



Press release

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EY Cyprus explores the initial impact of COVID-19 on the Retail sector and proposes measures for recovery

Press contact

EY Cyprus

- **New Industry Pulse Report on the Retail sector issued**
- **Fourth report in a row after Banking, Tourism and Real Estate**

The rapid spread of COVID-19 pandemic has caused an unprecedented global shock, both on a humanitarian and an economic level. As most countries are relaxing lockdown measures, uncertainty on navigating the impact of the pandemic on the economy is apparent. EY Cyprus in an effort to support the local community navigate the effects of COVID-19, has prepared a new Industry Pulse report on the Retail sector, adding to the series of Industry Pulse Reports on Banking, Tourism and Real Estate. The Retail Industry Pulse Report is the fourth and final Pulse report to be issued and it provides a sector-specific perspective on the COVID-19 impact, fiscal and monetary policy, recovery scenarios, trends and recommendations.

The Retail sector comprises of many different industries with varying cyclicity in recessionary periods which makes it challenging to capture the full extent of the impact. The extraordinary circumstances of the pandemic have caused significant impact on product demand and sales channel preferences through denaturing consumer behaviour. Consumers spend more time at home, are faced with deflated social lives and restricted mobility, heightened health concerns and financial insecurity.

EY conducted the survey with regards to the potential impact of COVID-19 on the Cypriot Retail Sector. Major retailers from Cyprus have been invited to provide their views, expectations and sentiment in relation to the impact of COVID-19 on their industry. The key outcomes of the survey were as follows:

- Majority of retailers have embraced flexibility and reconfigured operations. Some contemplate between new strategic alliances vs developing capability in-house.
- Supply chain problems include temporary shortages for food retailers; delays in production, distribution and stock issues with long lead times for non-food suppliers.
- Most retailers agree that technology and data analytics are vital for management decisions especially in times of uncertainty. Many retailers have increased online banking features to improve cash control and monitoring as well as enable wired and online transactions (both from customers and to suppliers)

- The majority of retailers agree that the Cypriot consumer is getting ready to embrace alternative sales channels, closely following their European counterparts.
- Retailers agree on the need to invest in online channels for reasons of business continuity as well as to benefit from the change in consumer behavior as Cypriot consumers increasingly place a higher premium on omnichannel experience.
- Half of retailers believe that this crisis will be worse than that 2013 as the halt in tourism deals a blow on direct and indirect demand in the medium term.
- Retailers are satisfied with the Government's swift response but express grievances on delays in loan restructuring and rent guidance

Stelios Demetriou, Partner and Head of Transaction Advisory Services of EY Cyprus, commented: "The pandemic has caused economic turmoil that is unparalleled in recent history. Most evidently the depth of the economic crisis and the change in consumer behaviour, urges businesses to be agile and flexible to adapt to the new norm. Our report on the Retail sector aims to provide sector-specific perspective with regards to the impact of COVID-19 and provide targeted recommendations on the way forward. It can become a reference document for discussion among stakeholders such as corporate executives, financial institutions as well as the Government. By better understanding the current landscape and having input from industry leaders, our team is ready to help our clients navigate this difficult crisis."

To read the report click [here](#).

To find the previous reports of the series, click below:

- **Banking** https://www.ey.com/en_cy/covid-19-updates/pulse-report-banking
- **Tourism** https://www.ey.com/en_cy/covid-19-updates/pulse-report-tourism1
- **Real Estate** https://www.ey.com/en_cy/covid-19-updates/pulse-report-realestate

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EY Cyprus COVID-19 Industry Pulse Report: Retail (in Greek)

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Notes to Editors

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