Plugged-In Research
First Phase Report

January 2010

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Research Background

DBS Dialogues is an online site created exclusively for entrepreneurs to explore and get inspired. It's where you can find interesting video interviews, helpful advice, practical tips and valuable business insights from Singapore's leading entrepreneurs.

The latest addition to DBS Dialogues is our Plugged-In Survey Initiative, which aims to share with you, insights into today's competitive market and consumers' buying behaviour.

Researched by TNS, this survey was conducted in Singapore amongst 400 consumers and 100 SME owners. The survey questions were voted by site visitors, with an aim to helping you understand the thinking that goes in before buying, and the ins and outs of expanding an enterprise.

You can now plug in to what your consumers want and what other businesses are thinking. This report shares with you, the results of the first phase of this Plugged-In Survey Initiative. More insights will be available soon in the second phase release of our report.

Research Design – First Phase

Coverage	Singapore
Target Audience	1) Consumers aged 18-54 years old, even mix of gender 2) Business Owners of SMEs
Sample Size	n=400 consumers, n=100 business owners
Methodology	Online
Questionnaire	15 minutes with no open-ended questions All interviews conducted in English

Summary of Key Findings – Business Owners

On Starting a Business

- Entrepreneurs say that sufficient funding is at the heart of any business set-up. Passion for the business, and support from family and friends also rank high on the entrepreneurs' list of considerations for starting a business.
- It is worth noting that entrepreneurs look heavily to friends and family for feedback, suggestions and opinions when setting up a business. They follow this source of information closely with input from peers and other SMEs.

On Overseas Expansions

- Before expanding overseas, a substantial number of entrepreneurs consider reviewing the demand for their products in their country of choice, as most crucial.
- Entrepreneurs also place high emphasis on studying the competitive landscape, as well as, estimating their costs of investment and expected venture returns.
- Surprisingly, only a small number of entrepreneurs approach government agencies for assistance in their business expansion. Most say that strict requirements deter them from seeking assistance, while some who were unsuccessful in their previous applications do not try again.
- Meanwhile, enterprises that are in the process of expanding, agree that finding a reliable partner overseas proves to be most difficult.

Summary of Key Findings – Business Owners

On Staff Rewards

- More than half of our entrepreneurs are firm believers in the power of print. Newspaper advertisements rank high when it comes to promotional efforts, with television commercials coming a close second.
- Meanwhile, word-of-mouth advertising and social networking channels rank low on the confidence chart of entrepreneurs.

On Building a Long-term Bank Relationship

- Entrepreneurs agree that Singapore banks serve SMEs well within the SEA region, with DBS, OCBC, and UOB seen as the better local banks to partner with. What keeps an entrepreneur loyal to a bank is a bank's steadfast support in an entrepreneur's time of need.

Summary of Key Findings – Consumers

On Product Purchase

- Women look for two things before making purchases: price and quality. Men actually buy in the same manner women do, only women tend to be repeat buyers when they're happy with their purchases.
- Promotions and offers that receive the highest take-up happen in supermarkets, this being popular with women consumers and older respondents. The younger group however, tends to gravitate to retailers that offer discounts on fashion merchandises.
- Surprisingly, many have not taken to online shopping. A fifth of respondents have never made purchases online and among those who do, most spend less that S$250.
- Meanwhile, going green can be good for business, as consumers agree that they would pay 10-20% more for environmentally-friendly products.

On Branding and Advertising

- Like all relationships, trust is a major driver for consumers when it comes to maintaining long-term relationships with their favourite brands. This, coupled with reasonable prices, help cement a consumer's loyalty.
- When it comes to trying new products, most consumers actually trust friends' recommendations more than those of experts'.
- Consumers who look out for advertisements online, prior to buying, prefer to search on a specific company or brand's website, and 99% of those who hunt for promotions online, are not fond of pop-up ads.

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Business Owners

The key consideration among business owners during the initial set-up phase is their ability to support their business financially.

Key when starting a business

Base: All respondents (n=100)
Q1. What are the most important steps to take when starting your own business? Please select top 3.

