



Global Consumer Insights Pulse Survey: Malaysia cut

Consumers seek frictionless experiences in a world of disruptions

February 2023



Key themes

Changes in shape of demand

1

Pull back on non-essentials

Leaner times mean tighter belts - **80% of Malaysian consumers** say they expect to cut non-essential spending (vs 69% globally)

2

Category mix will shift

Cutbacks impact some discretionary (non-essential) categories more sharply - for instance, **50% of consumers expect to spend less on fashion**

More friction in the aisles

3

'Phygital' is now a thing

Online shopping continues apace - 43% of Malaysian consumers expect to increase their frequency - **but physical shopping remains vital** for experience and quality assurance

4

Hybrid working is phasing out

In-office work is now the norm for Malaysians - with **61% expected to work from the office** - creating shifts in mobility and channel patterns

Trust matters greatly

5

ESG commands a premium

Environmental and social cues attract price premiums - for instance, **85% of Malaysian consumers will pay more for products sourced locally**

6

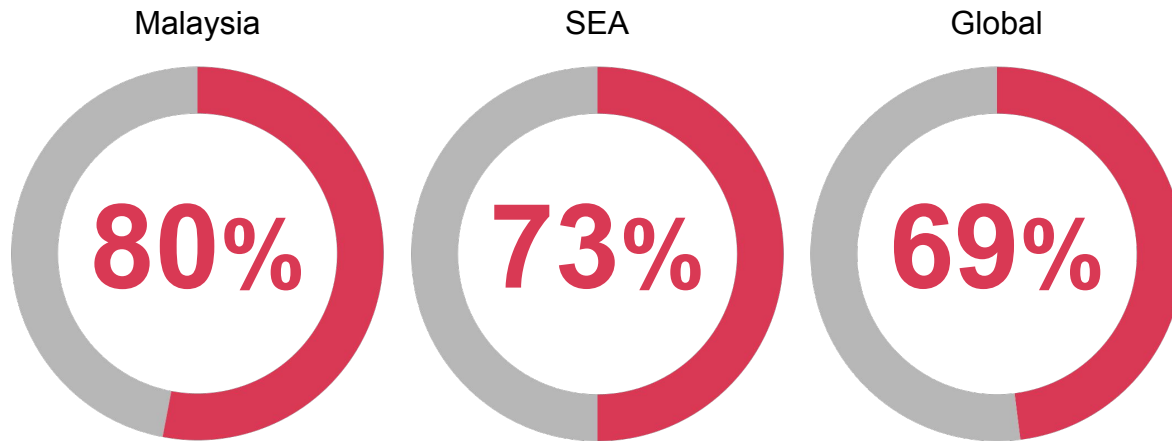
Data privacy creates concern

Consumers care deeply about privacy - **73% of Malaysian consumers cite concerns** - and are taking action accordingly in how they interact with companies

1. Pull back on non-essentials

Q. Considering the current economic climate, which of the following best describes your situation regarding non-essential spending?

% of consumers responding ***“I have stopped entirely”*** and ***“I am holding back”***



