

UPS Asia Business Monitor 2010

Thailand

Survey conducted by



Overview of Methodology



Fieldwork period: March 11, 2010 – April 20, 2010

Interviewing method: Computer Assisted Telephone Interviewing using native-language B2B interviewers

Average interview length: 36 minutes

Total sample: n=1,351

Respondent Qualification:

- Locally-based & Privately held companies
- Maximum 250 employees
- Key Strategic Decision-Makers

Sample breakdown by market:

Australia	China	Hong Kong	India	Indonesia	Japan
n=100	n=150	n=100	n=101	n=100	n=100

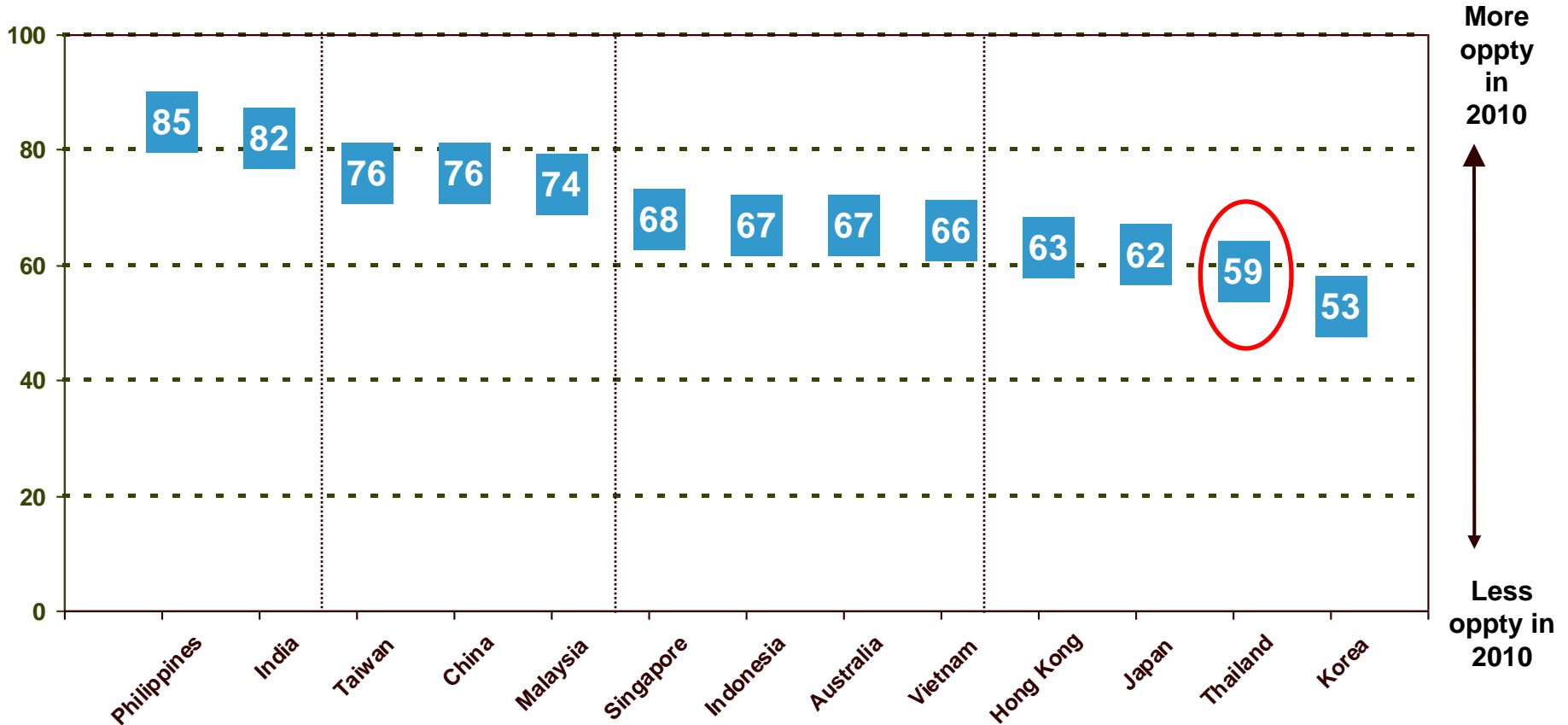
Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	Vietnam
n=100	n=100	n=100	n=100	n=100	n=100	n=100



**Post-meltdown, SMEs opportunities
are lying ahead...**



SME Opportunity Index – All markets





What factors are contributing to the SMEs opportunities?

Country	Philippines	India	Taiwan	China	Malaysia	Singapore	Indonesia	Australia	Vietnam	Hong Kong	Japan	Thailand	Korea
Opportunity Index	85	82	76	76	74	68	67	67	66	63	62	59	53
Internal	***	**	***	**	***	***	**	***	***	**	***	***	***
External	**	***	**	****	***	**	***	*	***	***	***	**	***
Regional	*	*			**	*	***	**	*	*		**	*
Worldwide	**	***	***	**	*	**		***	*	***	***	**	

Key: 45% or more * * * * 30%-44% * * * 16%-29% * * 15% or less *

 Highlighted green - Highest influence

Internal: Areas that SMEs will focus on within their organization

External: Factors within own country

Regional: Impact from regional economic prospects

Worldwide: Impact from global trade and focus on expanding business in overseas

1. Key Internal Factors of Development



Q10. To what extent do you see your company focusing on each of the following? Please rate on a scale of 1 to 5.

Market	All Markets	Australia	China	Hong Kong	India	Indonesia	Japan	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	Vietnam
Higher quality standards	79%	78%	85%	67%	87%	79%	79%	<u>63%</u>	73%	88%	69%	82%	83%	85%
Better Management practices	73%	73%	82%	54%	93%	72%	76%	<u>46%</u>	79%	81%	61%	73%	79%	76%
Customized products and services	68%	62%	64%	63%	90%	79%	58%	<u>44%</u>	63%	79%	54%	67%	76%	87%
Maximizing use of IT/ Technology	67%	68%	73%	64%	75%	68%	57%	<u>45%</u>	68%	75%	66%	61%	76%	75%
Innovation in products/ service offerings	66%	60%	84%	49%	81%	71%	51%	<u>42%</u>	67%	72%	53%	78%	71%	71%
Better supply-chain efficiency	63%	53%	75%	52%	79%	60%	<u>33%</u>	39%	69%	66%	56%	78%	78%	73%
Faster to enter market	62%	43%	75%	55%	74%	71%	<u>38%</u>	40%	54%	73%	53%	72%	73%	75%
Lower operational costing	61%	51%	77%	58%	73%	48%	77%	<u>35%</u>	45%	64%	39%	82%	74%	65%
Greater risk taking ability and entrepreneurial spirit	56%	40%	57%	48%	81%	67%	37%	<u>34%</u>	53%	66%	41%	75%	70%	64%
Expanding into other markets	53%	<u>33%</u>	57%	49%	72%	59%	34%	37%	62%	51%	45%	66%	61%	65%

Base : Asia Pacific in 2010

Note : - Green text indicates higher than regional average, Red text indicates lower than regional average

- Bold/underline indicates the country with the highest and lowest scores

- New question in 2010

2. Key External Factors of Development



Q9. How do you think each of the following external factors will develop in your country in the coming year (i.e., 2010)? Please rate on a scale of 1 to 5.

Market	All Markets	Australia	China	Hong Kong	India	Indonesia	Japan	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	Vietnam
Access to market intelligence and other business information	61%	54%	64%	53%	79%	66%	64%	<u>42%</u>	58%	66%	59%	49%	59%	77%
Access to overseas markets	59%	50%	47%	46%	80%	68%	48%	62%	60%	76%	71%	<u>42%</u>	48%	74%
Transportation infrastructure	55%	40%	63%	48%	69%	48%	<u>28%</u>	49%	56%	69%	69%	45%	43%	78%
Free-market economy/ Free Trade Agreements	51%	31%	48%	45%	69%	65%	<u>23%</u>	48%	43%	58%	63%	45%	53%	74%
Availability of qualified workforce	51%	<u>31%</u>	48%	41%	75%	60%	32%	35%	55%	77%	52%	39%	59%	56%
Access to funding and working capital	48%	34%	44%	43%	74%	59%	<u>19%</u>	22%	51%	56%	59%	47%	51%	62%
Labour costs	42%	34%	55%	26%	63%	62%	<u>14%</u>	31%	47%	48%	36%	<u>14%</u>	36%	74%
Property leasing and management costs	42%	32%	37%	37%	77%	64%	<u>16%</u>	22%	52%	53%	43%	23%	44%	53%
Government support	38%	20%	47%	<u>12%</u>	45%	42%	26%	24%	49%	33%	59%	29%	45%	54%
Legal framework	35%	18%	42%	27%	50%	42%	<u>10%</u>	25%	42%	31%	46%	25%	32%	55%