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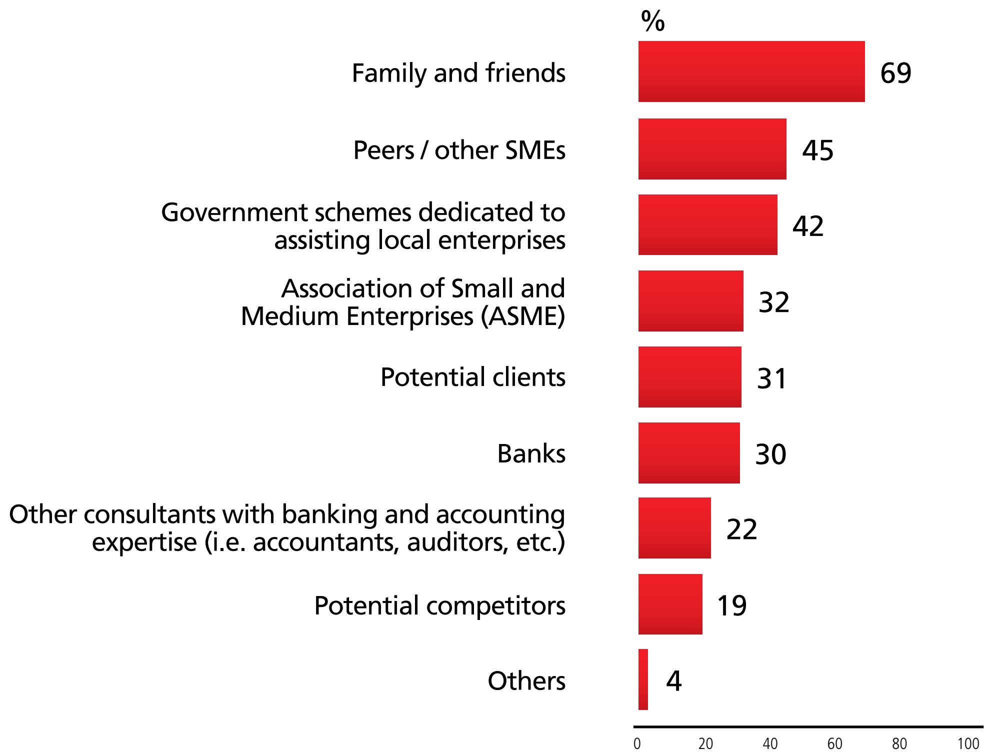
SMEs regard family and friends as the main source for assistance or input when setting up a business. Professional resources such as banks and other consultants rank low.

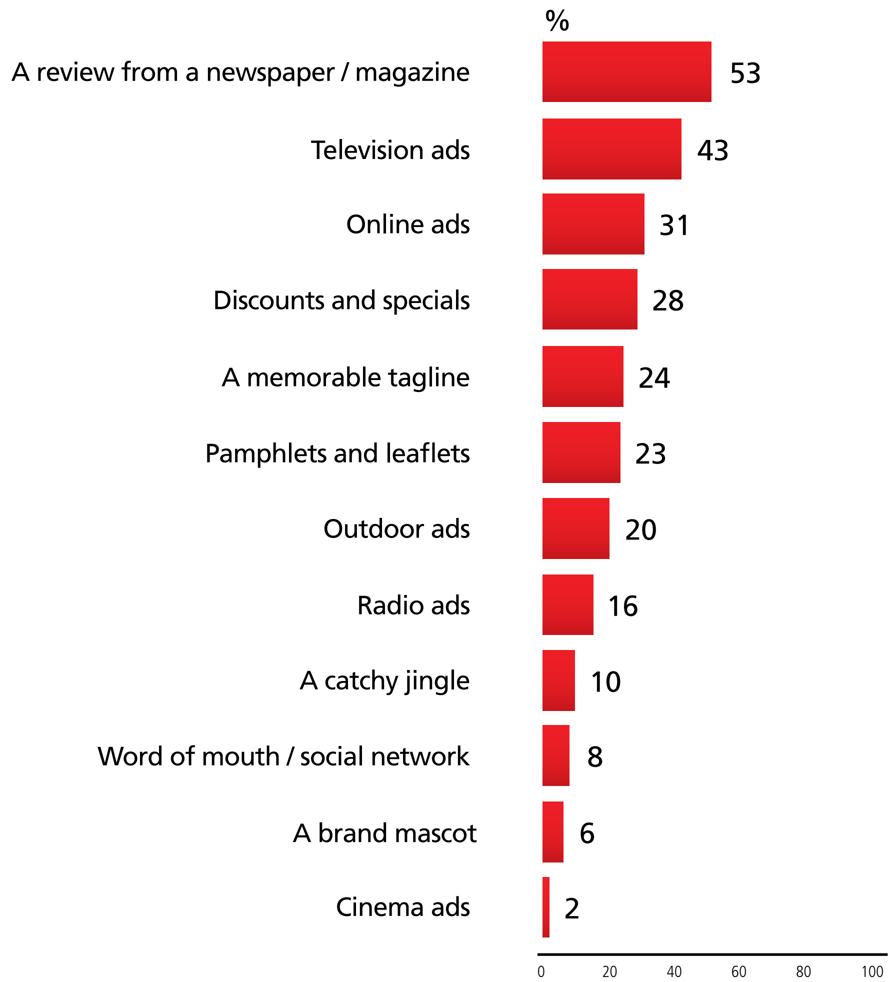
Sources for assistance and input in setting up a business



Base: All respondents (n=100)
Q2. Where or who can you ask for assistance and input in setting up a business? Please select all that apply.