Our take

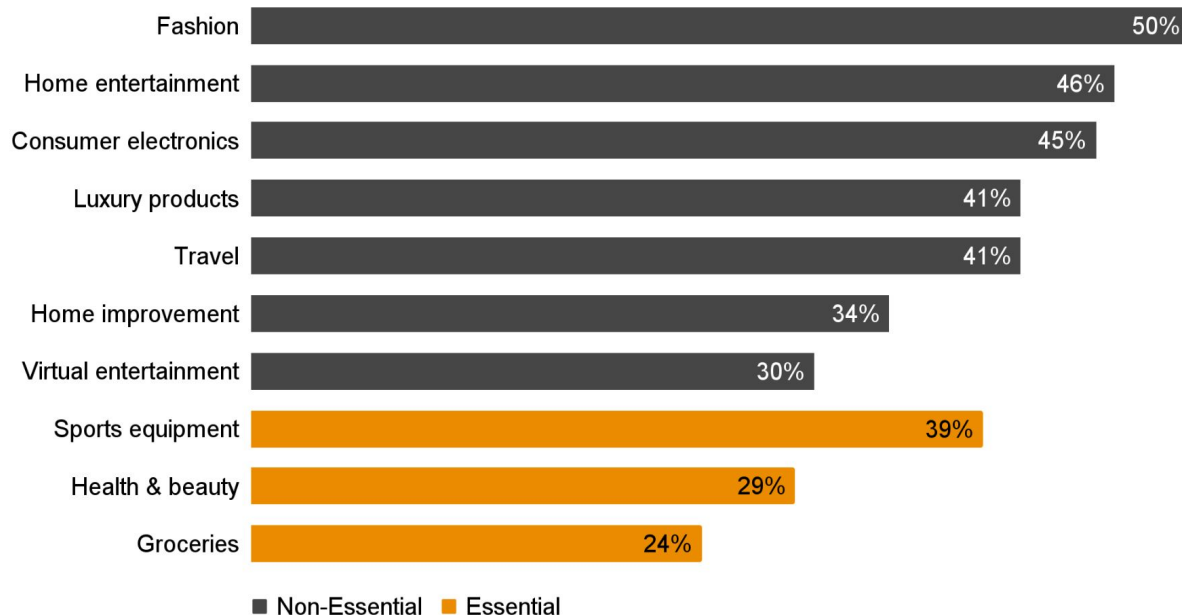


- The gloomy economic climate has triggered concerns around personal financial situations
- 53% of Malaysian consumers report being concerned with their situation (with only 8% who are ‘not concerned’)
- This manifests in a ‘pull back’ in consumer spend, especially in discretionary categories...
- ... although a small cohort may continue spending on high priced items

2. Category mix will shift

Q. Thinking about your spending over the next 6 months, to the best of your ability, please describe your expectations on spend across the following categories

% of consumers expecting to spend less over the next 6 months



Source: PwC Global Consumer Insights Pulse Survey

Our take



- Spending 'pull backs' take a different shape across categories...
- ... and likely within categories too (e.g., smaller vs. larger ticket sizes)
- The proposed luxury goods tax in Budget 2023 may further impact this

48%

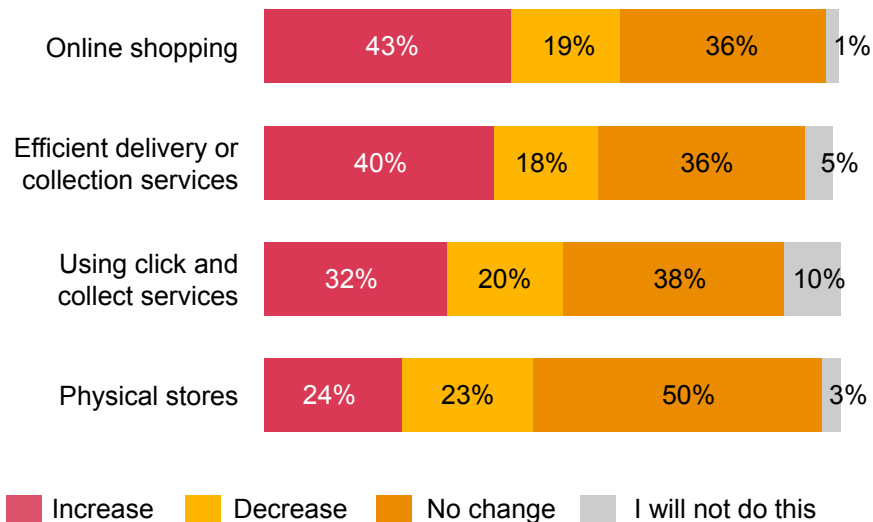
of Malaysian respondents say they will spend less on luxury items because cost increases are prohibitive

3. 'Phygital' is now a thing

Online shopping is increasingly the go-to for Malaysian consumers; however, physical shopping remains key to product quality assurance and in-store experience