Base : Asia Pacific in 2010

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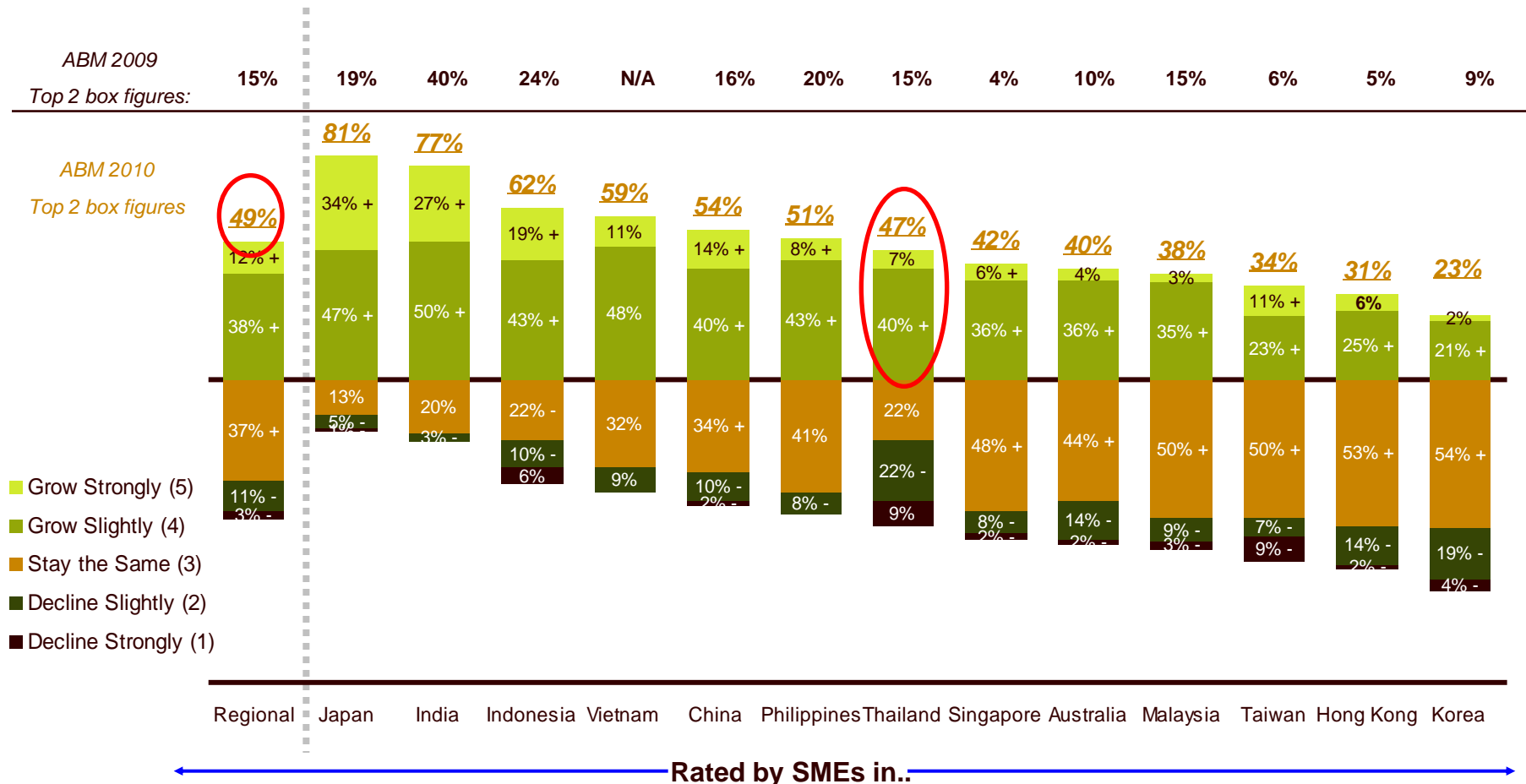
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- New question in 2010

3. Regional Factors



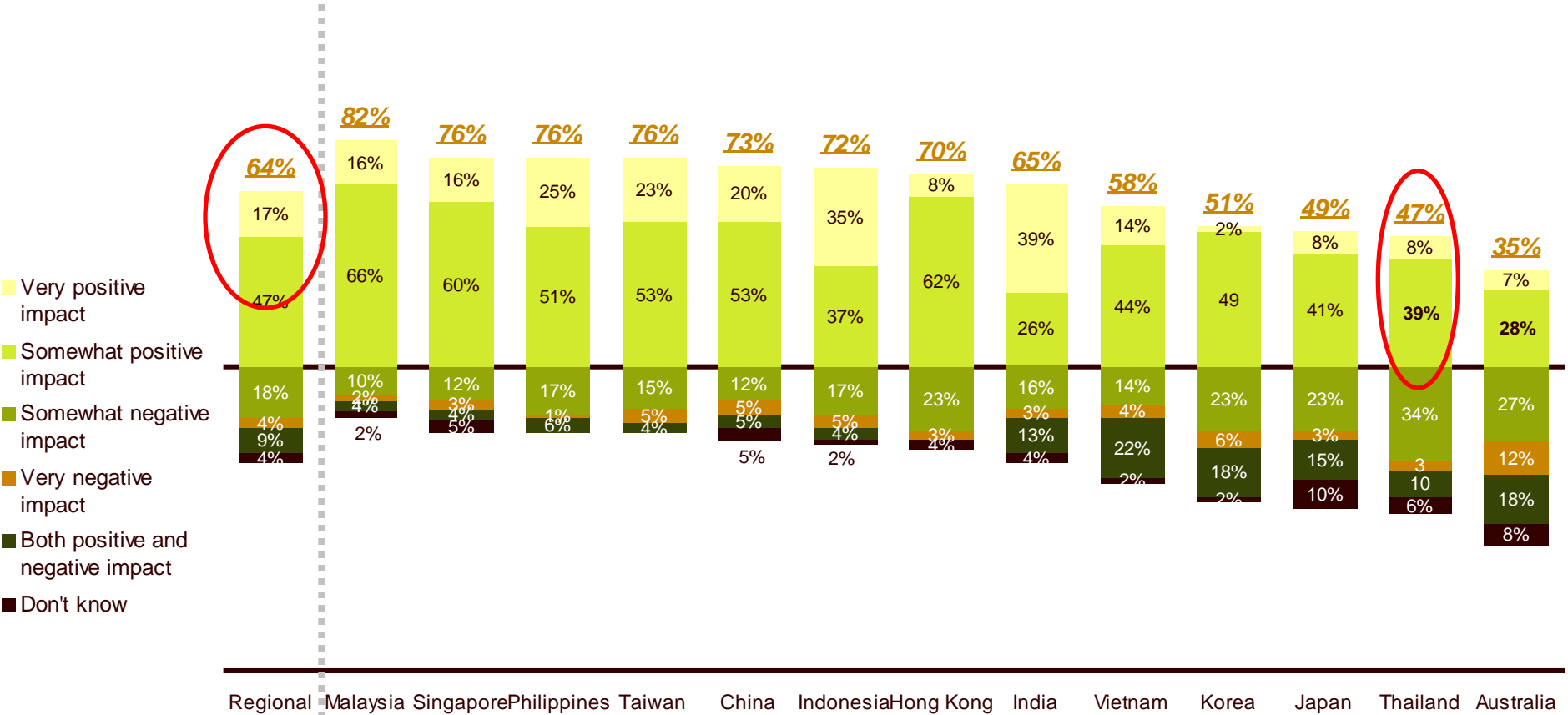
Q1. On a scale of 1 to 5, where 5 equals “grow strongly” and 1 equals “decline strongly”, how do you rate the prospects for economic growth across the region in 2010?



4 (a) Global Factors



Q7. Overall, has global trade had more of a positive or more of a negative impact on your business growth?