Reviews from print publications are perceived to be the most effective way of increasing brand awareness.

Most effective communication/publicity tools to increase brand awareness



Base: All respondents (n=100)
Q3. What are the most effective communication/publicity tools to use to increase brand awareness? Please select top 3.

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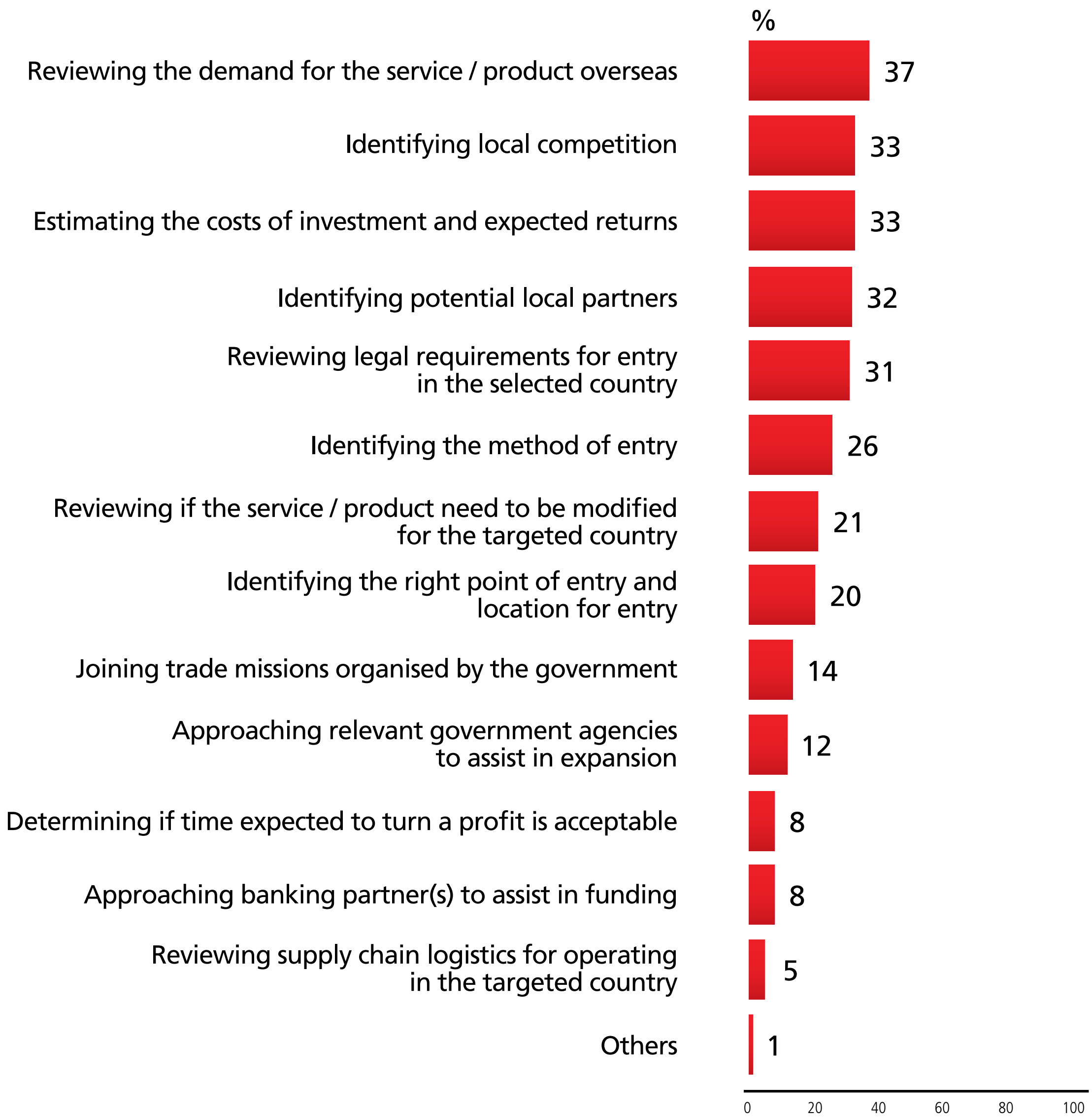
Basic market feasibility checks are the first steps to consider when expanding overseas, followed by a review of the entry requirements in the targeted country.

