SME WEEKLY NEWS

(27 August 2018 – 31 August 2018)

Countries	Highlights
MALAYSIA **FedEx research shows more Malaysian SMEs adopting new technologies**	A FedEx study on trends adopted by SMEs in Asia Pacific (APAC) has revealed a high adoption of new technologies among Malaysian SMEs, ranking 4th (among nine) APAC countries surveyed in digital platform implementation and third in adopting Industry 4.0 technologies. The research revealed that an average of 88% of Malaysian SMEs are adopting digital economy platforms such as e-commerce, mobile-commerce and social-commerce platforms. Also,61% of SMEs in Malaysian are optimistic that these platforms will help contribute to increased revenue growth in the next 12 months. The study also found that 69% of Malaysian SMEs have incorporated Industry 4.0 technology into their operations such as mobile payments, automation software and big data / analytics in particular. Also, Malaysia has higher adoption rate of e-commerce (90%), mobile-commerce (87%) and social-commerce (86%) compared to other markets in APAC. About 61% of Malaysian SMEs expressed confidence that the digital economy will help reduce barriers to finding global customers beyond APAC. *(Source: Digital News Asia, 27 August 2018)*
SINGAPORE **UOB, Synagie tie up to help SMEs manage online sales channels**	United Overseas Bank (UOB) is giving its SME clients preferential access to the e-commerce solutions of newly listed Synagie Corp in a partnership between the two companies. The new agreement will allow UOB's SME customers to manage their online sales channels more effectively for business growth. The solutions under the deal include Synagie.com, a platform that enables businesses to integrate their sales and distribution in Singapore and Malaysia across multiple e-marketplaces such as Lazada, Qoo10 and Shopee, as well as offline channels, using a single dashboard. Synagie will also offer on-demand warehousing and fulfilment services on a pay-per-use basis. With Synagie's solutions, SMEs can manage their e-commerce processes centrally and more cost efficiently. SMEs will also be able to get an overview of their customer demand and cash flow, and a more "effective reconciliation of their financial accounts", that will in turn enhance their ability to obtain financing more quickly. In addition, Synagie.com will provide real-time big data analytics tools to help businesses better understand their customers' preferences, and identify marketing opportunities. *(Source: Business Times, 28 August 2018)*
THAILAND **Bangchak to push SME items**	Bangchak Corporation Plc plans to encourage local food and snack makers to sell their products in Spar shops at Bangchak's petrol stations. Spar is a Netherlands brand for which Bangchak holds master franchise rights in Thailand. Bangchak subsidiary, Bangchak Retail runs 35 Spar shops in the country. The company wants to attract competent SMEs to sell their products at Spar in Thailand as they aim to build the reputation of Thai SME products in international retail stores. Bangchak has also signed a partnership with 10 agencies and companies for R&D to encourage and support local SME products. The cooperation is meant to be supported with business matching to enhance the SMEs' competitiveness in the future. Mr Somchai said Bangchak will promote the cooperation by setting up a Spar Award to attract SME operators to develop their products and join the contest. The product winner will receive a cash prize and a sales channel at Spar. Bangchak will also promote the winning SME's products to be sold in Spar shops in other countries, as Thai food and snack products are very popular globally. *(Source: Bangkok Post, 31 August 2018)*

POWERING THROUGH ON ENERGY DRINKS

HAVING his roots in farming, Raymond Chong heeded the government's call back in 2003 to go downstream. He tried his hands at turning farm products into more lucrative value-added items. The founder and CEO of beverage company, Asia Big Power - which specialises in energy drink and fruit flavoured beverages - was responsible for introducing the much loved dragon fruit drink to the country, under the Pitaberry brand in 2004.

However, the venture did not last long. The dragon fruit crops were attacked by disease, forcing Pitaberry to shut down its operations in late 2009. But Chong was not about to give up. He made use of the juice making facility to produce Nata De Coco fruit drinks instead. In 2014, Chong's son, Kent, came on board Asia Big Power to help bring the company forward and open up new market segments. He brought with him fresh ideas and was responsible to steer the company in its new endeavour into the energy drinks segment via its Big Power brand.

According to Chong, the demand for energy drinks is increasing, but only a few Malaysian companies are directly involved in the manufacturing of energy drinks. Most of the energy drinks sold in South-East Asia are from established international brands. The market for energy drinks is a lucrative one. In Malaysia alone, the market is worth RM360mil or about RM1mil per day.

With a growing middle class and rising income levels, coupled with changing lifestyles, energy drinks are said to have many more years of growth in the Asian region. This certainly offers Big Power a big opportunity. But Chong is eyeing something more. "We would also like to enter markets in other areas where such beverages have large, established customers such as in Europe, the US, Japan or Russia," says Chong.

For now, Big Power is still a relatively small brand and lacks the brand strength it needs to attract big investors. In the short term, he hopes to corner at least a 10% share of the local energy drinks market before 2020. This will give the company sizable scale, and help with cost management and brand recognition.

Over the past two years, a lot of effort and resources were spent on market research and in gauging local consumers' response to Big Power. Chong notes that it is not easy to cater to the different taste buds in Malaysia as different ethnic compositions have unique preferences. At the moment, its products are mainly consumed by blue collar workers to increase their energy after working for long hours. But Chong is keen to tap into the sports market, particularly for the marketing and promotions aspect of the business. Getting the endorsement of professionals would certainly give it a big boost.

Asia Big Power manufactures and sells its energy, herbal and fruit-based drinks under the Big Power, Windz, All Wins and All+ brands. Its drinks are manufactured at its own plant in Johor and a small number of its products are exported to Japan. It has around 100 workers and expects sales to hit RM5mil this year. The company has spare production capacity to grow up to 50% annually for the next few years to meet the growing demand, says Chong. The group will also look into its e-commerce presence, and will be expanding the number of its marketing partners.

(Source: The Star, 27 August 2018)

Economics and Policy Division
SME Corp. Malaysia
4 September 2018