

# 2021

PayPal Singapore Online SMB Survey

Singapore's resilient small-medium sized businesses (SMBs) survive and thrive during pandemic

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# Executive Summary

# Executive Summary

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The past 18 months have been difficult for everyone, but none more so than for Singapore's brick-and-mortar businesses. The series of lockdowns and restrictions as a result of the pandemic have had a serious impact on the bottom line of many small-medium sized businesses (SMBs).

Yet there is a positive story to be told. It is because of these unprecedented challenges that many small-medium sized businesses have been forced to adapt in order to survive and in many cases, thrive. In fact, our survey finds that one in four (25%) SMBs in Singapore reported a positive experience during the pandemic.

The purpose of this survey is to understand more about the experience that Singapore's SMBs have been through - to discover what they have done, what has worked and what has not.

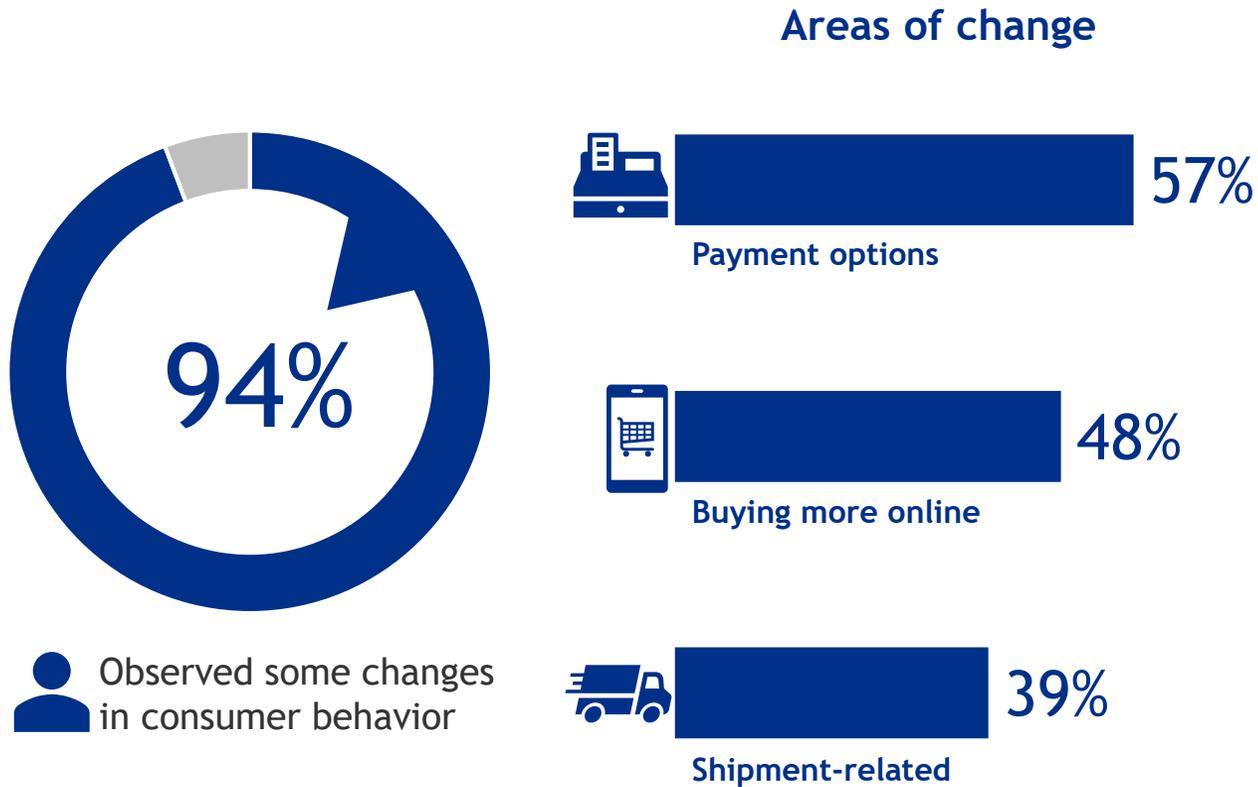
As we emerge from the other side of the pandemic, we wanted to hear from Singapore's businesses on what they feel are the opportunities for a successful future in our new normal and the areas they intend to harness for growth and prosperity.





