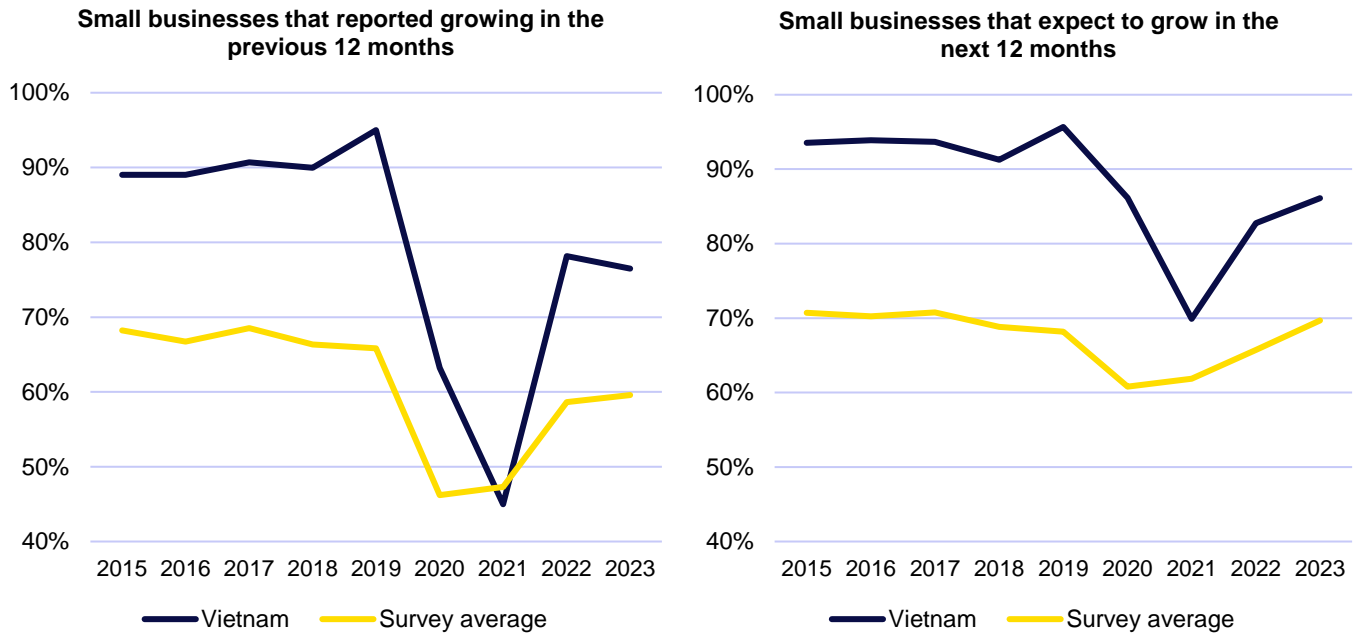


# CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2023-2024

Vietnam market summary

# Vietnam

## Business and economic conditions



	Vietnam 2023	Survey average 2023	Rank 2023	Vietnam 2022	Rank 2022	Vietnam 2021	Vietnam 2020	Vietnam 2019
<b>Businesses that grew in the last 12 months</b>	76.5%	59.6%	3/11	78.2%	1/11	45.0%	63.2%	95.0%
<b>Businesses that expect to grow in the next 12 months</b>	86.1%	69.7%	2/11	82.7%	3/11	69.9%	86.1%	95.7%
<b>Businesses that expect the local economy to grow in the next 12 months</b>	83.5%	65.0%	1/11	89.6%	1/11	67.0%	86.5%	95.0%
<b>Satisfied or very satisfied with the financial return of the business<sup>1</sup></b>	65.4%	65.3%	6/11	87.2%	2/11	N/A	N/A	N/A

<sup>1</sup> Limited to the owner, director, CEO/managing director or principal.

2023 was another strong year for Vietnam's small businesses. 77 per cent grew last year, placing the country third among the 11 surveyed markets

2024 is expected to be an even better year for the sector. 86 per cent expect to grow, the second highest result of the 11 surveyed markets.

Key factors contributing to this positive result is the focus Vietnam's small businesses have on technology, e-commerce, innovation and improved customer satisfaction and business strategy. Our survey results show these factors are deeply associated with high growth businesses.

High levels of small business confidence in Vietnam's economy is also influencing small business growth. Over eight in 10 (84 per cent) expect the local economy to grow this year, the highest result of the surveyed markets.

The strong local economy and the focus on key drivers of business growth is likely to help several of Vietnam's small businesses evolve into large, successful global businesses in the next few years.

Another likely contributing factor to the success of Vietnam's small businesses is the youthful age profile of their owners. According to our survey, only 9 per cent of Vietnam's small business owners were aged 50 or over, the lowest result of the surveyed markets. Our survey data shows younger owners are much more likely to run businesses that grow, and use technology such as e-commerce and social media in their business. They are also much more likely to innovate and export.

These positive results are reflected in the high level of satisfaction Vietnam's small business owners have with the financial return they are receiving from their businesses.