Initial steps to take when expanding to other countries



Base: All respondents (n=100)
Q4. What are the initial steps to take when expanding to other countries?
Please select top 3

DBS Bank Ltd Co. Reg. No. 196800306E

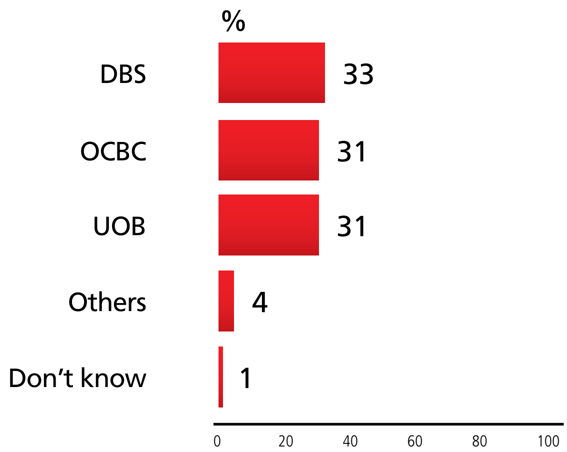
Once SMEs are on the path to overseas expansions, their ability to find a reliable local partner becomes a key challenge to resolve.

Challenges/Issues faced when expanding internationally

Base: All respondents (n=100)
Q5. What are the real, practical challenges or issues usually encountered when expanding internationally? Please select all that apply.

Local banks in Singapore are all perceived to be good business partners within the SEA region, with DBS being top-of-mind.

Best local bank to partner with in SEA countries



Base: All respondents (n=100)
Q6. Which local bank is the best to partner with in South East Asian countries?
Please select one answer only.

In evaluating a bank for the long run, SMEs look for assurance that the bank will support their business through thick and thin.

How to develop long-term relationship with banks

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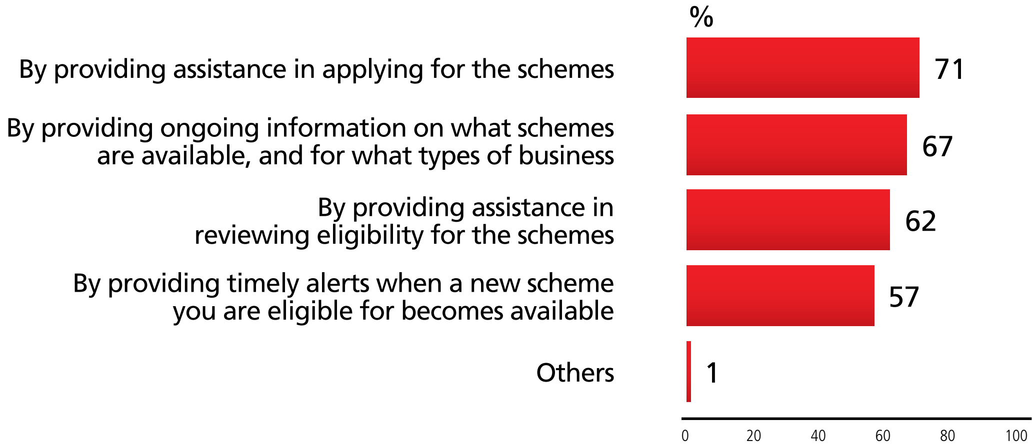
Base: All respondents (n=100)
Q7. How do you develop long-term relationships with banks? Please select all that apply.

SMEs want banks to actively assist them in applying for government schemes, and keep them informed on what schemes are available.

How banks can help provide access to government schemes



Base: All respondents (n=100)
Q8. How can the bank help provide access to various government schemes?
Please select all that apply.

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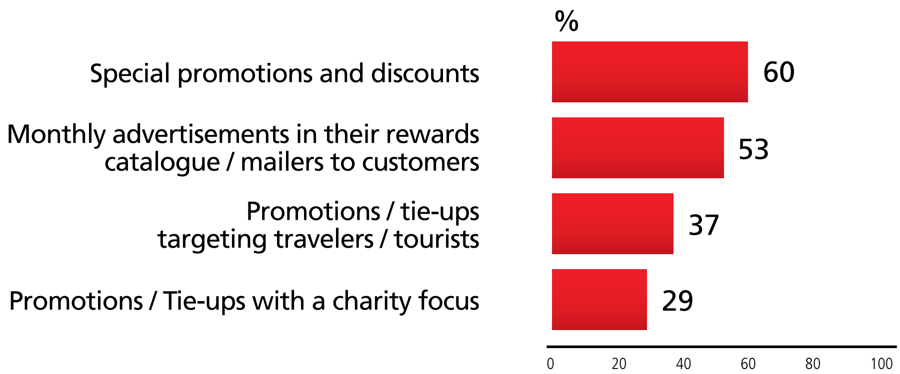
Business owners are keen on special promotions and discounts, as well as, monthly advertisements on their brand by banks if they are to accept the banks' credit cards in their retail outlets.

Joint-promos or tie-ups business owners are interested in



Base: All respondents (n=100)
Q9. What types of joint-promotions or tie-ups would you like to work on with banks whose credit cards are accepted at your retail outlet? Please select all that apply.