Base : Asia Pacific in 2010

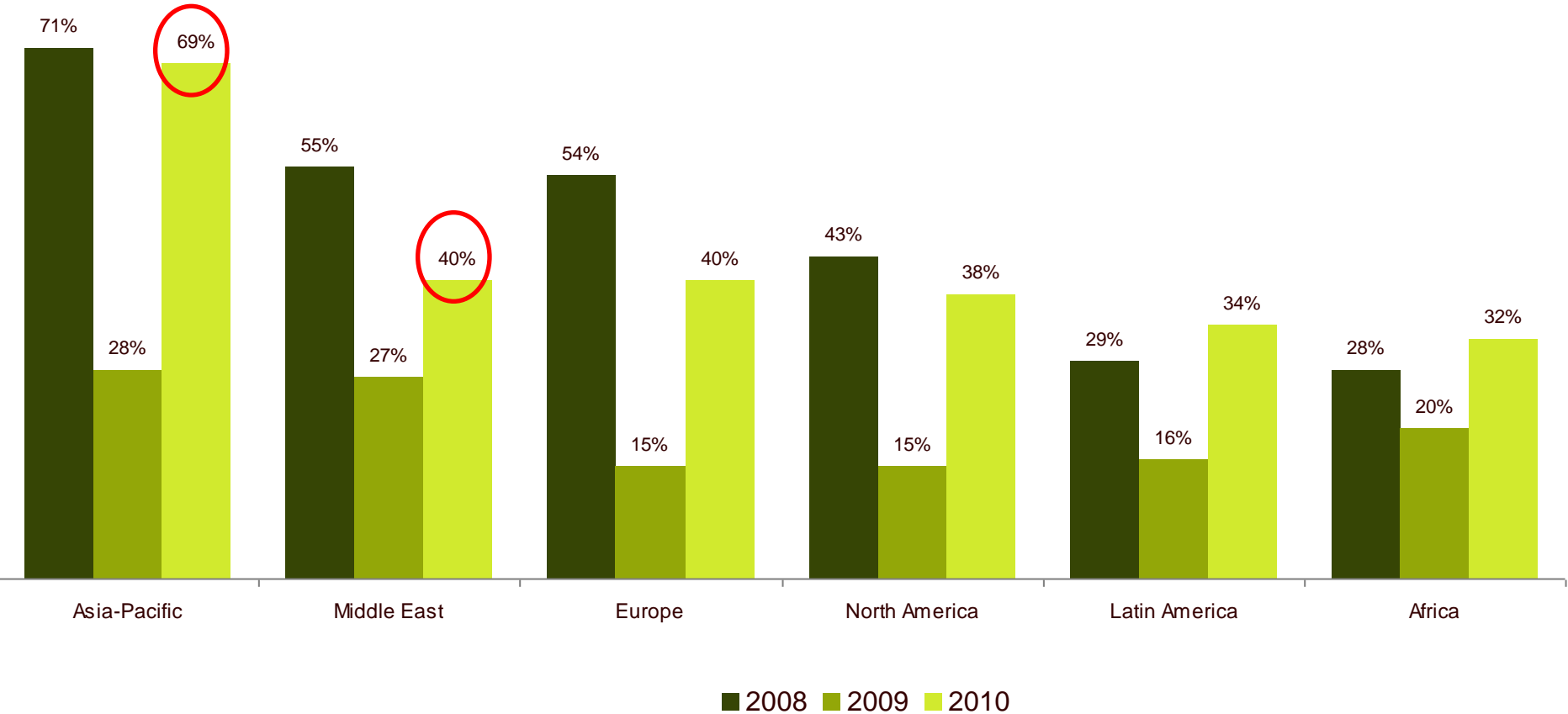
+/- : Significant difference versus Total (at 95% confidence level)

* New question in 2010

4 (b) Global Factors



Q4. How do you rate the prospects for volume of trade growth between your country and the following in 2010?



* North America past figures are from combining US and Canada. Asia Pacific labeled as Intra-Asia in 2008-2009
 Base : Asia Pacific in 2008, 2009 and 2010

* Vietnam is new market in 2010

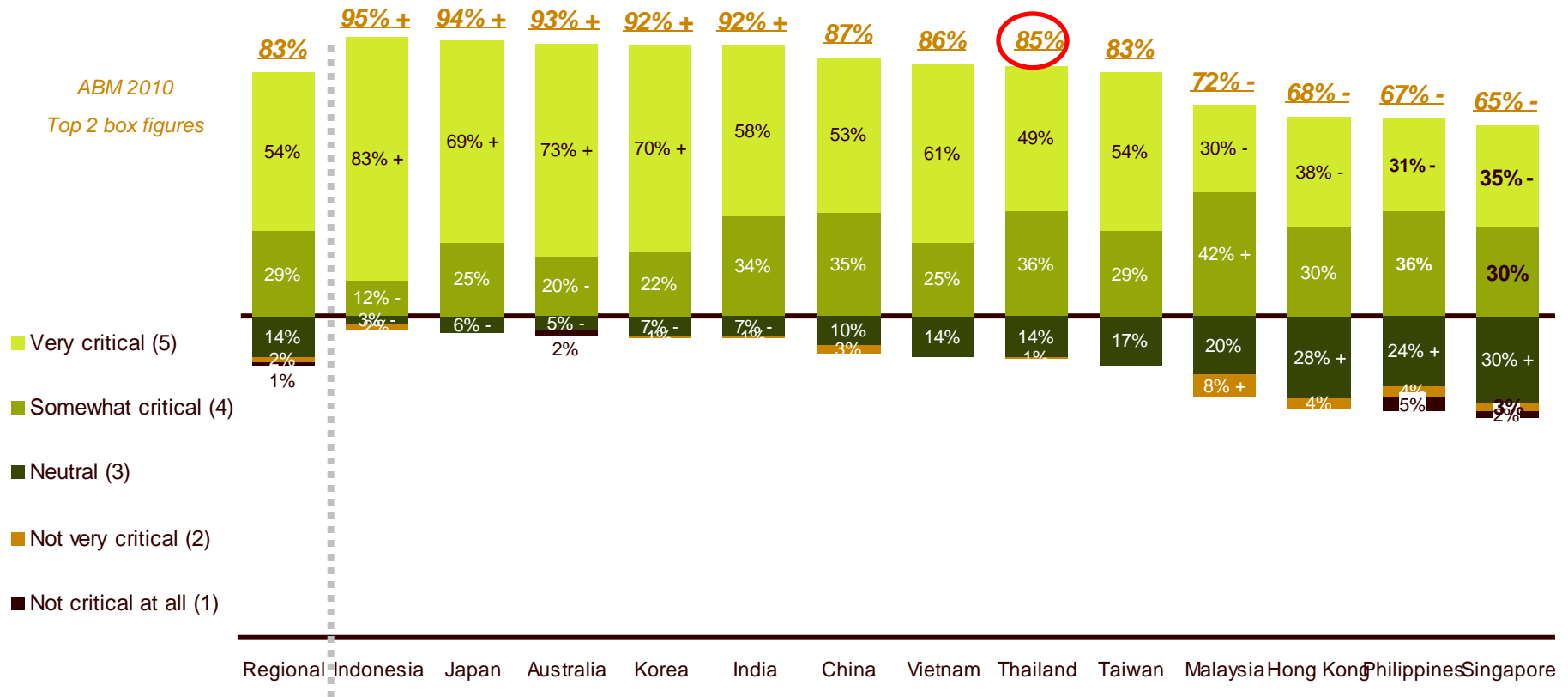
+/- : Significant change versus previous year (at 95% confidence level)



There is a growing sense of confidence among SMEs...



Q17. How critical are SMEs to the future of your country's economy?



Base : Asia Pacific in 2010

+/- : Significant difference versus Total (at 95% confidence level)

* New question in 2010



Q18a. What can SMEs offer that big enterprises can't?

All Markets (n=1351)

Top 5 Mentions

More flexible/ flexibility	20%
Better services/ better quality/ Quality service	14%
Offer better prices/ cheaper rates	11%
Local/ Personalised/ Tailored service	8%
Faster services/ prompt services/ quicker services	8%

Australia (n=100)

Top 5 Mentions

Local/ Personalised/ Tailored service	36%
Better services/ better quality/ Quality service	33%
More flexible/ flexibility	27%
Faster services/ prompt services/ quicker services	15%
Offer better prices/ cheaper rates	14%

China (n=150)

Top 5 Mentions

More employment opportunity	30%
More flexible/ flexibility	19%
SME business helps the economy to improve better	17%
Target a niche market / Less Red Tape	13%
Offer better prices/ cheaper rates	11%

Hong Kong (n=100)

Top 5 Mentions

More flexible/ flexibility	45%
Faster services/ prompt services/ quicker services	17%
Better services/ better quality/ Quality service	13%
Offer better prices/ cheaper rates	9%
Target a niche market / Less Red Tape	7%

India (n=101)

Top 5 Mentions

Better services/ better quality/ Quality service	24%
Offer better prices/ cheaper rates	19%
Local/ Personalised/ Tailored service	14%
More efficient than large company	12%
Faster services/ prompt services/ quicker services	11%

Indonesia (n=100)

Top 5 Mentions

More efficient than large company	10%
Offer better prices/ cheaper rates	9%
More employment opportunity	8%
Better services/ better quality/ Quality service	7%
Able to give credit/ Longer Credit terms	6%

Japan (n=100)

Top 5 Mentions

More flexible/ flexibility	40%
Faster services/ prompt services/ quicker services	20%
Target a niche market / Less Red Tape	17%
Artisan skills	15%
Better services/ better quality/ Quality service	13%

Korea (n=100)