# The trend of digitalization

# A change in consumer behavior has brought about a shift to digital



The pandemic has created new customer behaviors which were observed by over 90% of Singaporean businesses. Where once brick-and-mortar stores reigned supreme, the COVID-19 pandemic has pushed shoppers online, prompting SMBs to adapt quickly to establish a digital shop front.

When we asked SMBs what they believed were the top three shifts in consumer behavior, they cited a greater reliance on digital payment methods (57%), a move to online shopping (48%) and a greater preference on shipment options (39%).

Clearly, SMBs with an established online presence have benefited from the opportunity to be able to make online sales throughout the pandemic. For many, this has helped keep them afloat, and in some cases, has even sparked growth.

# How has the pandemic impacted Singapore's SMBs?

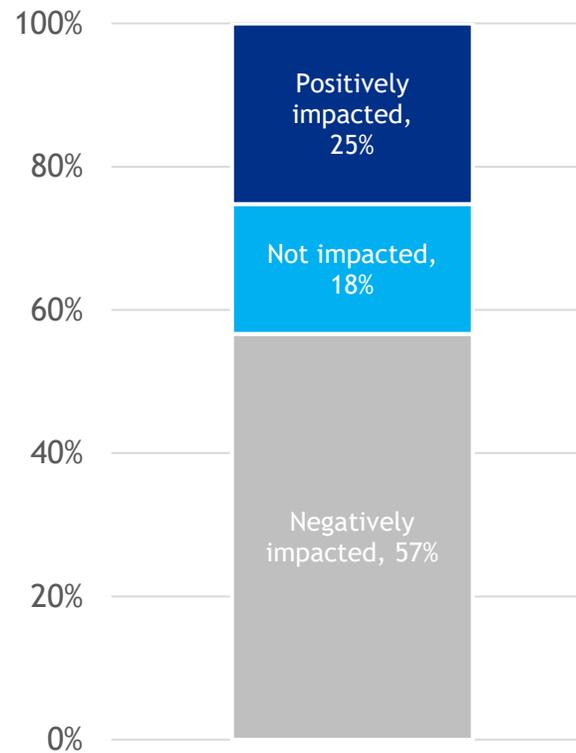
There is no doubt that COVID-19 has had a far-reaching impact across the economy.

Of the SMBs we surveyed, those who were negatively impacted reported suffering from supply chain issues, delivery difficulties or decreased demand.

However, there is a more positive story to be told. 18% of SMBs said they weren't impacted and 25% even reported a positive experience.

An upswing in online customers (17%), increased demand (12%) and a chance to boost product services and offerings (11%) were cited as the main positives brought about as a result of the pandemic.