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Consumers

Consistently, price and quality drive purchase decisions. Past experience is likely to drive repeat purchases, particularly among female consumers.

Purchase decision considerations

Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
76	79	79	78	76	72
63	59	59	59	60	67
28	39	32	34	35	31
21	19	23	24	13	16
13	24	20	21	17	8
19	14	17	15	15	21
19	10	13	10	16	21
13	10	10	9	12	18
12	9	15	9	7	7
10	10	4	11	16	10
11	8	7	12	11	7
3	7	7	5	3	2
3	3	8	1	1	0

% of respondents

Base: All respondents (n=400)
Q1. In general, what do you base your purchase decisions on?
Please select top 3.

Overall, while price remains a key consideration, quality of the product becomes relatively more important for male consumers and older consumers.

Reasons for deciding against a purchase

	%	Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
Overpriced	57	58	57	57	63	52	51
Poor quality of the product / service	56	61	52	48	60	60	61
Poor past experiences	43	38	49	39	43	48	46
Poor reputation	23	27	19	26	17	23	28
Poor word of mouth	20	15	25	30	17	15	12
Poor customer service	18	15	20	17	15	26	10
Poor reviews online	16	14	17	23	15	9	12
Poor / no after sales service	15	19	12	12	15	14	23
Poor brand image	14	15	13	16	16	12	7
Inadequate / No product warranty	14	16	12	9	14	15	20
Country of origin	6	7	5	4	4	10	8
Price too low	3	3	3	1	3	2	5
Poor advertising / publicity	2	2	3	3	3	1	0
Lack of affinity to the brand	2	2	2	4	0	2	0

% of respondents

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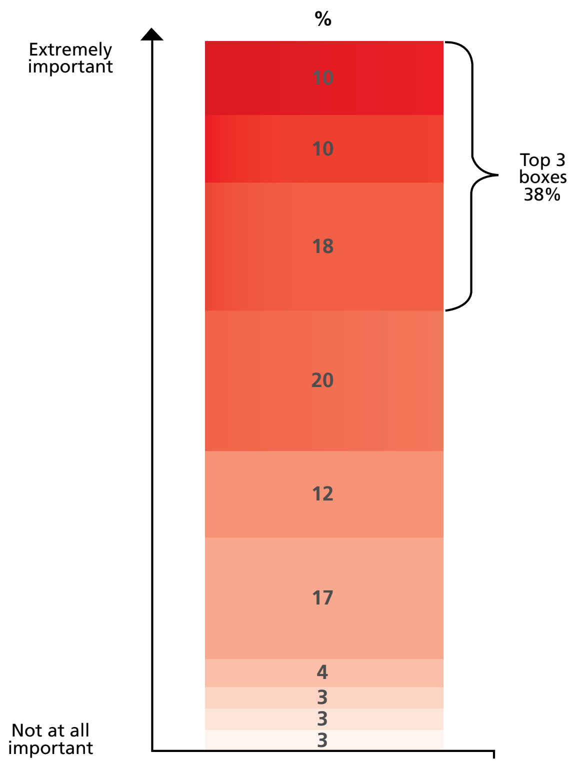
Base: All respondents (n=400)
Q2. In general, what makes you decide against buying a product? Please select top 3.

When making a purchase, over a third of respondents felt that it is important for a company to have social practices they approve of.

Importance of corporate social practices



	Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
Extremely important	10	9	7	9	11	13
	10	11	8	13	11	7
	20	16	17	12	26	20
	18	22	28	18	13	18
	13	12	11	19	9	7
	17	18	16	19	17	16
	4	4	3	6	3	3
	2	5	6	1	1	7
	4	2	2	2	4	2
Not at all important	4	3	2	2	4	8

% of respondents

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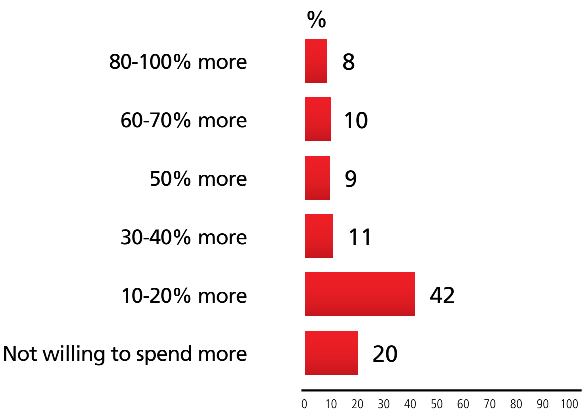
Base: All respondents (n=400)
Q9. When making a purchase, how important to you, are the social practices of the company? 10 is extremely important, 1 is not at all important.

