# SME WEEKLY NEWS

***(22 January 2018 – 26 January 2018)***

| Countries | Highlights |
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| **MALAYSIA**<br><br>**Survey indicates cost of brand investment as biggest challenge for SMEs** | High cost of brand investment is the key internal and external challenge faced by SMEs in Malaysia, according to the survey by BIZSPHERE Brand & Marketing Group. The study shows that insufficient fund for brand & marketing was most voted (53%) as the top internal challenge, whilst high cost in brand communication ranked top (52%) for external challenge. The lack of strategic brand planning is the main reason why SMEs perceive cost to be high, and as such do not have sufficient funds for it. Most SMEs are also lack capability to find differentiation or strong value proposition for their brands.<br><br>In addition, the study showed that SMEs are clearly moving towards digital communications to promote its brands. Digital media was voted as the most effective communication channel (58%) compared to engagement activities (39%) and conventional media (16%). Social media is regarded to be most relevant (59%), followed with online ads (45%). Meanwhile, the top five wishlist of SMEs includes access to government assistance programmes, promotion through digital media, promotion through engagement events, allocation of budget for brand & marketing and dedication of resources for brand management. Meanwhile, half of SMEs are unaware of the support and assistance programmes offered by government agencies and trade associations, with only 8% having participated and benefited from the programmes offered.<br><br>*(Source: Marketing Interactive, 25 January 2018)* |
| **INDONESIA**<br><br>**Government to lower income tax for conventional, online SMEs** | Indonesia will cut final income tax on SMEs by half and also impose taxes on e-commerce businesses to even the playing field between traditional brick and mortar and digital businesses, said the Finance Minister, Sri Mulyani Indrawati. Under the current regulation, businesses earning less than 4.8 billion rupiah ($360,600) a year are exempted from paying income tax and value added tax. They only have to pay a final tax of 1% of their total sales. Going forward, the government is planning to lower the income tax for SMEs to 0.5% of their sales. SMEs or individuals selling exclusively on e-commerce marketplaces will also be required to pay the tax. Sri Mulyani said the sales threshold will also be lowered. In the e-commerce roadmap rolled out in 2016 as part of the 14th economic policy reform package, the government expects up to $130 billion in e-commerce transactions in 2020. The government has also included an income tax reduction for SMEs to be implemented in this year's state budget.<br><br>*(Source: Jakarta Globe, 22 January 2018)* |
| **INDONESIA**<br><br>**Lazada Indonesia to focus on helping SMEs upscale** | Lazada will execute a series of tactics and strategies for its sellers and SMEs in 2018. Lazada has more than 1,500 local SMEs on their marketplace, and helped them to reach a high in sales during the last Hari Belanja Online Nasional (Harbolnas) season. As a token of appreciation for SMEs contributions, Lazada will continue to run the #UpgradeUKM programme, which is a programme for SMEs to move from offline-to-online (O2O), small to big businesses, and local to global. In relation to #UpgradeUKM, Lazada also launched a new initiative to assist SMEs and credible sellers to form good relationships even though they are new to Lazada through the Lazada Seller Community Programme. This includes Kelas Lazada, a programme that connects Lazada and SMEs as well as new sellers, and Kenal Lazada, a programme that introduces new features and provide facilities that can be used by SMEs to maximise the available opportunities from Lazada. It will also provide a Lazada University programme that consists of training sessions and coaching routines as means to offer assistance to offline or online SMEs and sellers.<br><br>*(Source: Digital News Asia, 23 January 2018)* |