## Impact by COVID



## Areas impacted

### Positive



17%

More online customers



12%

Increased demand



11%

Increased variety of product / service offerings

### Negative



31%

Decreased demand



29%

Loss of offline customers

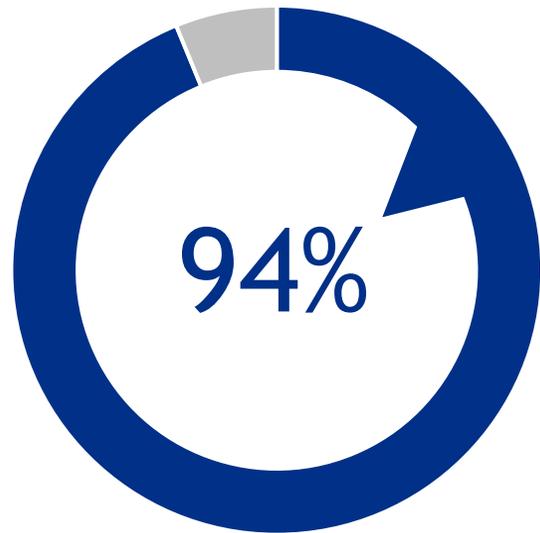


27%

Supply chain issues

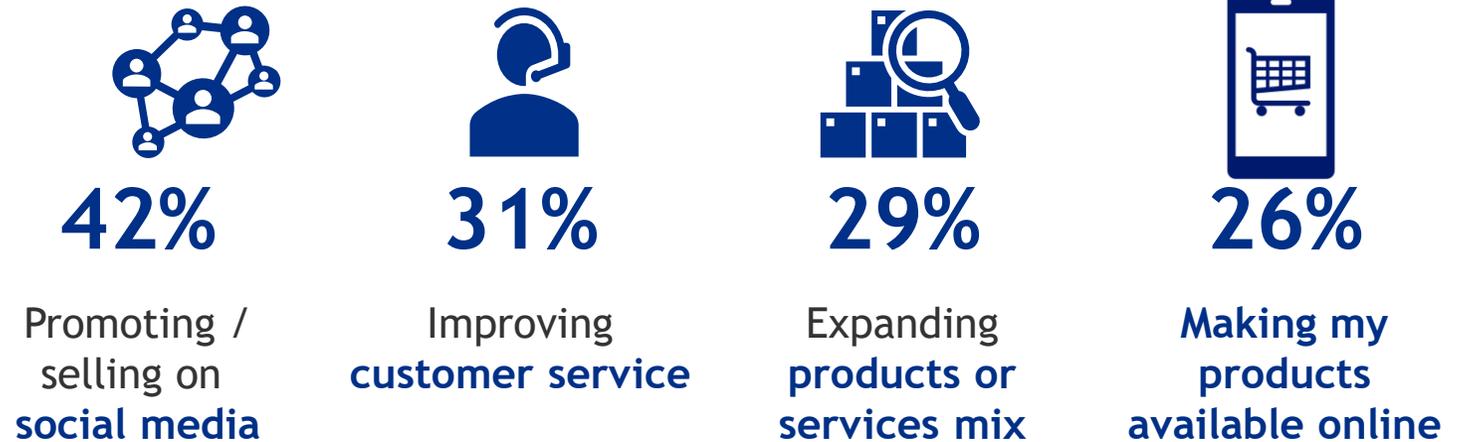
# Singapore's SMBs used the pandemic to scale

Undeterred by the challenges faced as a result of the pandemic, 94% of Singapore's SMBs have adapted to survive and ultimately thrive, with many turning to new digital channels to grow their business. Social media, in particular, has been popular with nearly half (42%) of respondents embracing this as a digital channel to promote their business and sell online. Others focused on improving customer service (31%), expanding products or services (29%) or making their products available online (26%).