Q. Looking ahead to the next 6 months, how do you think consumer behaviour will change?

% of Malaysian respondents



Q. Why will you shop in physical stores and/or use click and collect services?

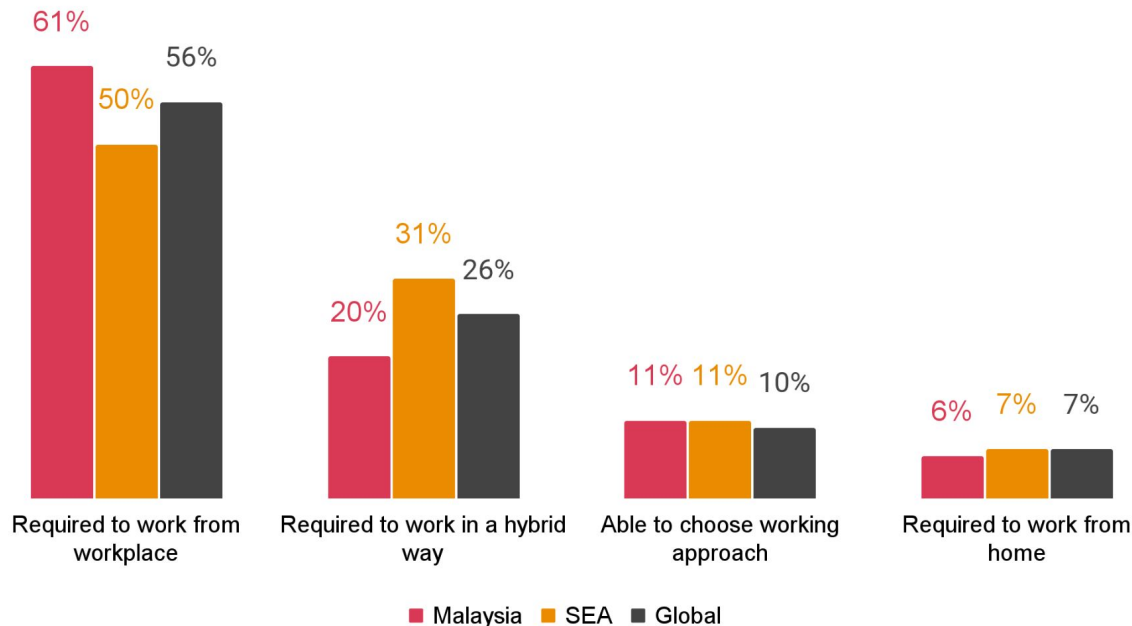
Top 3 answers by % of Malaysian respondents



4. Hybrid working is phasing out

Q. Thinking about what your employer requires at this time, which of the following statements best reflect a typical working week for you?

% of respondents



Source: PwC Global Consumer Insights Pulse Survey

Notes: 1) Required to work in a hybrid way: Hybrid and flexible way of working combined

Our take



- In-office work is the norm again, and this is particularly so in Malaysia
- A driver for this is CEO concern on employee behaviours
- The resulting changes to mobility patterns skews channel preferences (e.g., quick grocery run vs. pantry filling) and formats (planned vs. impulse)

59%

of global CEOs believe employee behaviours are not entirely aligned with company direction

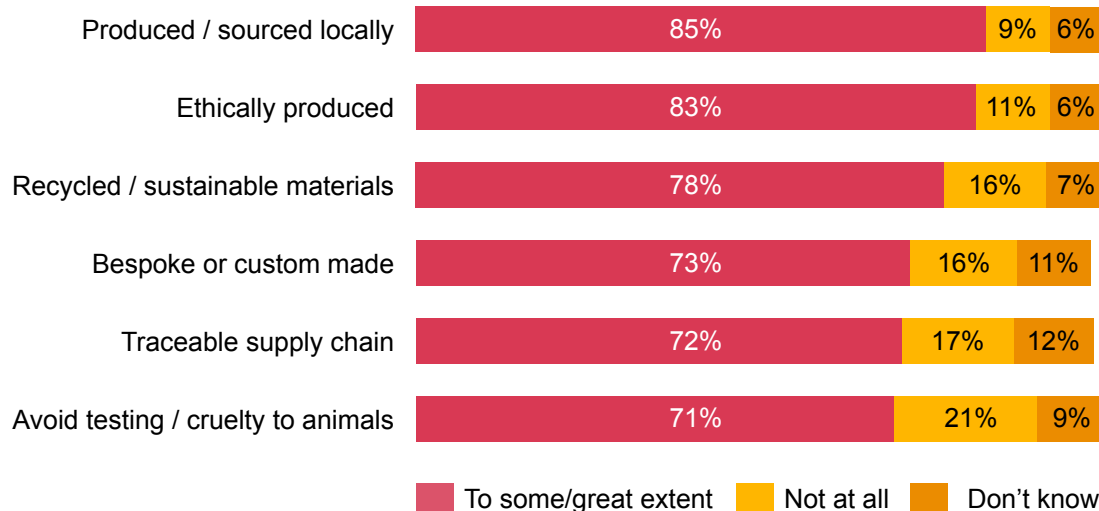
Source: PwC's 26th Annual Global CEO survey