## Technology uptake

	Vietnam 2023	Survey average 2023	Rank 2023	Vietnam 2022	Rank 2022	Vietnam 2021	Vietnam 2020	Vietnam 2019
<b>More than 10 per cent of revenue came from online sales</b>	77.1%	62.2%	2/11	75.2%	4/11	72.8%	60.0%	61.0%
<b>Did <u>not</u> use social media for business purposes</b>	5.5%	15.4%	10/11	25.7%	3/11	11.0%	21.6%	4.0%
<b>Investment in technology by the business over the past 12 months has improved profitability</b>	75.5%	52.8%	1/11	50.5%	7/11	81.9%	77.7%	88.0%
<b>Technology the business invested in most heavily over the past 12 months</b>	Website	Computer equipment	N/A	Customer Relationship Management software	N/A	Customer Relationship Management software	Point of Sale equipment	Artificial intelligence, machine learning and chatbots
<b>Consider the business likely to be cyberattacked in next 12 months</b>	69.7%	44.2%	2/11	56.7%	3/11	63.8%	45.5%	64.7%
<b>Reviewed the business' cybersecurity protections in past six months</b>	63.5%	49.5%	2/11	28.3%	11/11	60.2%	32.3%	70.7%

<b>Lost time and/or money due to a cybersecurity incident in the past 12 months</b>	63.5%	40.7%	2/11	N/A	N/A	N/A	N/A	N/A
<b>More than 10 per cent of sales is received through digital payment options such as MoMo, Moca, ZaloPay, ShopeePay, ViettelPay</b>	80.0%	70.8%	3/11	73.6%	4/11	78.6%	74.8%	82.5%
<b>Sought advice from IT consultants/specialists</b>	30.3%	25.8%	3/11	17.3%	9/11	42.1%	14.5%	N/A

One factor driving Vietnam’s small business growth is their widespread use of technology, including selling online. 77 per cent received more than 10 per cent of their revenue from online sales in 2023, up from 61 per cent before COVID in 2019.

Related to e-commerce, most of Vietnam’s small businesses offer customers the choice of paying by new digital and mobile payment options such as MoMo, Moca and ZaloPay. 80 per cent received more than 10 per cent of their sales through such technology, the third highest result of the markets surveyed.

Vietnam’s small business remain firm users of social media. Only 6 per cent did *not* use social media in their business in 2023, down from 26 per cent in 2022.

The strong returns generated by such investments are helping to drive this focus on technology. 76 per cent reported their investment in technology last year improved their profitability, up significantly from 51 per cent in 2022. Vietnam was also ranked first in this important driver of business success.

Reflecting that cyber risks increase as business integration of digital technologies grow, Vietnam’s small businesses ranked second in experiencing lost time and/or money due to a cyber incident in the past year, with 64 per cent reporting such losses. In response, most Vietnamese small businesses (64 per cent) reviewed their cybersecurity measures in the past six months, the second highest rate among the markets surveyed. Despite this, a striking 70 per cent anticipate being cyber attacked in 2024, indicating a heightened awareness of cyber threats. This underscores the need for increased vigilance and proactive measures to strengthen cybersecurity among small businesses in Vietnam.

## Business activity over the past 12 months

	Vietnam 2023	Survey average 2023	Rank 2023	Vietnam 2022	Rank 2022	Vietnam 2021	Vietnam 2020	Vietnam 2019
<b>Increased employee numbers</b>	17.7%	32.0%	9/11	20.2%	10/11	16.2%	27.4%	42.7%
<b>Improved customer satisfaction had a major positive impact on the business</b>	37.7%	28.6%	3/11	32.6%	4/11	19.7%	32.9%	41.7%
<b>Improved business management had a major positive impact on the business</b>	34.2%	23.5%	1/11	24.8%	5/11	14.2%	17.4%	20.0%
<b>Increasing costs had a major negative impact on the business</b>	40.3%	39.7%	6/11	28.3%	9/11	32.0%	28.7%	50.0%
<b>Required funds from an external source</b>	81.3%	62.7%	2/11	47.2%	8/11	78.6%	72.6%	88.7%
<b>Sought external funds for business growth</b>	73.4%	52.6%	1/11	61.4%	2/11	36.6%	58.2%	67.3%
<b>Sought external funds for business survival</b>	65.5%	39.7%	1/11	54.5%	3/11	67.1%	16.0%	9.4%
<b>Found it easy or very easy to access external finance</b>	27.0%	43.3%	10/11	49.7%	4/11	55.1%	48.4%	17.3%
<b>A bank was the business' main source of external finance</b>	69.0%	40.2%	1/11	60.0%	2/11	66.3%	55.6%	84.6%
<b>Did <u>not</u> spend any time and resources on ESG practices</b>	3.2%	19.9%	11/11	29.3%	4/11	N/A	N/A	N/A