Top 5 Mentions

Using higher technology/ following the latest technology	10%
Target a niche market / Less Red Tape	10%
Better services/ better quality/ Quality service	6%
Local/ Personalised/ Tailored service	6%
Offer better prices/ cheaper rates	5%

Malaysia (n=100)

Top 5 Mentions

Offer better prices/ cheaper rates	18%
Better services/ better quality/ Quality service	12%
Local/ Personalised/ Tailored service	6%
Give you innovative/ creative ideas/ solutions	6%
Target a niche market / Less Red Tape	5%

Philippines (n=100)

Top 5 Mentions

Offer better prices/ cheaper rates	15%
Better services/ better quality/ Quality service	10%
More flexible/ flexibility	9%
Local/ Personalised/ Tailored service	7%
Give you innovative/ creative ideas/ solutions	4%

Singapore (n=100)

Top 5 Mentions

More flexible/ flexibility	27%
Better services/ better quality/ Quality service	20%
Local/ Personalised/ Tailored service	16%
Faster services/ prompt services/ quicker services	14%
Offer better prices/ cheaper rates	12%

Taiwan (n=100)

Top 5 Mentions

More flexible/ flexibility	40%
More employment opportunity	8%
Give you innovative/ creative ideas/ solutions	7%
Local/ Personalised/ Tailored service	5%
Available of new product/ new product development/ has own patent	3%

Thailand (n=100)

Top 5 Mentions

More flexible/ flexibility	26%
Better services/ better quality/ Quality service	17%
More efficient than large company	9%
SME business helps the economy to improve better	7%
Faster services/ prompt services/ quicker services	7%

Vietnam (n=100)

Top 5 Mentions

Better services/ better quality/ Quality service	31%
Offer better prices/ cheaper rates	26%
More flexible/ flexibility	11%
Faster services/ prompt services/ quicker services	8%
With lower operational cost, SMEs are able to produce more	8%

Base : Asia Pacific in 2010

Note: - Green text indicates higher than regional average

- Red text indicates lower than regional average

- Bold/underline indicates the country with the highest and lowest scores

* New question in 2010



Q18b. How can SMEs outcompete the big corporations?

All Markets (n=1351)	Australia (n=100)	China (n=150)	Hong Kong (n=100)	India (n=101)
Top 5 Mentions Better services/ better quality/ Quality service 18% Offer better prices/ cheaper rates 14% More flexible/ flexibility 9% Give you innovative/ creative ideas/ solutions 7% Faster services/ prompt services/ quicker services 5%	Top 5 Mentions Better services/ better quality/ Quality service 45% Local/ Personalised/ Tailored service 34% Offer better prices/ cheaper rates 20% More flexible/ flexibility 16% Faster services/ prompt services/ quicker services 12%	Top 5 Mentions More flexible/ flexibility 25% Offer better prices/ cheaper rates 23% Better services/ better quality/ Quality service 22% Give you innovative/ creative ideas/ solutions 15% Target a niche market / Less Red Tape 12%	Top 5 Mentions Better services/ better quality/ Quality service 19% Offer better prices/ cheaper rates 15% More flexible/ flexibility 13% Give you innovative/ creative ideas/ solutions 10% Faster services/ prompt services/ quicker services 10%	Top 5 Mentions Better services/ better quality/ Quality service 13% Can't be better than big enterprises 12% Better Customer service 6% More efficient than large company 6% Offer better prices/ cheaper rates 5%
Indonesia (n=100)	Japan (n=100)	Korea (n=100)	Malaysia (n=100)	
Top 5 Mentions Better services/ better quality/ Quality service 18% Give you innovative/ creatives ideas/ solutions 13% Offer better prices/ cheaper rates 10% More efficient than large company 8% Opportunity for partnership/ United together/ Form union and association 6%	Top 5 Mentions More specialised in specific area 24% Artisan skills 13% Better services/ better quality/ Quality service 12% Give you innovative/ creative ideas/ solutions 12% Can't be better than big enterprises 12%	Top 5 Mentions Using higher technology/ following the latest technology 22% Offer better prices/ cheaper rates 14% Available of new product/ new product development/ has own patent 10% Better services/ better quality/ Quality service 9% Give you innovative/ creative ideas/ solutions 7%	Top 5 Mentions Offer better prices/ cheaper rates 21% Better services/ better quality/ Quality service 14% More flexible/ flexibility 6% Faster services/ prompt services/ quicker services 5% Target a niche market / Less Red Tape 5%	
Philippines (n=100)	Singapore (n=100)	Taiwan (n=100)	Thailand (n=100)	Vietnam (n=100)
Top 5 Mentions Offer better prices/ cheaper rates 18% Better services/ better quality/ Quality service 12% More efficient than large company 6% Give you innovative/ creative ideas/ solutions 6% Can't be better than big enterprises 3%	Top 5 Mentions Offer better prices/ cheaper rates 19% Better services/ better quality/ Quality service 13% More flexible/ flexibility 11% Faster services/ prompt services/ quicker services 9% Target a niche market / Less Red Tape 9%	Top 5 Mentions Can't be better than big enterprises 24% Available of new product/ new product development/ has own patent 22% More flexible/ flexibility 11% More specialised in specific area 4% Better services/ better quality/ Quality service 3%	Top 5 Mentions Better services/ better quality/ Quality service 22% With lower operational cost, SMEs are able to produce more 9% More flexible/ flexibility 8% Offer better prices/ cheaper rates 7% Able to give credit/ Longer Credit terms 4%	Top 5 Mentions Better services/ better quality/ Quality service 31% Opportunity for partnership/ United together/ Form union and association 29% Offer better prices/ cheaper rates 17% SME could penetrate the lower market 6% With lower operational cost, SMEs are able to produce more 5%

Base : Asia Pacific in 2010

Note: - Green text indicates higher than regional average

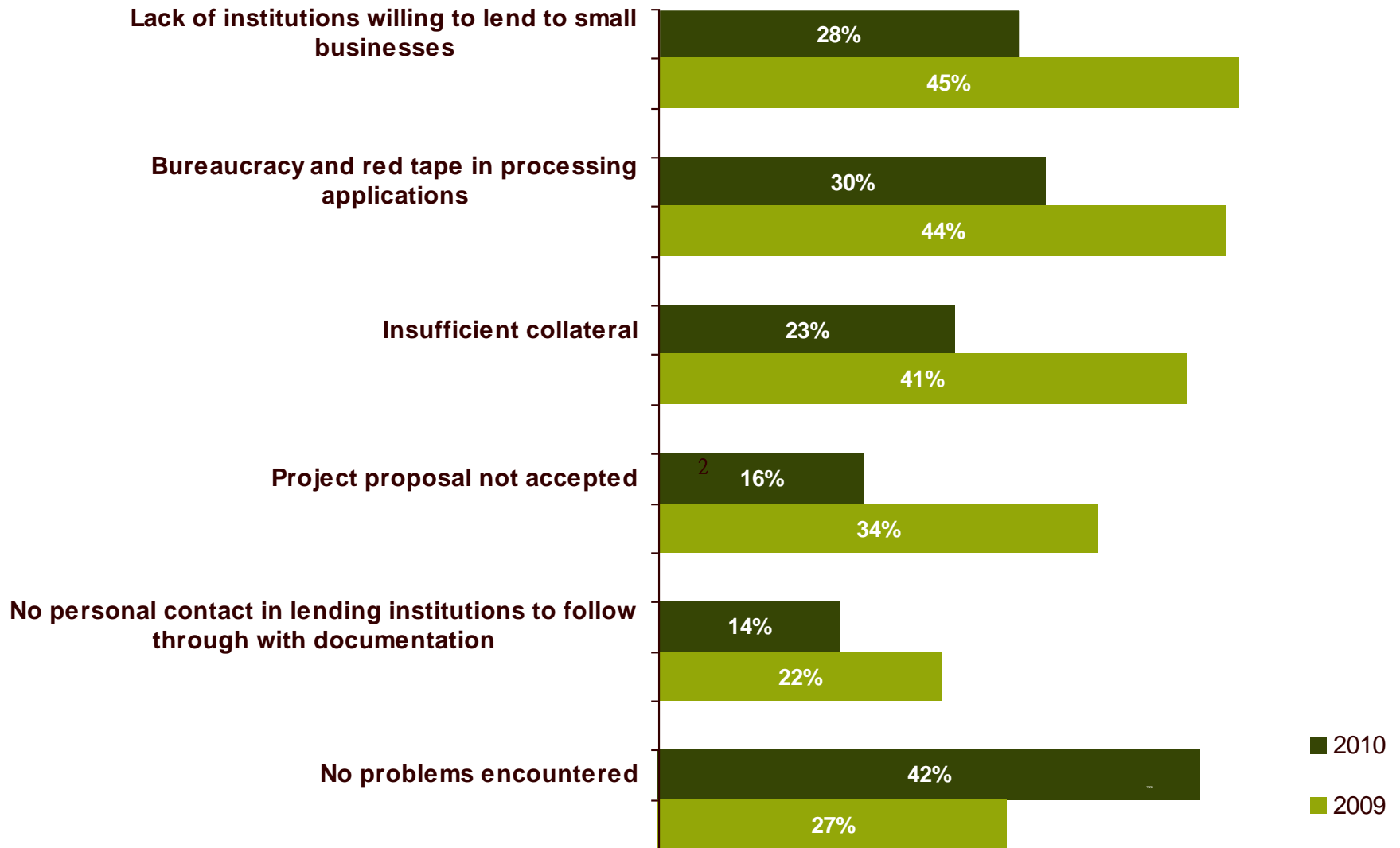
- Red text indicates lower than regional average

- Bold/underline indicates the country with the highest and lowest scores

* New question in 2010



Q12. Which of the following problems have you encountered in financing your business?

