MIND

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New Balancing Strategies For Growth

Striking a Balance Between Uncertainty and Opportunity for Businesses and Consumers

One eye on the past and one on the future to regain the lost equilibrium
Francesco Farinetti,
Green Pea

Entertainment, the watchword for the made-in-Italy retail experience
Pierluigi Cocchini,
Rinascente

A window into tomorrow's homes, in an interconnected world
Maria Porro,
Salone del Mobile

Zoom in, zoom out. International trends that will shape our future
Conor Cahill,
Deloitte

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Contents

Editorial

Dear Reader,

Complexity and disruption have stayed with us over the past two years but now take on additional significance for the Consumer Products industry.

At the beginning of the year, the industry's growth was already being challenged by rising **raw material** and **shipping costs**, but also by difficulties in sourcing and moving goods along the supply chain. What's more, the long tail of the "Great Resignation" that had begun overseas was spreading to Europe, resulting in a general shortage of personnel that, according to Deloitte surveys, nearly six out of ten Consumer Products firms globally believe will continue at least until the end of 2022. The **war** between Russia and Ukraine has heightened some of these tensions - particularly concerning sourcing and logistics - and added further critical issues for Consumer Products companies. Just think of the impact of soaring energy prices on production or the effects that the disruption of tourist flows has had on the retail and travel sectors.

The uncertain international climate also impacts consumer sentiment. Indeed, the consequences of the current conflict on **daily life** frighten one in two respondents and are perceived mainly in relation to the cost of fuel, utility bills, and food. That comes at a time when people are paying close attention to their financial situation, which to date is the first source of concern for 56% of Italians, preceding fear of political instability, picked instead by 38% of respondents in the Deloitte State of the Consumer Tracker measurements.

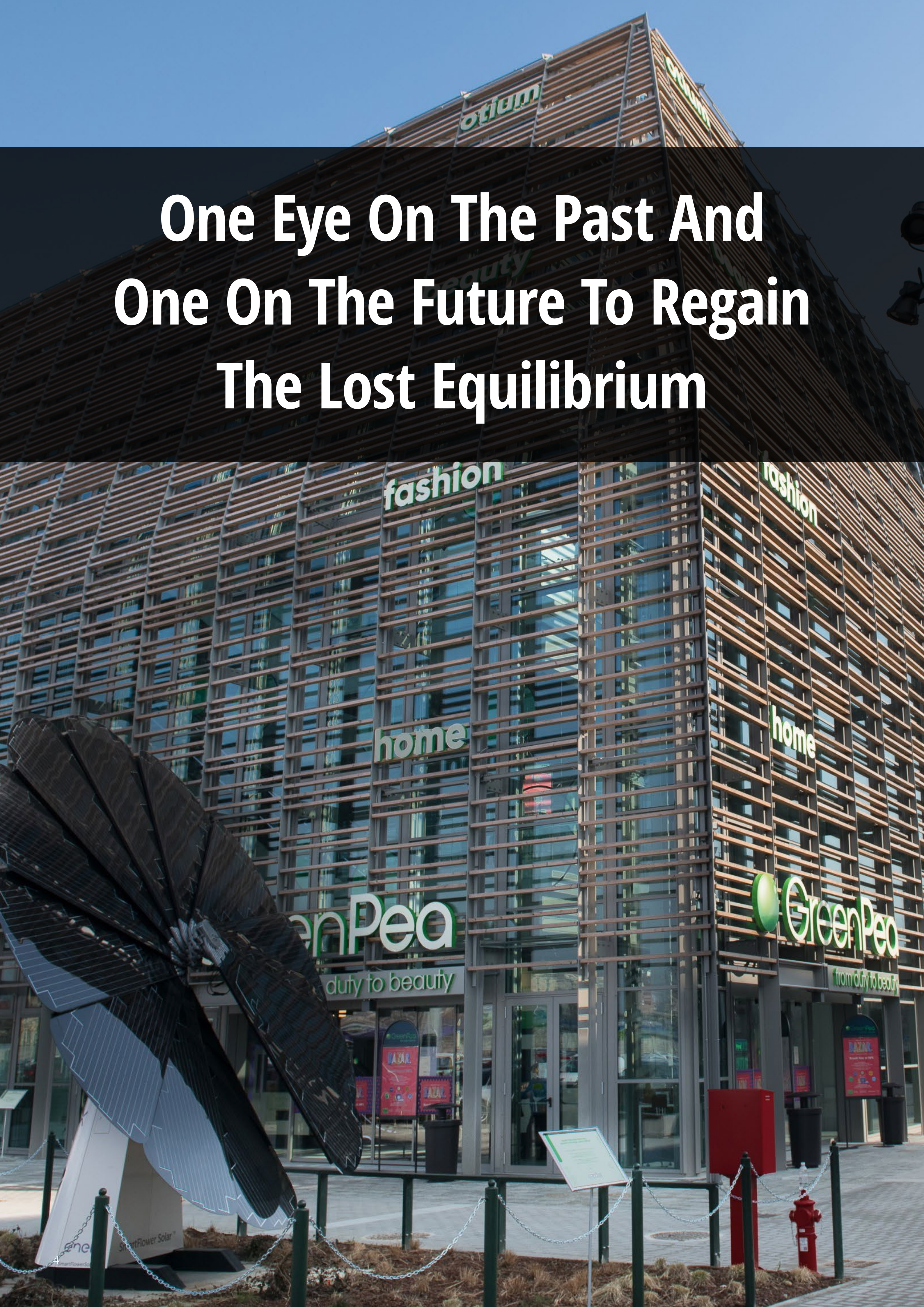
Also weighing on the household budget is **inflation**, which, after a slowdown in April, accelerated in May to a pace not recorded since March 1986, according to Istat data. As a result, the shopping cart climbs to +6.7%, mainly driven by processed foods. However, increases are beginning to erode the confidence in businesses: surveys by Deloitte show that, in our country, six out of ten respondents believe that companies are inflating sales receipts using rising costs as an excuse, while only 25% think the increase is proportional to the growth in production costs.