 Tried to grow their business during the COVID

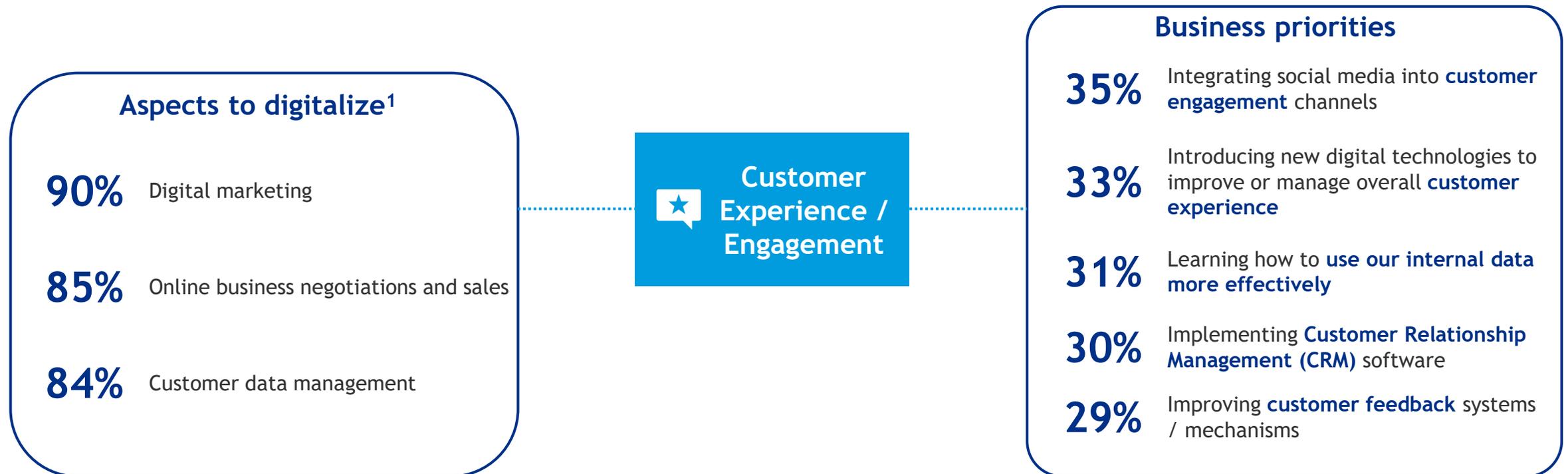
## Ways to grow business during COVID



# Singapore's SMBs are investing in their digital journey

It is evident that many of Singapore's SMBs recognize the importance of investing in their digital journey to achieve success. Customer experience and improving business operations appeared to be major priorities for Singapore's SMBs, with investment going into introducing new technologies to enhance customer insights, engagement and experience.

This is very encouraging as such investments bolster a business' foundation and capability to become more efficient, as well as sell to new customers.

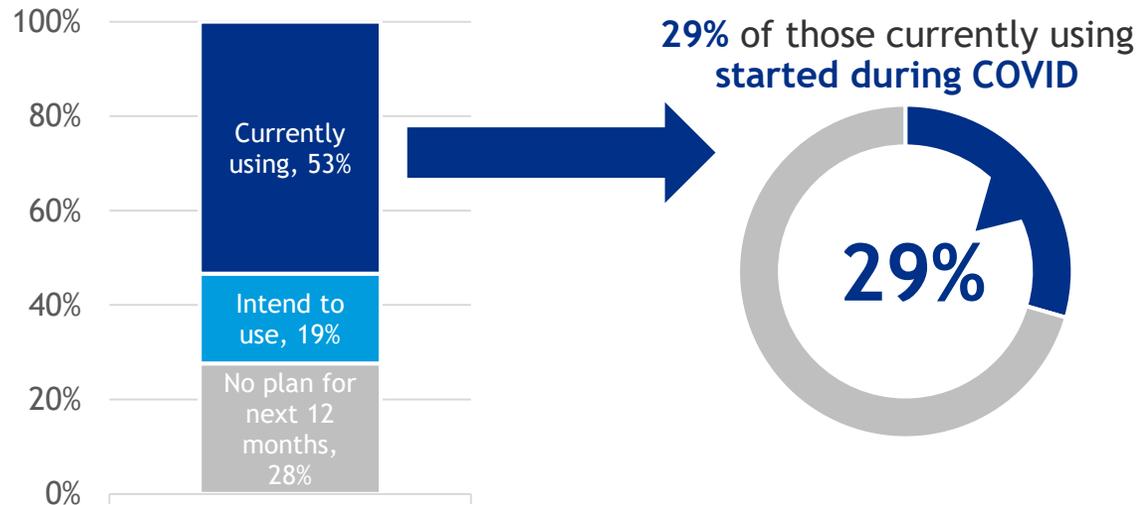




# The starring role of social media

# Promotion and selling through social media are critical for growth

## Usage for online trade



## No. 1 way to grow business during COVID



Of the SMBs we surveyed, social media was the number one way in which they grew their business during the pandemic. Social media was harnessed both to promote the business and as a channel to directly sell to customers. Through platforms such as PayPal, it is increasingly easy to enable social selling to help turn social media posts into digital shop fronts, and thus, direct sales.