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| **THAILAND**<br><br>**Tesco Lotus co-hosts SME coaching session on exports to UK** | Tesco Lotus co-hosted an event called 'Exports to UK' that helps to equip Thai SMEs with in-depth knowledge and insights into the British market. As a leading retailer in Thailand with more than 1,900 stores, Tesco Lotus has been supporting Thai SMEs by providing distribution channels with a nationwide reach. They have also helped develop business capabilities of Thai SMEs to ensure that their products comply with internationally accepted standards and are fit for export. For the past 10 years, Tesco Lotus has helped export Thai fruit, chicken, shrimp meat, groceries, animal food, stationery and toys to Britain, Central Europe and elsewhere in Asia through the Tesco network, which spans 10 countries. The support provided has helped contribute to the growth of the export sector in Thailand, as well as uplift the quality standards for SMEs, as well as farmers. Around 60 SMEs were selected to learn from Tesco Lotus about the retail business and consumer trends in the United Kingdom, and get financial and funding advice from Bangkok Bank.<br><br>*(Source: The Nation, 24 January 2018)* |
| **SINGAPORE**<br><br>**DBS partners with Xero to launch online payment solution for SMEs** | DBS, in partnership with Xero, has announced the launch of a new online payment solution for SMEs. According to DBS, the new payment solution eliminates an SME's administrative burden of having to manually enter payment details on multiple platforms. Payments can be initiated on Xero and approved through DBS IDEAL, which is the bank's corporate internet banking platform. SMEs will also be able to boost productivity by tracking real-time payments, DBS said. The payment solution mainly aims to address SME problems on finance-related matters, particularly in cash flow, which is cited by DP Information Group's SME Development Survey 2017 as a growing concern in one-third of Singaporean SMEs. The payment solution will be free for existing DBS-Xero customers in Singapore.<br><br>*(Source: Singapore Business Review, 22 January 2018)* |
| **PHILIPPINES**<br><br>**Visa, UnionBank of Philippines to Create Blockchain Payment System for SMEs** | UnionBank of the Philippines and payment processing giant, Visa had struck a partnership to build a blockchain-based system that would allow cross-border payments, the first of its kind project in the Philippines. The platform will facilitate bank-to-bank (B2B) transactions, especially those from SMEs to recipient banks. The Visa B2B Connect system would allow payment processing in real time or at least within a day rather than the typical 3 to 5 business days. The transaction costs would shrink by about 50% once the system is launched. The partnership with Visa would help SMEs avoid the need to open accounts in regions where they conduct transactions. Visa's platform will allow 23 fiat currencies and start with four partner banks: Shinhan Bank of South Korea, Commerce Bank of the US, Russia's Sberbank, and Singapore's United Overseas Bank. The platform should become fully operational by the last quarter of 2018.<br><br>*(Source: Cryptovest, 22 January 2018)* |
| **MYANMAR**<br><br>**MIC plans to reduce SME registration fee** | The Myanmar Investment Commission (MIC) is planning to reduce the registration fee for SMEs. Aung Than Kyaw, the Deputy Director-General of the Directorate of Investment and Company Administration (DICA) said that MIC plans to reduce fee significantly to enable businesses reduce their costs as much as they can. The current company registration fee is around K500,000 but general expenses take the total to K1 million. Currently, the DICA is calculating ways in which the registration fee will be reduced. The plan is to enable all SMEs to make official registrations and the smooth operation of loan schemes and export sector. Priority will be given to the official exports of SME products to international markets. Also, the MIC is currently working to explore the new markets.<br><br>*(Source: Eleven Myanmar, 22 January 2018)* |

# AN EPIC VENTURE

In early 2014, Lai Wick Kee left his job at a market research firm to start a food delivery venture with a friend. “I love food delivery,” says the 29-year-old enthusiastically. To kick things off, Lai and his partner, Chung Wen Chuan, started preparing food at home and delivered them to family and friends who were willing to support them. Soon, they outgrew their home kitchen and the time came for them to decide: go big or go broke? Lai decided to give “going big” a try. So they roped in another partner and formed food delivery company Epic Fit Meals Co in mid-2014.

Epic Fit Meals’ food concept is modelled after food he had enjoyed in Melbourne as a finance student. “We took about six months to do research and development work. We experimented with various menus because, quite frankly, we didn’t know anything about F&B,” he says. They tweaked their standard operating procedures and pricing, learned to manage their storage and wastages and found a way to enable their kitchen to operate without a head chef. By the end of that year, they were ready to deliver food to their customers.

Although food delivery has become a staple in today’s F&B landscape, back then, Lai says there were not as many players in the market. But demand for healthier food was already on the rise. So while pizzas are on its menu, Epic Fit Meals also offers healthier options that are suitable for everyday meals. The focus on healthier food has given it a steady stream of business on weekdays. Unlike other players in the food delivery market, which either only provide third-party delivery services or allow consumers to pre-order their food within a certain timeframe, Epic Fit Meals delivers food on-demand and within 45 minutes.


Notably, their guarantee of 45 minutes delivery time means that they can only service consumers within a 5km radius from its outlet. To increase their coverage, Epic Fit Meals added two more locations – Sunway and Mont Kiara – to cater to consumers around those areas. The outlets also double up as a restaurant to cater to customers that prefer to dine in. Currently, about 30% of their customers are casual walk-ins.

Apart from the high cost of expansion, another challenge faced by Epic Fit Meals in the early days was juggling logistics. “Initially, we outsourced the delivery. We prepared the meals and let someone else deliver. But that was a disaster. So, never again,” he says. This led to the team deciding to control the whole value chain, from taking in of orders, to food preparation and right up to the delivery of orders. “But because we have our own full-time riders, we have to deal with people poaching our riders. Getting good riders is a challenge for the industry,” he explains. The company hires locals to reduce human resource challenges and to ensure quality service for its customers.

Lai says the company is operationally profitable but the high capital expenditure is an issue it needs to address to expand. “We will look at raising funds next year, either through private investors or the Leap market. But we don’t just want money, we want ‘smart money’ or investors that can add value to the business,” says Lai. In five years, he hopes they would have built up enough capacity to service the whole of Klang Valley. His ultimate goal for Epic Fit Meals is to be the next Domino’s Pizza. Lai believes the way to get to where he wants to be is to keep learning and improving along the way. He thinks his passion for food delivery can get them through whatever challenges that come their way.

*(Source: The Star, 22 January 2018)*

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