

## PRESS RELEASE

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### Retail: Hand in Hand with Consumers

EY Malta's Industry Focus Sessions held in collaboration with The Malta Chamber have returned. The event was the first in this year's series which leverages the insights of The EY Future Consumer Index in different sectors, The Malta Chamber's experienced network, and the perspective of business leaders in the market.

This session focused on the retail sector. The aim was to continue exploring new avenues of opportunities to redefine the industry in an ever-evolving local and global market post-COVID. The move to digital meant larger markets and greater space for experimenting with the customer's journey. As consumer preferences and behaviours continue to change further growth is being envisaged.

Dr Marthese Portelli, CEO of The Malta Chamber kicked off the event. She said that, "retailers need to fully reimagine their business models. Very few have taken or are taking the full plunge. Some retailers are choosing to retain the status quo, while others are responding with incremental changes. This passivity has resulted in reduced spending and insufficient investment in crucial areas." Dr Portelli also emphasised three main areas which the retail industry must work on: Managing the skills shift; Adopting a more agile and omni-channel operating model and Embracing automation across their organisations. Gilbert Guillaumier, EY Malta Strategy and Transactions Partner, and Gianluca Trapani, EY Malta Strategy and Transactions Senior followed up with a presentation of the local results of the 8th EY Future Consumer Survey against the backdrop of global insights.

The survey highlighted that the key emerging trends which are affecting consumer behaviour and choices are affordability, accelerated digital adoption, focus on health, awareness of sustainability issues, and seeking experiences. In fact, these five themes were among the foremost topics covered by the panel discussion including Norman Aquilina, The Malta Chamber Council Member and CEO of Farsons Group; Geoffrey Debono, The Malta Chamber Council Member and CEO of Debono Group Holdings Company Ltd; Alona Andruk, CEO and Founder of Take Off and BundleX; moderated by Theo Dix from EY Malta.

The panel discussion revolved around the importance of having customers as a focal point for a successful brand strategy. They spoke about the fact that companies need to be sensitive to what the market is telling them and it would be foolish to push premium brands to all the customers if they are not interested in them. The speakers emphasised that, we as retailers need to know what the customers' needs and preferences are and to do so constant communication with your target audience is key. To obtain this the use of technology and digitilisation is fundamental.

In her closing remarks, Rachel Attard, Head of Communications and Strategy at The Malta Chamber said that, “This survey showed that consumers and retailers are vividly aware that this is a time of disruption. There is increasing pressure on profitability and return on capital. But at the same time there is a growth of opportunities, new opportunities, leading to a sustainable future.”

### **Key Findings and Observations**

The study showed that growing concerns about affordability have led to a change in priorities from long-term, collective goals, towards shorter term, individual goals. This reprioritisation is driving behaviours such as cutting back on non-essential spending, exploring alternative brands to reduce costs, and becoming more sensitive towards wastage.

An extent of spending reprioritisation is seen between customer segments by income category, as lower/ middle income groups are indicating less expenditure on discretionary items, whilst high income earners are spending more on grocery deliveries, non-alcoholic beverages, and vacations in the coming months.

Customers are gradually starting to follow through on their intentions on the sustainability agenda by making incremental behavioural changes in this respect. Consumers are now demanding better information, easier access to sustainable products, and less confusion around sustainability claims of companies. Especially when considering that 61% of buyers now pay more attention to the environmental impact of their purchases with 51% also noting their societal impact.

Against this backdrop, the need for customer-centricity is not retreating, but accelerating as consumer expectations evolve, enabled by other factors such as increased transparency and choice, rapid technological shifts (especially in digital environments), mounting concerns and commitments around sustainability, and convergence between different sectors as retailers explore new ways to unlock value.

### **Way Forward**

Inflation is showing no signs of slowing and consumers are concerned. Retailers must act in accordance with their customers’ changing priorities. Some retailers may find that passing on cost increases to customers can prove difficult and efficiencies in the cost structure need to be sought. Technology and digitisation of business processes can help in this respect. Customers also want more transparency around business’s sustainability goals and a better customer experience overall.

It may seem a tall order but those who are embracing adaptation are finding new areas of revenue which is helping them both survive and thrive. It is time to accept that the new normal is here to stay, and while the appeal of shopping pre-COVID is still around it will take more than that to convince patrons to buy.

This event was the first of a number of planned talks with a focus on Malta’s varied industries held in collaboration between The Malta Chamber and EY Malta.

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