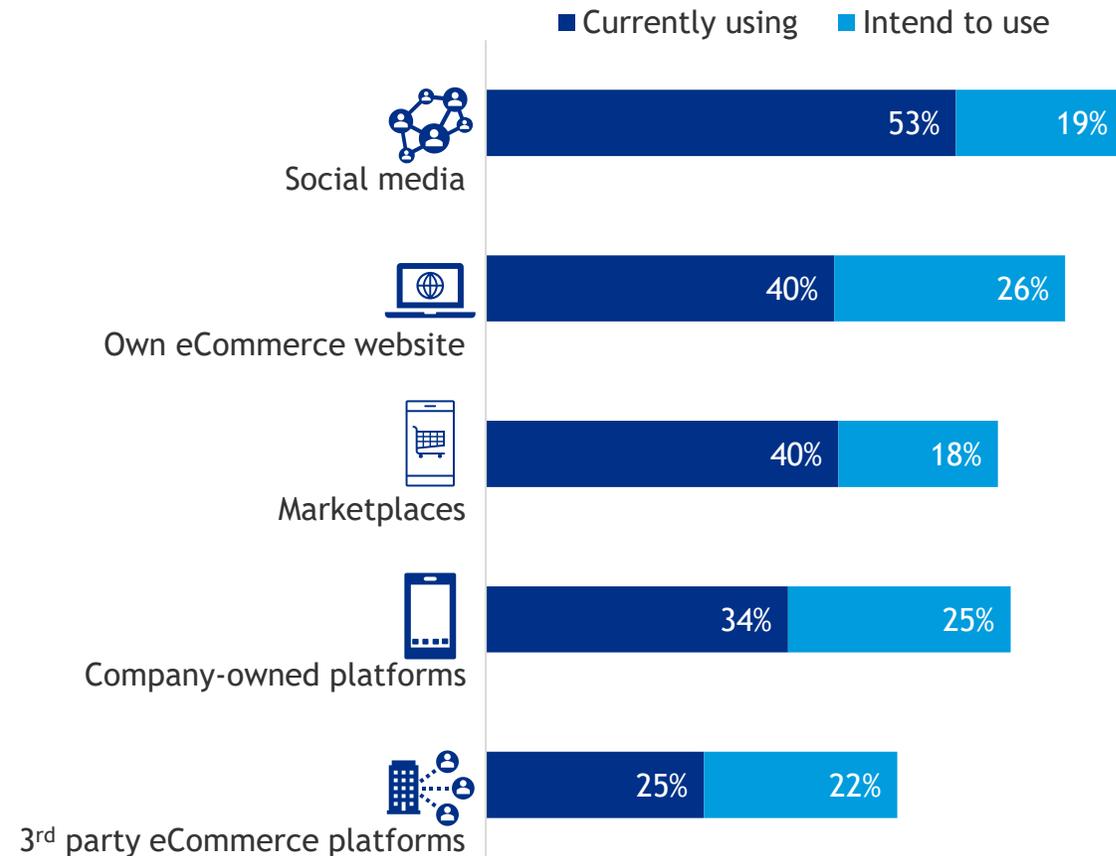
# Social media is the online selling channel of choice

With social media playing a significant role in the lives of many Singaporeans, it is no surprise that it has become the number one way for SMBs to stimulate business growth.

This is because social media offers a seamless shopping experience, is low cost to run and less effort to maintain. Although many SMBs we surveyed were using social media in some capacity, not all did.

