APAC companies across all business sizes choose to buy market data. This tendency is similar with the global average of 51%.

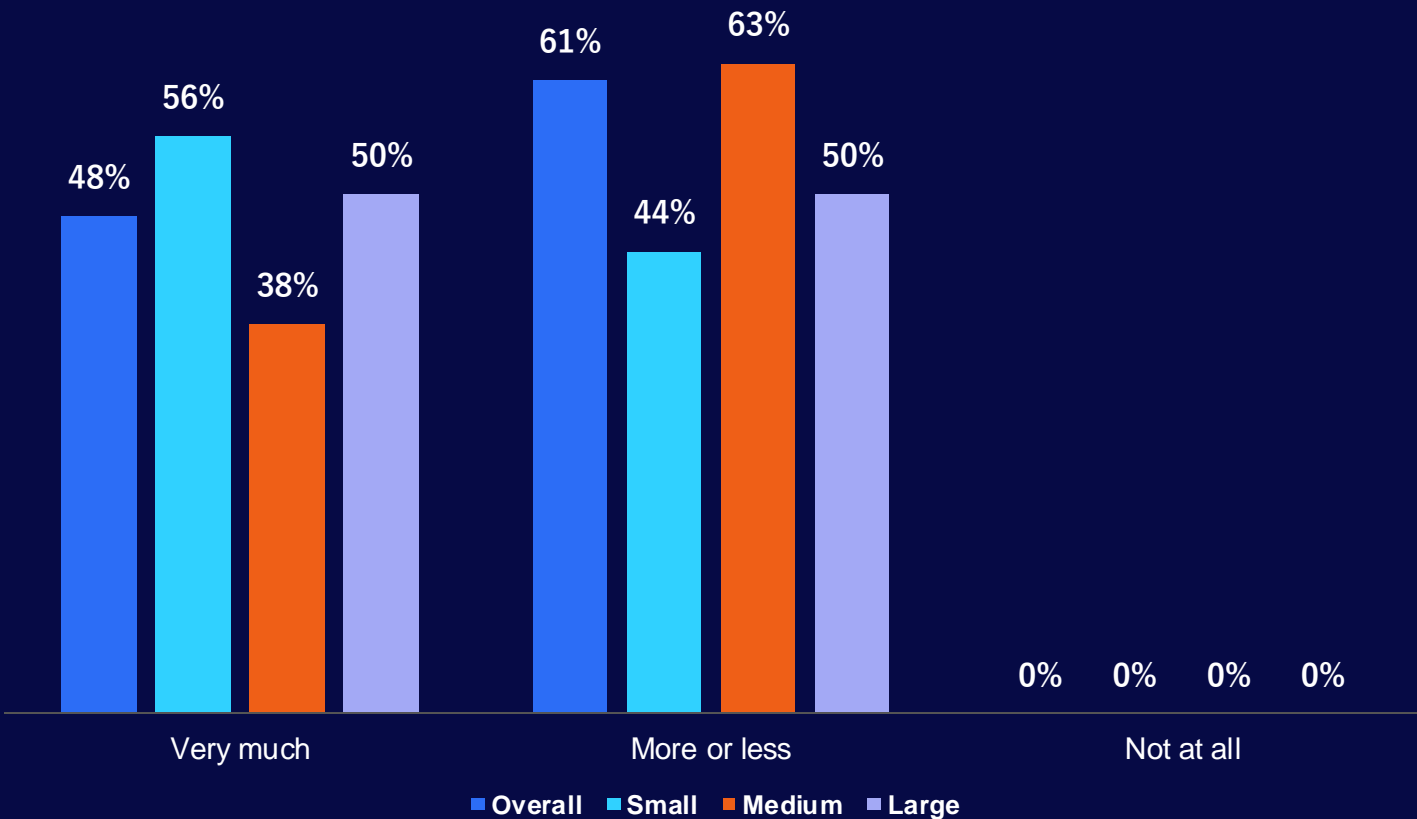
However, it is interesting to see small companies' reliance on own instinct/ experience and tendency for trial and error is less compared to large companies, when it comes to deciding on price range.

# When applying data and insights in company's decision-making process, APAC SMBs focus more on consumer behavior and market share



Consumer behavior is the top interest for companies across all business sizes and regions. Small businesses in APAC are also interested in data and insights for market share, price and promo, and category management. Whereas medium companies are interested in data and insights for market share and ecommerce. While large companies apply data for channel distribution and price and promotion. Regardless of its use, one thing is clear, businesses of all sizes need data and insights for better decision making.

# APAC companies recognize the positive impact of data and insights on business decisions



48%

of APAC state that data and insights contributed very much to their success with 61% finding it more or less helpful (vs. global: 35% "very much", 44% "more or less").

Reliance on data and insights is even greater for small businesses in APAC of which 56% answered "very much" against 38% of medium and 50% of large-sized companies.

# Stay ahead by staying in the loop

NielsenIQ data designed for entrepreneurs helps you keep track of market shares, stay on top of market trends, and build strategic plans. Understanding your customers, competitors, and the market you operate in is key to your growth. Protect and grow your business with data backed strategies.

**NielsenIQ offers you and your business:**



*An agile and flexible solution designed for entrepreneurs, small and medium businesses – designed to give you the power and freedom with data via our single access point.*



*With affordable pricing, start with a small investment to unlock new growth potential with accurate data to achieve faster ROI.*



*Deliverables via our always-on platform, with a simple & easy to use interface, providing actionable insights to grow your business.*





# *Thank you!*

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