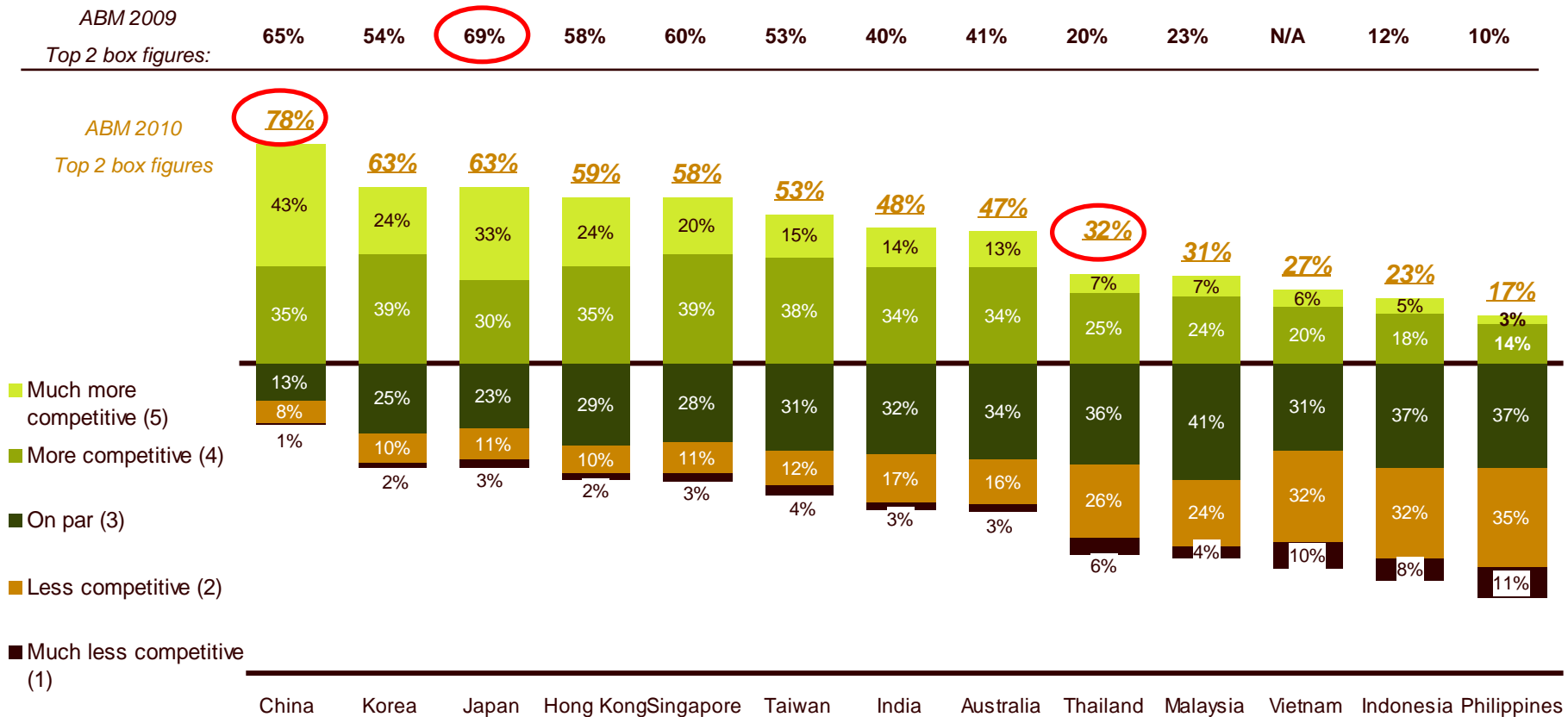




**Mirror, mirror on the wall,
who is the most competitive of them all?**



Q15. How would you rate SMEs in each of the following countries compared with SMEs in your own country?



Base : Asia Pacific in 2009, 2010

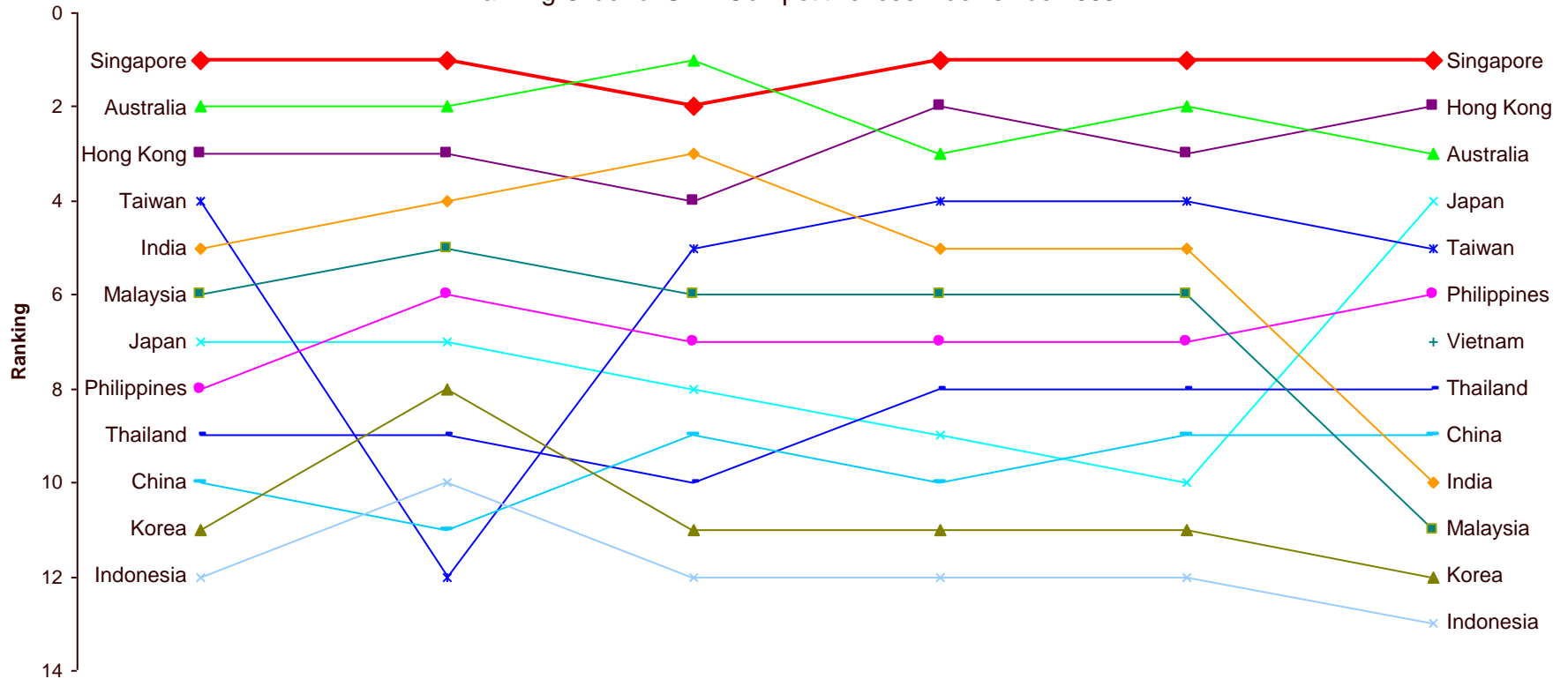
+ / - : Significant change versus 2009 (at 95% confidence level)