Creating and maintaining a social media channel does require time and effort, however it can also serve as an extended sales channel and deliver direct return on investment.

## Adoption of Online Selling Channels

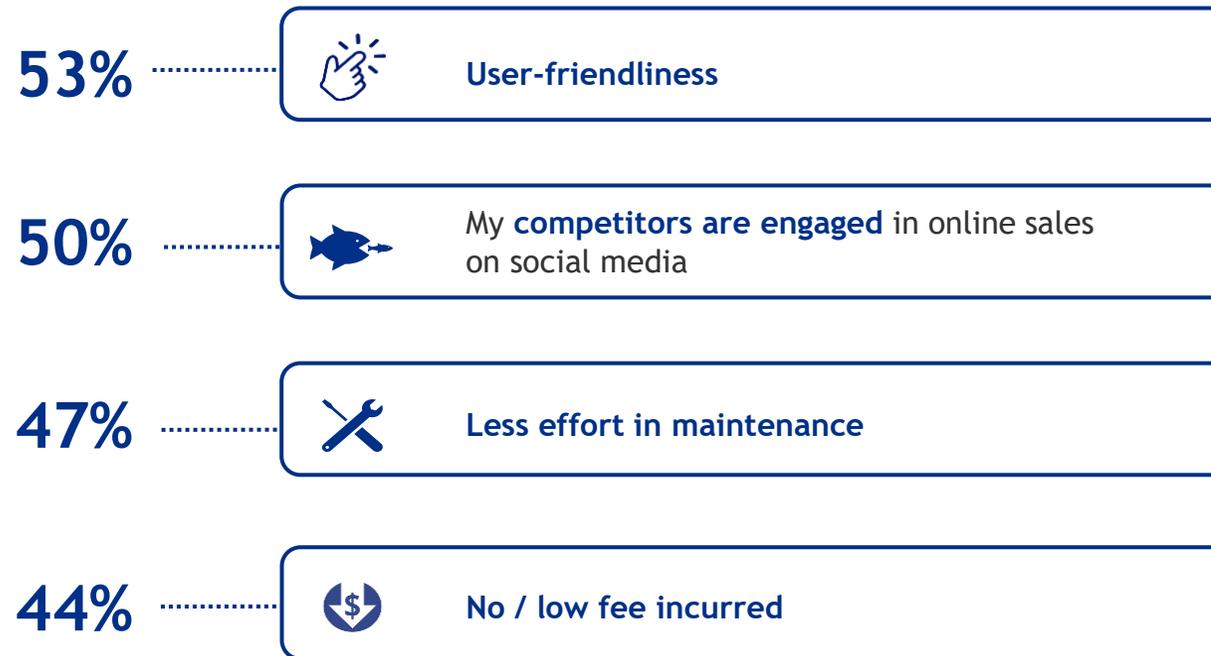


# Social media is low cost and user friendly

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It is evident that social media is popular among Singapore's SMBs because it is easy to use (53%), low cost to run (44%) and takes less effort to maintain (47%) than other online selling channels.

## Key drivers to sell on social media



An aerial photograph of a large container ship sailing on a deep blue ocean. The ship is viewed from above, showing its deck covered with numerous colorful shipping containers in shades of red, blue, and white. The ship's wake is visible in the water. The text "Cross-Border Trade" is overlaid in white on the ship's deck.

# Cross-Border Trade

One way to find new customers is through Cross-Border Trade (CBT). In a recent report<sup>1</sup>, 69% of online sellers said that cross-border sales positively helped their business grow, and 52% of online shoppers globally have purchased from global, as well as domestic websites.