Majority of respondents assume that 'green' products are likely to cost more than similar products not marketed as environmentally-friendly. However, the price difference needs to remain at a minimal to encourage purchase.

Willingness to pay for environmentally-friendly products



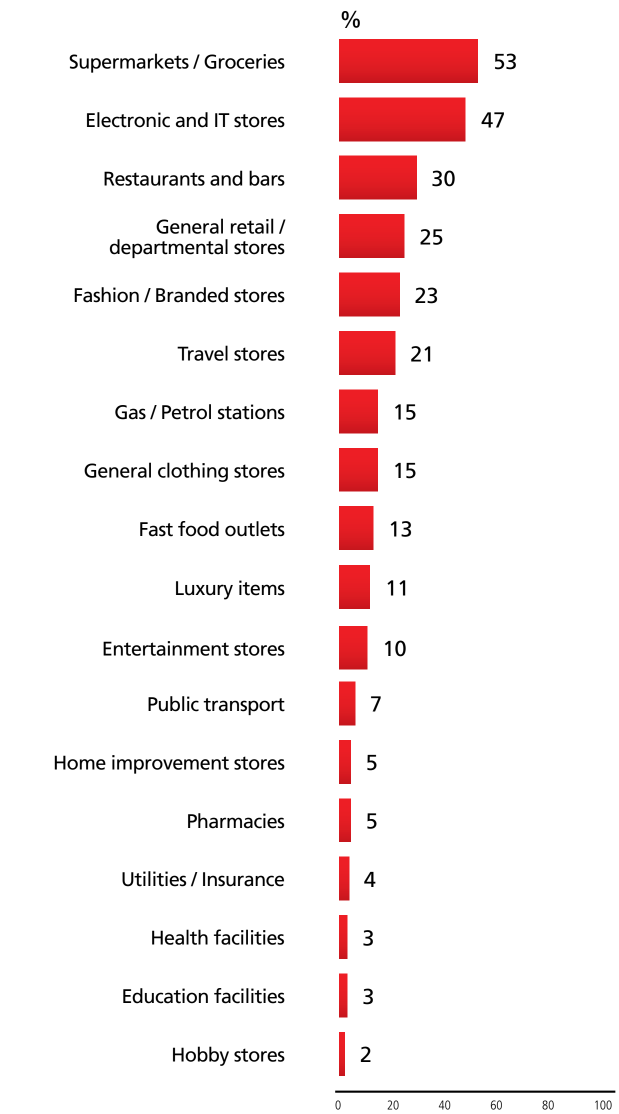
Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
6	11	6	11	7	8
8	13	10	11	13	7
9	9	11	8	7	8
10	13	10	12	12	10
44	41	46	39	40	44
25	15	19	19	22	23

% of respondents

Base: All respondents (n=400)
Q3. How much more would you be willing to spend on products that are marketed as environment-friendly?

Preference for promotions varies by respondent profile and life stage.

Categories for promotions and discounts



Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
47	60	32	59	62	72
58	37	41	43	52	59
26	34	36	27	32	20
25	25	27	20	24	31
16	31	42	20	15	3
22	20	17	25	13	33
22	8	4	23	24	8
12	18	21	12	11	13
12	14	18	13	9	7
12	10	14	10	10	8
11	10	19	7	7	7
7	8	7	8	8	5
8	2	3	2	7	12
4	6	5	5	3	5
3	5	2	4	8	2
5	2	3	3	2	5
4	3	2	2	4	3
3	1	2	2	2	0

% of respondents

Base: All respondents (n=400)
Q4. Which product categories would you actively seek out promotions and discounts for? Please select top 3.

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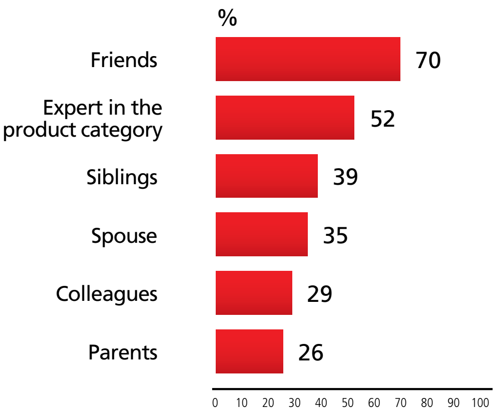
Friends are the key source of influence across the board, particularly for younger respondents.