* Vietnam is a new market in 2010

SME Competitiveness over the past 5 years



Ranking Order of SME Competitiveness Index since 2005



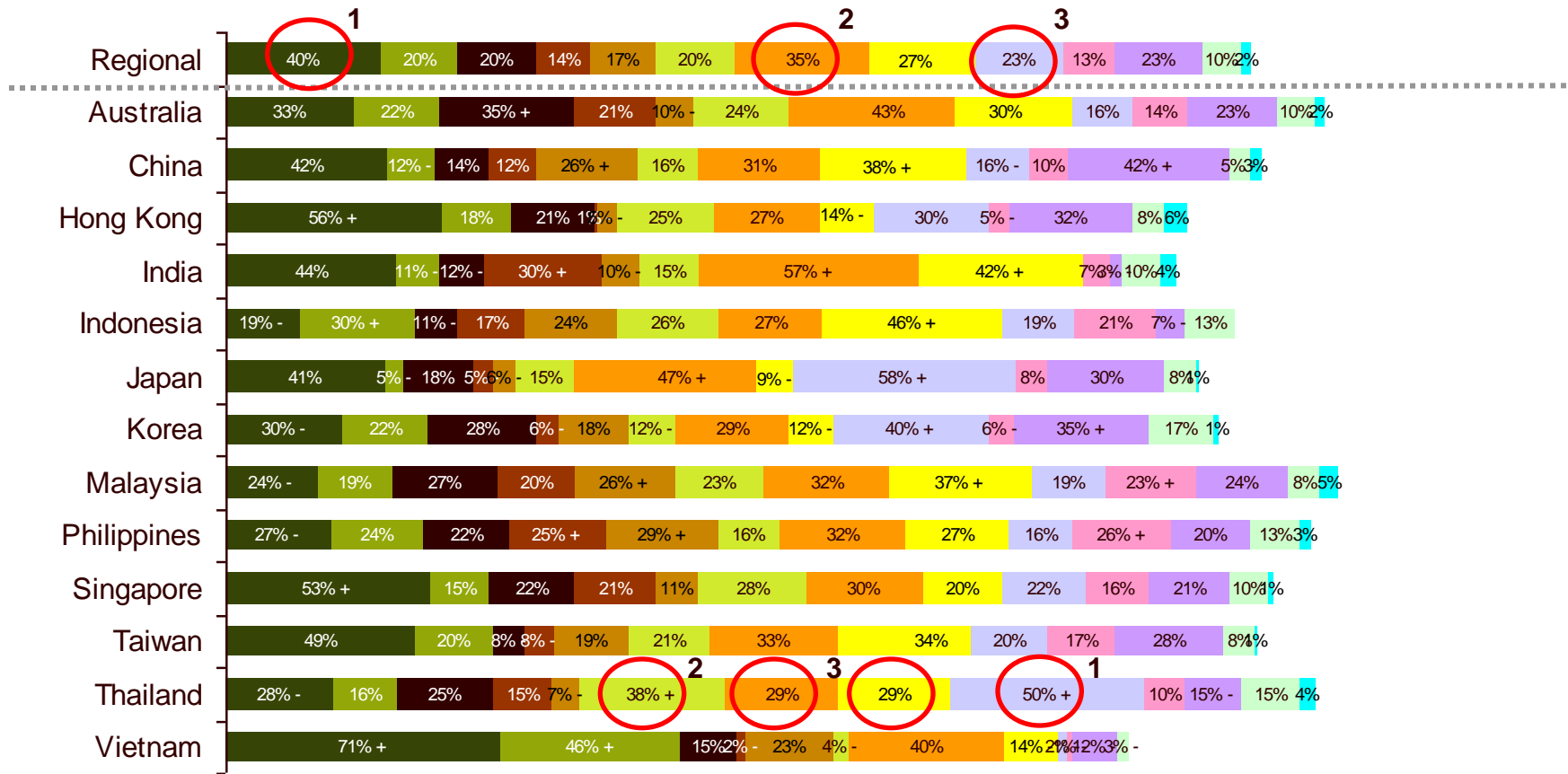
* Vietnam is a new market in 2010



**Despite the surer footing,
money is still an issue**



Q11. What are your most pressing business concerns in 2010?



- Costs**
- Interest rate hikes**
- Debt/Cash flow**
- Availability of credit**
- Business infrastructure**
- Skills shortages**
- Competition**
- Government legislation and taxation**
- Industry downturn**
- International trade conditions**
- Staff retention and remuneration**
- Inability to meet demand**
- Other**

Base : Asia Pacific in 2010

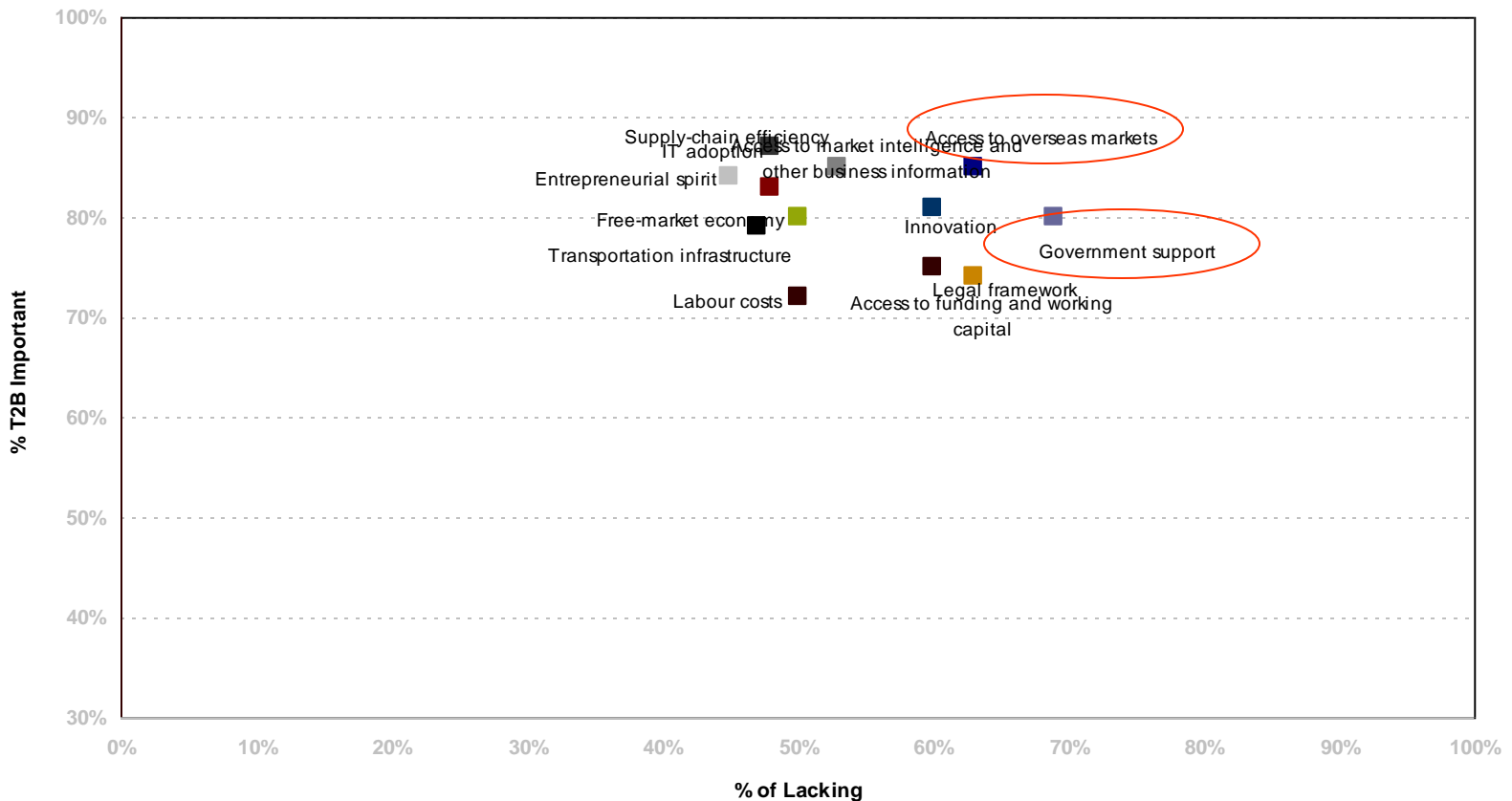
+/- : Significant difference versus Total (at 95% confidence level)