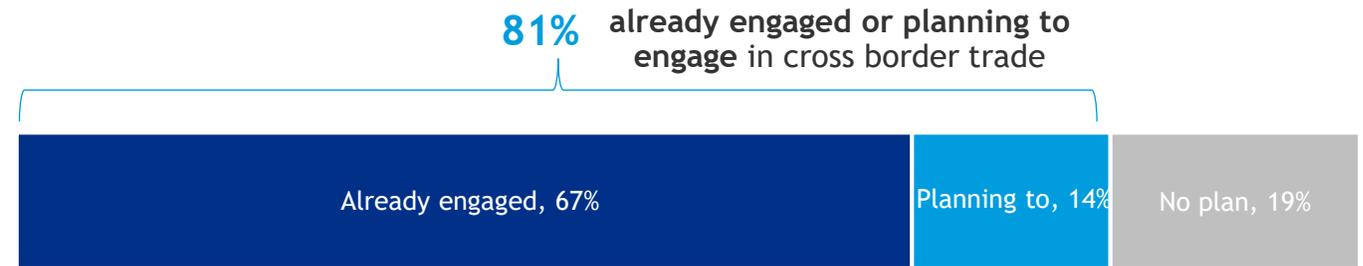
It is clear from our survey that CBT is a keen area of interest for many SMBs in Singapore, with over two-thirds (67%) already engaging in CBT for their business.

Technology has made it easier than ever for businesses to embrace CBT by adopting global payment systems, developing an owned website, and partnering with third-party platforms to help facilitate cross border selling.

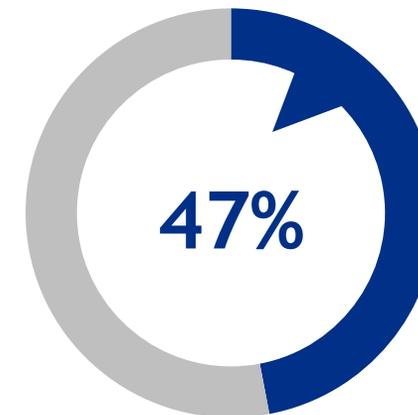
CBT also presents an area of opportunity for the 14% of SMBs surveyed that are planning to engage in this activity.

# Cross Border Trade is a keen area of interest for Singapore's SMBs

## Engagement in cross border selling



## Started during COVID



# Technology is helping facilitate cross border selling

Thanks to advances in technology, it is easier than ever for businesses to sell cross-border. In order to sell outside of Singapore, nearly a third are setting up their own website, while others have adopted new global payment systems (30%) or have increased advertising to boost international awareness (36%).



Payment options help build trust and  
convert customers

# Online payment platforms are building trust and converting customers

With more SMBs investing in growth and engaging in CBT, digital payments have an important role to play. The key aspects of payment improvement for these SMBs were to enable them to accept payments from new digital sales channels (58%), as well as using digital wallets (55%) and expanding new, local payment methods to sell internationally (55%).

For businesses looking to harness digital payments for cross border selling, it is important to learn about specific markets and adapt to their payment preferences. Global platforms such as PayPal can help automate this to allow SMBs to serve customers in new markets with ease.