Source for product recommendations



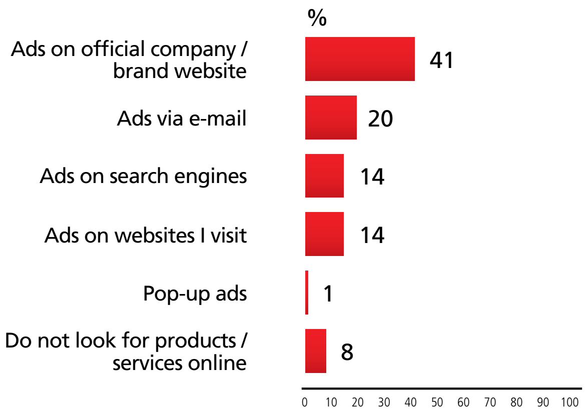
Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
69	72	80	66	66	66
55	50	54	46	50	64
33	46	44	42	37	26
37	34	19	46	46	33
35	23	21	28	33	39
23	28	40	26	14	13

% of respondents

Base: All respondents (n=400)
Q5. Whose product recommendation do you trust?
Please select top 3.

Consumers prefer promotions on official company/brand websites. This is likely due to its high relevance and low intrusiveness level.

Types of online ads preferred



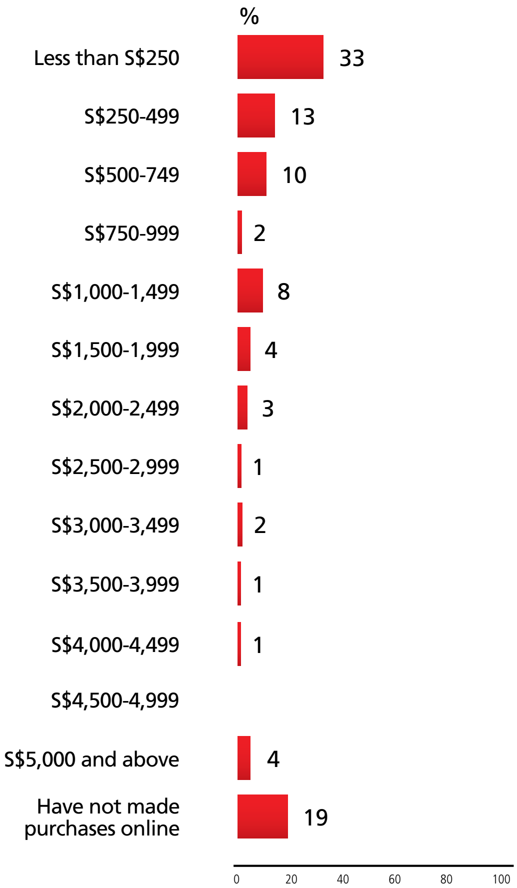
Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
41	42	44	37	41	43
19	22	15	22	24	21
15	13	13	18	10	15
18	11	18	12	12	15
1	2	1	1	2	0
6	11	9	9	9	5

% of respondents

Base: All respondents (n=400)
Q6. When searching for products / services online, which type of online advertisement appeals to you more?

A fifth of respondents have not made any online purchases. Among those with past purchase experiences, a majority kept their spending below S$500 in a single purchase.

Maximum amount spent online



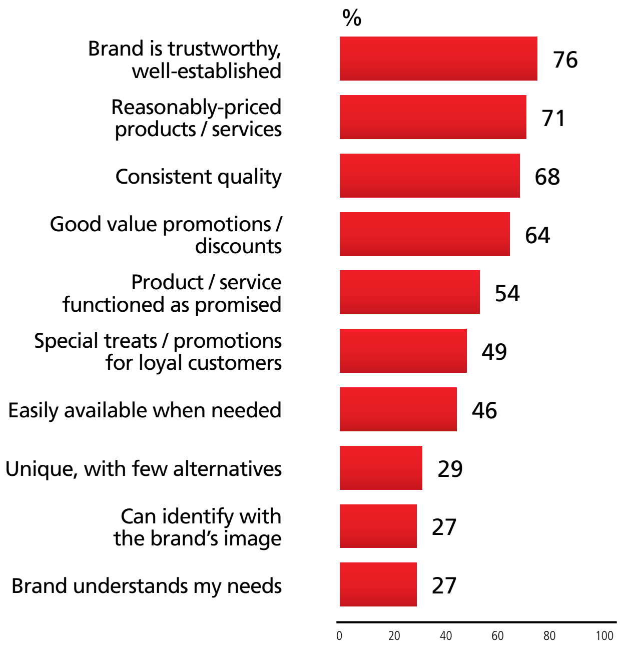
% of respondents

	Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
Less than S$250	26	40	37	36	28	25
S$250-499	13	14	19	12	11	7
S$500-749	11	9	9	6	14	12
S$750-999	3	2	1	4	0	3
S$1,000-1,499	8	9	7	9	9	8
S$1,500-1,999	4	4	1	4	8	3
S$2,000-2,499	4	3	3	3	2	5
S$2,500-2,999	2	1	1	2	1	2
S$3,000-3,499	4	1	0	4	2	3
S$3,500-3,999	0	1	1	0	0	2
S$4,000-4,499	2	1	1	1	2	2
S$4,500-4,999	0	0	0	0	0	0
S$5,000 and above	5	2	4	5	2	2
Have not made purchases online	20	17	16	15	21	28

Base: All respondents (n=400)
Q7. What is the maximum amount that you have ever spent on a single online purchase?