## Planned business activity over the next 12 months

	Vietnam 2024	Survey average 2024	Rank 2024	Vietnam 2023	Rank 2023	Vietnam 2022	Vietnam 2021	Vietnam 2020
<b>Expect to increase employee numbers</b>	40.6%	43.1%	9/11	40.7%	6/11	41.9%	72.0%	72.0%
<b>Will introduce a new product, service or process unique to their market or the world</b>	43.9%	28.7%	2/11	39.7%	3/11	25.2%	37.0%	37.0%
<b>Expect revenue from overseas markets to grow strongly</b>	14.8%	18.9%	8/11	14.3%	9/11	16.8%	22.0%	22.0%
<b>Will seek external funds</b>	56.1%	28.7%	1/11	38.8%	3/11	50.6%	68.0%	68.0%
<b>Expect easy to very easy access to finance</b>	26.2%	40.3%	9/11	48.9%	3/11	37.5%	14.5%	14.5%

### Innovation

Vietnam's small businesses continue to be highly innovative. 44 per cent said they will introduce a new product, process or service to their market or the world in 2024, the second highest result of the markets surveyed. This focus on innovation should support long-term growth and improve the competitiveness of Vietnam's small businesses.

### Employment

Vietnam's small businesses created fewer new jobs in 2023 than in 2022. Only 17 per cent added to their employee numbers in 2023, down from 20 per cent in 2022. This indicates that many Vietnamese small businesses are driving growth through improvements to their productivity, which is reflected in their elevated levels of technology investment.

### Access to finance

Reflecting a good year for Vietnam's small business and a strong need for capital to fund productivity improvements, 73 per cent sourced external finance for business growth in 2023, up from 61 per cent in 2022.

Despite improving business conditions, respondents from Vietnam found accessing external finance less easy last year than in 2022. Only 27 per cent found accessing finance in 2023 was "easy" or "very easy", down from 50 per cent in 2022. Banks remain the most popular source of that finance by a considerable margin.

### Environmental, social, and governance (ESG)

Vietnam's small businesses have an extraordinarily strong focus on activities linked to ESG. The survey showed only 3 per cent did *not* spend any time or resources on activities linked to ESG in 2023, the best result of the markets surveyed. The activities linked to ESG that Vietnam's small businesses were most likely to focus on were diversity and inclusion policies, staff health and safety policies and community and volunteering programs.

## Factors that had positive and negative influences on business

Top four factors that had a positive influence on Vietnamese small business in 2023	Top four factors that had a positive influence Vietnamese on small business in 2022	Top four factors that had a positive influence on Vietnamese small business in 2021
Improved customer satisfaction	Improved customer satisfaction	Technology
Customer loyalty	Customer loyalty	Government support/incentives
Improved business management	Improved business strategy	E-commerce

Top four factors that had a negative impact on Vietnamese small business in 2023	Top four factors that had a negative impact on Vietnamese small business in 2022	Top four factors that had a negative impact on Vietnamese small business in 2021
Increasing costs	COVID-19	COVID-19
Increasing competition	Increasing costs	Increasing costs
Poor overall economic environment	Increasing competition	Poor overall economic environment

Vietnam’s small businesses continued to place a strong focus on “improved customer satisfaction”, and a greater focus on “improved business management” in 2023. The survey results show those factors are strongly associated with high growth businesses.

Small businesses in Vietnam found “increasing costs” and “increasing competition” as the largest barriers to growth last year. Transportation and storage costs and rent were the costs that caused them the most detriment.

## Entrepreneurship

Vietnam 2023	
Primary reason for starting their business	Be your own boss / independence
Biggest concern when first started a business	Limited business and finance skills
Most common attitude and approach to managing business risk of owner	Visionary risk taker

When starting their businesses, Vietnamese entrepreneurs are most likely to be motivated by the desire to be their own boss. The biggest concern they had when they started out in business was their limited business and finance skills at start.

The greater likelihood of Vietnamese small business owners being visionary risk-takers indicates they are more likely to prefer to take risks that are consistent their long-term vision, they accept short-term setbacks for future gains and are willing to try unproven technologies and markets. This mindset helps to foster a culture of experimentation, creativity and innovation.

## Demographics

	Vietnam 2023	Survey average 2023	Rank 2023	Vietnam 2022	Rank 2022	Vietnam 2021	Vietnam 2020	Vietnam 2019
<b>Respondent aged under 40</b>	47.4%	46.0%	7/11	34.2%	11/11	61.8%	69.7%	65.0%
<b>Business established for less than 11 years</b>	59.0%	61.1%	7/11	90.9%	1/11	64.1%	89.4%	71.7%
<b>Respondent is the business owner</b>	25.2%	37.4%	8/11	57.7%	3/11	51.5%	27.1%	33.7%
<b>Business has 10 to 19 employees</b>	52.6%	38.3%	2/11	16.9%	11/11	28.5%	45.5%	59.7%

One advantage Vietnam enjoys is the reasonably high percentage of people under 40 owning or filling important positions in small business. The survey results show that businesses with younger respondents are more likely to be growing, innovating, using emerging technologies and exporting.