## Aspects of payment improvement<sup>1</sup>



58%

Accept payments from  
new digital sales  
channels



55%

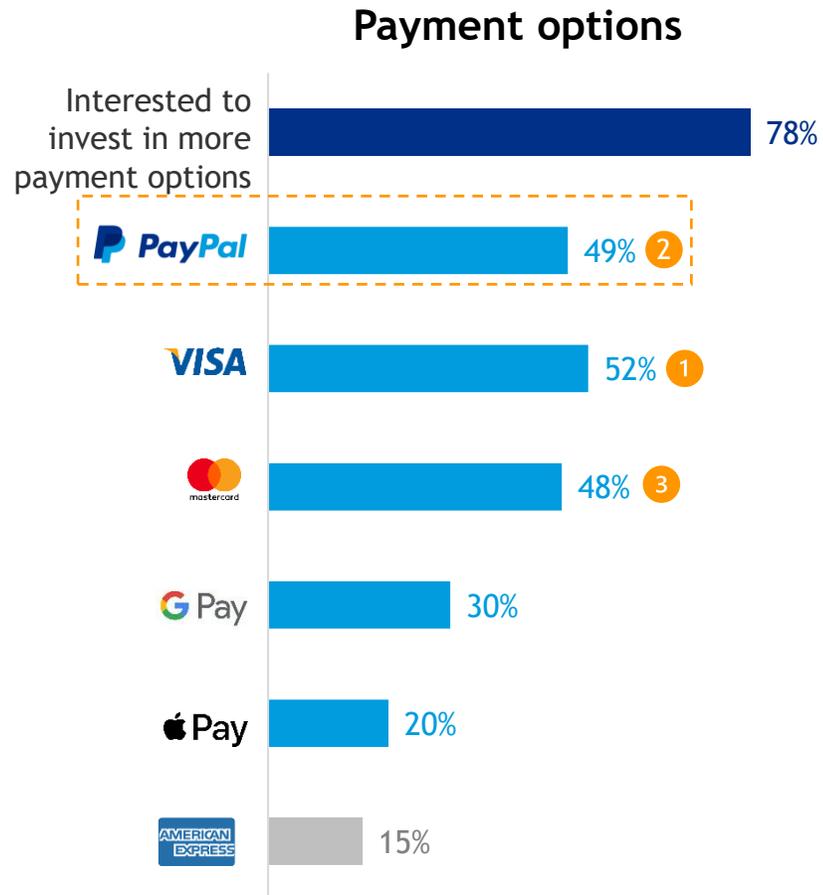
Use of digital Wallets



55%

Expand new, local  
payment methods to sell  
internationally

# Nearly half of respondents are interested in converting to PayPal



We know that digital payment is a key part of the digitalization journey for many businesses. When asked, 49% of respondents expressed an interest in converting to PayPal as a platform that offers trusted, secure and global payments. With digitally savvy consumers very much here to stay, Singapore's SMBs are eager to enhance every part of the user experience and to implement processes and systems that enable smooth business operation.

The more seamless a business can make its customer journey, the better chance it has of enjoying growth, both domestically and across borders - and digital payment is a critical part of this.

### Changes in customer behavior towards payment options



30%

More reliant on online payment



28%

Using different payment methods



25%

More acceptance of online payment for large monetary value

## Conclusion

Despite the challenges presented by the COVID-19 pandemic, it is encouraging to see that most of Singapore's SMBs are turning to digital to not only survive, but in many cases, thrive. The pandemic has driven business online and for those already online, it has showcased the benefits of going digital.

Online channels like social media, e-commerce marketplaces and owned websites are proof that shop fronts no longer need to be just physical, they can be digital, too.

Based on the findings of this study, here are our key considerations to Singapore's SMBs on how they can achieve growth:

- **Get online** - SMBs without any existing online presence should consider making the shift to digital to keep up with changes in consumer behavior.
- **Be social** - Social selling is a rising and popular trend. Whilst many businesses are using it to promote, with the right tools and strategy, it can also serve as a platform which can be monetized and ultimately sell.
- **Embrace cross-border** - Selling domestically is not enough. Embrace cross border trade as part of your growth journey to open access to new markets and customers.
- **Choose your payment option** - With payment being a big part of the customer experience, businesses should integrate a frictionless checkout option that works across all devices and lets customers pay the way they prefer. A trusted and secure global payment platform like PayPal not only helps create seamless customer experience, but also builds trust and converts new customers, especially when Singapore SMBs expand globally.

For more information on how PayPal can help you grow your business around the world, visit us online today:

[www.paypal.com/sg/business](http://www.paypal.com/sg/business)



# About the Survey

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An independent study was conducted by Edelman Data and Intelligence on behalf of PayPal Singapore to study the impact of COVID-19 on Singapore online merchants, their responses and post-COVID-19 plans. The results are based on interviews with 210 business decision makers of Singapore small and medium enterprises which are currently engaged in online selling. The survey was conducted online during September to October 2021.

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