5. ESG commands a premium

Q. Considering the current economic climate, to what extent would you be willing to pay a higher than average price for a product that is...?

% of Malaysian respondents

ESG-centric products



Source: PwC Global Consumer Insights Pulse Survey

Our take



- Consumers are willing to pay more for products with sustainability cues
- This requires reshaping portfolios - whether organically or via M&As...
- ... and is key to price increases that are needed to meet escalating costs and compressed margins

83%

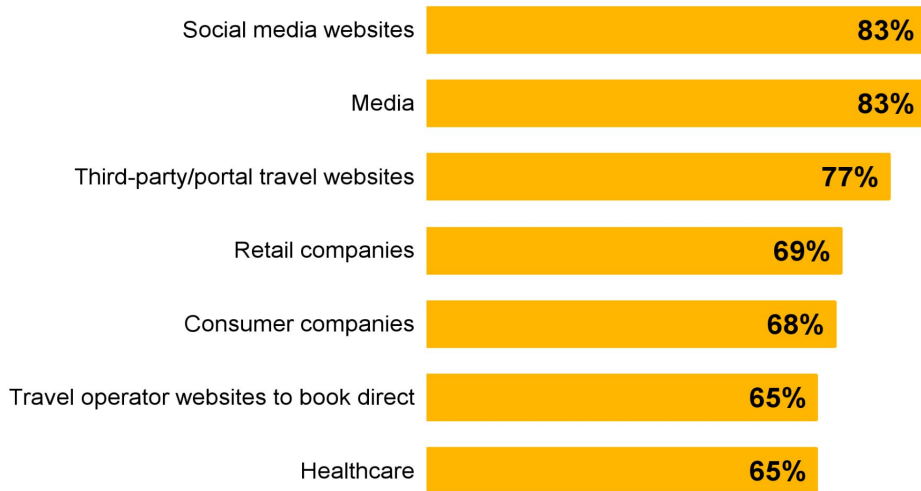
of Malaysian respondents will pay more for products by companies with a reputation for ethical practices

6. Data privacy creates concern

73% of Malaysian consumers are concerned about personal data privacy when interacting with various types of companies

Q. To what extent are you concerned about the privacy of your personal data when interacting with the following types of companies?

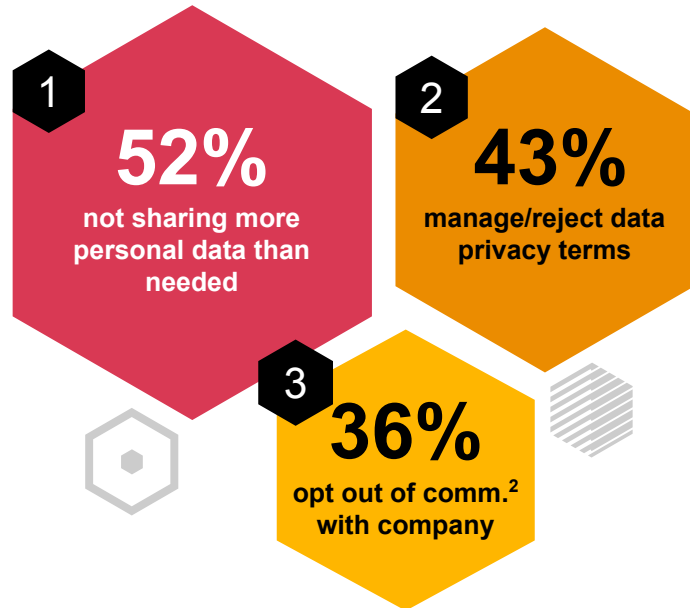
% of Malaysian respondents¹



Source: PwC Global Consumer Insights Pulse Survey
Notes: 1) Tally of somewhat, very and extremely concerned