* New question in 2010

Contributions & Obstacles to SME Competitiveness – Thailand

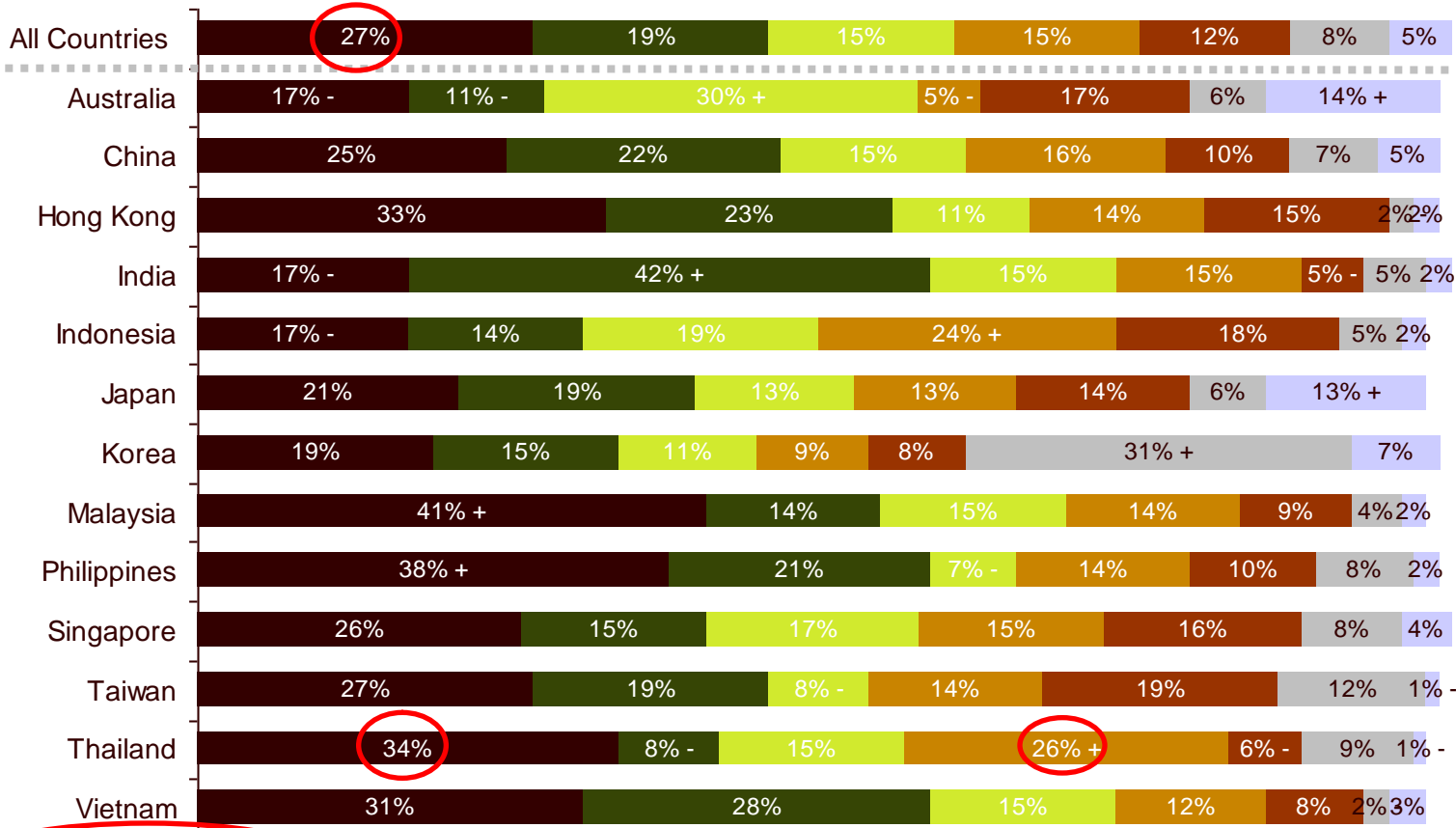


Q15a (Q18). How important are each of the following factors in contributing to SME competitiveness in your country?
 Q15b (Q19). Which of the following factors do you consider to be lacking and which therefore are obstacles to SME competitiveness in your country?





Q13. Do you see supply chain management as:



■ A means to cut cost

■ A competitive advantages

■ A means to maintain control through visibility of the supply chain

■ Not a necessity to business success

■ A method for quality assurance

■ A method to benefit consumers (efficiency, transfer of cost benefits, etc)

■ A means to forecast demand

Base : Asia Pacific in 2010

+/- : Significant difference versus Total (at 95% confidence level)

* Vietnam is a new market in 2010



**Still feeling the heat, SMEs are
looking for new options...**



Q5. Which three industry sectors will present the biggest growth opportunities for SMEs in Asia in 2010?

%	IT	Manufacturing	Automotive	Building & construction	Agriculture, forestry and fishing	Leisure and tourism	Financial services	Business services	Healthcare and pharmaceuticals	Renewable resources/renewable energy	Biotechnology	Textiles and apparel	Utilities and energy	Transport & logistics	Mining	Retail	Media
All Markets (2010)	37%	26%	20%	20%	17%	16%	15%	14%	12%	11%	11%	10%	10%	9%	8%	7%	3%
(2009)	27%	23%	7%	18%	26%	14%	10%	17%	23%	N/A	13%	6%	19%	7%	5%	13%	4%
Australia	14%	19%	4%	19%	10%	16%	13%	18%	7%	18%	3%	1%	2%	6%	54%	3%	3%
China	42%	32%	10%	23%	5%	21%	14%	14%	6%	14%	5%	9%	14%	11%	5%	5%	1%
Hong Kong	20%	15%	2%	10%	2%	24%	53%	17%	8%	11%	11%	6%	3%	17%	1%	23%	4%
India	52%	37%	35%	33%	28%	1%	12%	13%	25%	0%	3%	25%	6%	18%	3%	3%	3%
Indonesia	22%	7%	29%	9%	57%	21%	8%	5%	5%	6%	1%	37%	2%	7%	17%	5%	1%
Japan	33%	35%	45%	10%	8%	4%	5%	5%	9%	25%	13%	3%	8%	3%	2%	9%	2%
Korea	62%	23%	29%	17%	5%	6%	6%	4%	5%	19%	24%	3%	11%	3%	1%	0%	9%
Malaysia	41%	35%	15%	22%	14%	20%	16%	27%	16%	5%	20%	0%	15%	7%	2%	4%	3%
Philippines	48%	39%	8%	26%	21%	11%	3%	27%	13%	11%	6%	5%	9%	11%	3%	14%	5%
Singapore	19%	38%	6%	24%	8%	26%	20%	16%	38%	10%	19%	2%	19%	11%	3%	11%	3%
Taiwan	67%	17%	14%	12%	9%	17%	18%	21%	12%	19%	43%	4%	10%	6%	2%	1%	3%
Thailand	22%	14%	36%	5%	40%	13%	1%	5%	8%	5%	1%	23%	30%	8%	2%	5%	0%
Vietnam	36%	22%	26%	53%	18%	28%	19%	10%	9%	1%	3%	14%	4%	4%	6%	4%	5%

Note: - Green text indicates higher than regional average
 - Red text indicates lower than regional average
 - Bold/Underline indicates the country with the highest and lowest scores



Q6. What percentage of your business is with the following regions now?

% Growth	Asia Pacific	Europe	North America	Middle East	Latin America	Africa
All Markets	80.6	8.1	6	2.9	1.5	0.9
Australia	92.1	3.9	<u>2.5</u>	0.6	<u>0.2</u>	0.8
China	78.2	9.7	6	2.8	1.3	2
Hong Kong	<u>65.5</u>	19.2	10.7	1.4	2.3	1
India	79.6	6.3	6.3	5.6	1.2	1
Indonesia	76.5	12.1	5.9	2.1	2.3	1.1
Japan	95.4	<u>1.1</u>	2.9	<u>0.2</u>	0.5	<u>0</u>
Korea	85.3	4.3	3.4	3.7	2.3	1
Malaysia	75.2	9.2	7.9	5.4	1.1	1.2
Philippines	69.1	11.8	12.6	3.3	2.2	1
Singapore	80.4	7.3	4.7	5.5	1.4	0.8
Taiwan	74.1	9.8	8.8	3.6	3.3	0.4
Thailand	84.6	7.3	3.3	3.2	0.9	0.8
Vietnam	93.3	2.1	3.3	0.5	0.3	0.5

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 - Bold/ underline indicates the market with the highest and lowest scores
 - North America past figures are from combining US and Canada. Asia Pacific labeled as Intra-Asia in 2006-2009



Q6a. Which of the following regions do you anticipate expanding into over next 3 years?