Trust in a brand is key for longer-term brand loyalty, followed by a price that reflects the perceived worth of the product.

Brand loyalty drivers



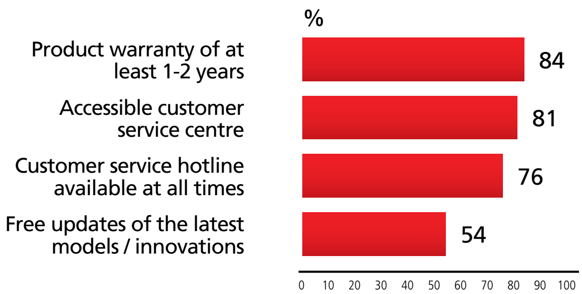
Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
74	79	76	77	76	75
70	73	72	66	77	71
70	67	67	66	71	72
57	70	65	58	69	64
57	52	54	51	54	59
46	53	45	52	52	48
38	54	40	47	53	43
26	32	34	22	27	33
29	26	30	19	33	31
27	26	26	33	24	20

% of respondents

Base: All respondents (n=400)
Q8. What would make you loyal to a particular brand?

Having a product warranty is the main after-sales service expected, followed closely by a customer service center that is accessible.

Types of after-sales services expected



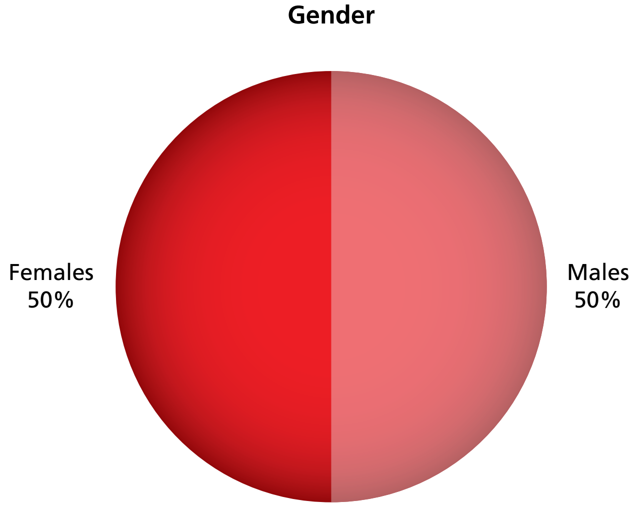
Male	Female	18-29 yrs	30-39 yrs	40-49 yrs	>49 yrs
85	83	86	84	79	85
83	80	80	77	86	85
76	76	69	74	79	87
55	53	57	52	57	46

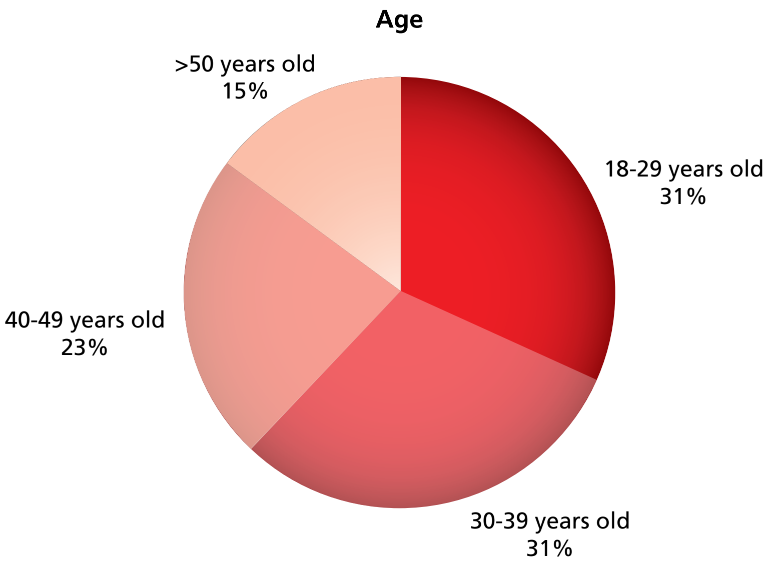
% of respondents

Base: All respondents (n=400)
Q10. What types of after-sales services do you expect when purchasing a product / service of reasonable value?

Age and gender splits

Types of after-sales services expected





Base: All respondents (n=400)
Age and gender splits

This Plugged-In Research is brought to you by DBS. Look out for the next wave of insights in the second phase of our Plugged-In Research Report.

For more business insights, tips, solutions, videos, and articles, visit www.dbsdialogues.com or e-mail us at smebanking@dbs.com if you have any enquiries.

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