Q. Which of the following actions have you taken as a result of your concern?

Top 3 answers by % of Malaysian respondents



Notes: 2) Opt out of receiving communications from companies

What can industry leaders do to address these themes?

Six priorities to address - that help pave the way for greater impact



1 Strategic differentiation

Focus on product portfolio evolution and brand relevance to articulate tangible differentiation to a more promiscuous consumer.

Move from Covid-era “reaction” mode to a “lead” mode that allows bolder differentiation of portfolio and purpose.



2 ESG emphasis for stakeholders

Get on the front foot with tech-enabled sustainability data collection, reporting, communications.

Link authenticity and transparency to the business proposition to serve consumers with a more relevant portfolio.



3 Data-led consumer intimacy

Refocus from ‘customer’ to ‘consumer’ - and build privileged access to the consumer as a source of growth.

Build deeper insight into occasions, needs and purchase behaviours to provide more reliable messages and offers with data-led marketing.



4 Future-proofed supply chain

Invest in understanding the possible outcomes and implications of the changing omnichannel landscape and the bets that can be made today to gain advantage.

Translate this into clear decisions on innovation, assortment, and route to market grounded in strategic differentiation.



5 Organisation for execution

Recognise the people capabilities needed to deliver frictionless experiences; invest in upskilling/reskilling across functions.

Support new ways of working needed within to break functional decision silos and institutionalise change with urgency.



6 DX transformation for cost reduction

Rewire organisational digital capabilities to improve demand sensing and inventory management for greater efficiency and resilience to volatility.

Unlock the next wave of cost and value from new business models (e.g., personalisation) supported by effective data, systems.

Useful resources

February 2023 Global Consumer Insights Pulse survey (Global report)

<https://www.pwc.com/gx/en/industries/consumer-markets/consumer-insights-survey.html>



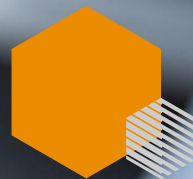
The gathering storm: Strategies for resilience and renewal in Asia Pacific consumer markets (Blog)

<https://www.pwc.com/gx/en/about/pwc-asia-pacific/strategies-for-resilience-and-renewal-consumer-good-landscape.html>



Consumers are worried, what can businesses do? (Podcast)

<https://www.bfm.my/podcast/enterprise/enterprise-biz-bytes/consumers-are-worried-what-can-businesses-do>



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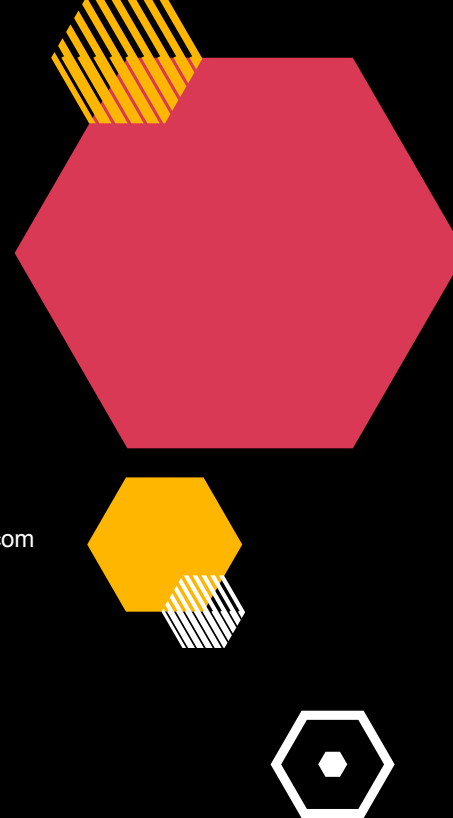


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