%	Asia Pacific	Europe	Middle East	North America	Africa	Latin America
All Markets	56%	20%	19%	14%	12%	11%
Australia	29%	5%	5%	5%	<u>1%</u>	<u>1%</u>
China	<u>19%</u>	13%	7%	13%	9%	6%
Hong Kong	41%	12%	19%	10%	7%	14%
India	35%	16%	8%	13%	9%	4%
Indonesia	86%	42%	47%	27%	25%	22%
Japan	68%	<u>3%</u>	7%	6%	4%	8%
Korea	50%	5%	18%	5%	17%	11%
Malaysia	80%	30%	37%	15%	15%	8%
Philippines	77%	35%	18%	25%	8%	16%
Singapore	81%	12%	23%	<u>4%</u>	9%	7%
Taiwan	47%	30%	16%	27%	5%	17%
Thailand	78%	49%	45%	21%	41%	31%
Vietnam	57%	8%	<u>2%</u>	9%	<u>1%</u>	<u>1%</u>

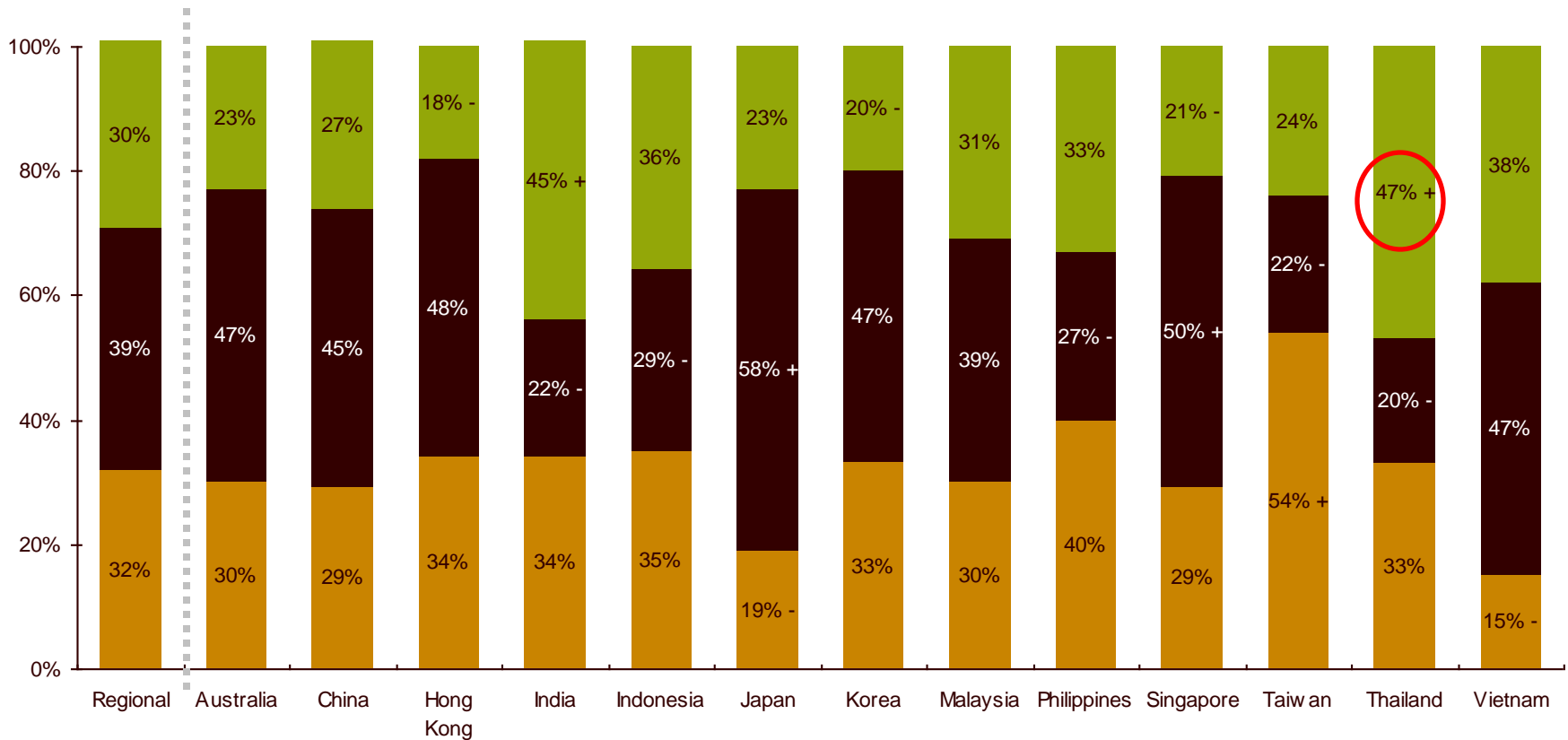
Base : Asia Pacific in 2010

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- Bold/underline indicates the country with the highest and lowest scores



Q20. Which of the following best describes your current thinking about your company and the environment?



- I can achieve long-term cost savings by investing in environmentally conscious mechanisms today
- Investing in environmentally conscious mechanisms has a place - but not in my 2010 plans
- Investing in environmentally conscious mechanisms should be addressed by government and big businesses, not SMEs

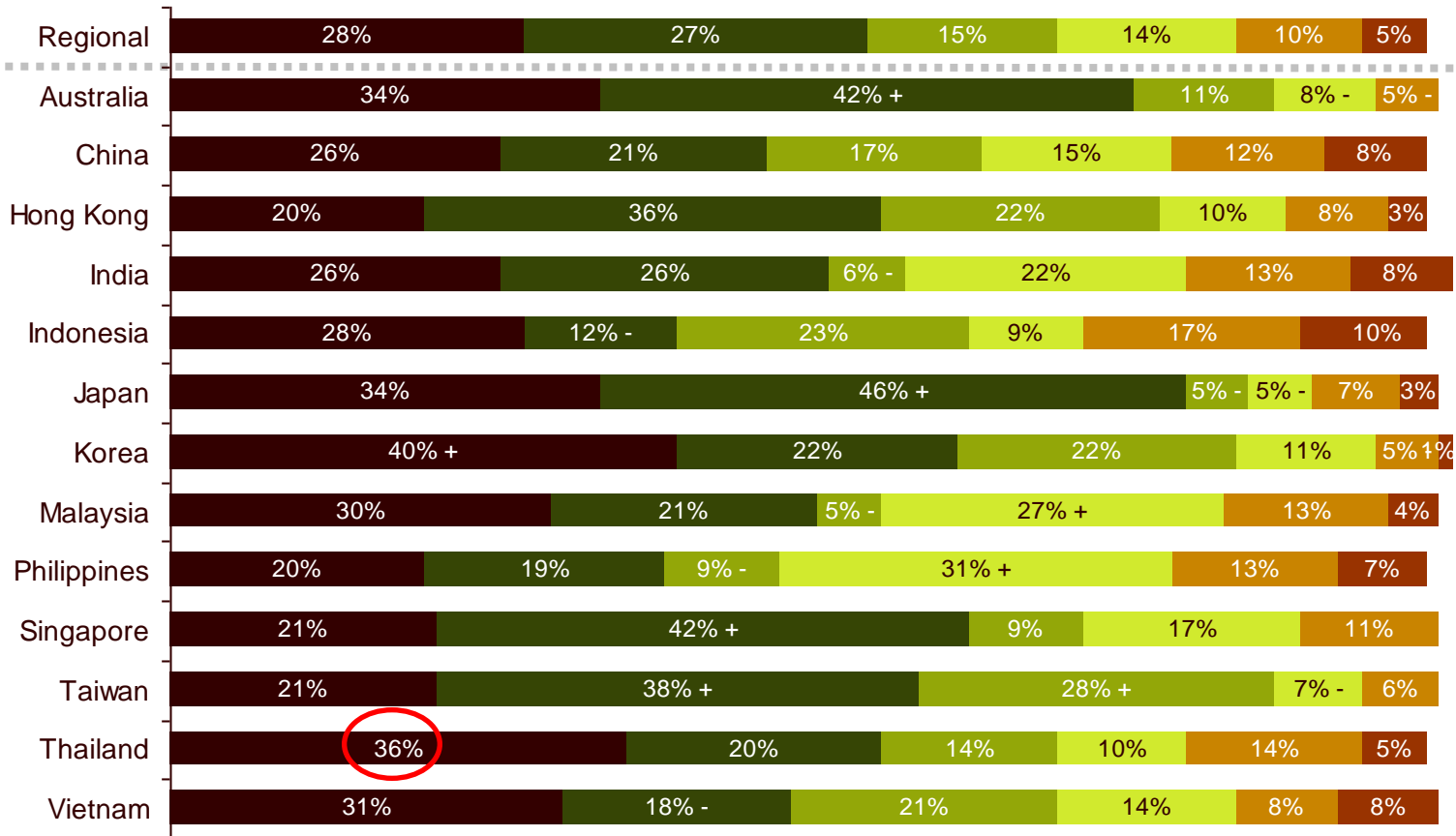
Base : Asia Pacific in 2010

+/- : Significant difference versus Total (at 95% confidence level)

* New question in 2010



Q14. What changes are needed in your supply chain practices to support future growth?



■ Focus simply on reducing transportation and distribution costs

■ There is no change in our supply chain practices

■ Shift supply chain operations closer to final destination

■ Use deferred delivery or less expensive express shipment options

■ Use more ocean freight instead of air freight

■ Use more air freight instead of express shipments

Base : Asia Pacific in 2010

+/- : Significant difference versus Total (at 95% confidence level)

* New question in 2010

Thank you