New obstacles to growth, strategies for resilience, and trust are, therefore, some of the themes we will explore in this issue of MIND through insights, data, and, as usual, the stories of entrepreneurs and managers who face daily challenges always looking toward the horizon of change.

Enjoy your reading!

Eugenio Puddu
Consumer Products Leader
Deloitte Italy

One Eye On The Past And One On The Future To Regain The Lost Equilibrium



Francesco Farinetti

Green Pea

CEO

They started by writing a manifesto, laying down their core values, and outlining the path forward. Building on this foundation, the companies selected by Green Pea have become partners that share both vision and goals. At a time when shopping malls are experiencing an identity crisis, these companies have come together to suggest an alternative concept of consumption focused on experience, accessibility, and the beauty of sustainability. So, changing how people shop is no longer a must but becomes an enjoyment for oneself and the entire supply chain.

Green Pea is the first green retail park. How was this new format conceived?

It came about as a logical continuation of Eataly, so much so that when we had to choose a name for it, we thought of calling it "Eataly of Things." But let's take a step back. In 2007, we started with the first "F" of made-in-Italy products, meaning Food, to celebrate Italian excellence in food and dining according to Slow Food's principles: **good, clean, and fair**.

Over fifteen years of activity, we noticed that the public's attention was increasingly shifting from "good" to "clean" and "fair," which are the prerequisites for defining a product as sustainable. However, made-in-Italy products are also internationally renowned and appreciated in the areas of Fashion and Furniture, two additional "F's" there is a demand for beauty. This demand then intertwines with a growing concern for health and the environment, which requires **broadening the area of action** - from what one puts inside oneself, i.e., food, to what one puts around oneself.

It sounds like a natural transition. When did you realize it was the right time to make it?

We were in New York for the opening of the first Eataly store in the US, and we passed by a store window where there was a garment on display and, next to it, a picture of the sheep the wool came from and a description of the methods used for breeding and shearing the sheep and dyeing the yarn. So we said to each other: that looks like us telling the story of the Gragnano pasta on Fifth Avenue.

At the end of the day, **we know what we eat** but not what is inside our clothes. That's because the **label** is tiny, and we only read it when we need to wash the garment, yet 10% of the world's CO_2 and 20% of the world's water consumption depends on that label. So, we felt we needed a new reality that would educate, celebrate and democratize sustainability, as we had done for food. We started ten years ago with a phone call to what later became our partner responsible for fashion – a call in which we asked if sustainable fashion was even a thing.

And is there such a thing as sustainable products?

No product is sustainable per se because it has an impact at the very moment it is conceived. So should we stop consuming or start consuming responsibly? In our opinion, we need to **change the paradigm** of how we produce and how we consume. Quality food is more expensive, but it is good for people and the entire supply chain. If we buy a can of tomato puree for under 60 cents, surely someone is losing out.

We want to contribute to a challenge that extends not only to retailers but to society as a whole. If Eataly today is the most authoritative stage for Italian food, Green Pea aims to become one for Italian green fashion and design and build a range of **offerings accessible** to all.

> We know what we eat but not what is inside our clothes. So, we felt we needed a new reality that would educate, celebrate and democratize sustainability, as we had done for food.

Is this format exportable?

We started in Italy because you need to be good "at home," as Grandpa Paolo used to say. We have adopted this method with Eataly as well, and today 70% of turnover is generated in international markets. After opening the Turin store, we are now working on Dubai, Paris, and London.

The current market situation has obviously slowed down our schedule, but the goal is to start with the **first store abroad** by next year. However, Green Pea also comes at a time when malls are experiencing an **identity crisis** – as they are crushed by e-commerce and threatened by "flattening" formats - and proposes an innovative concept that features a selection of companies and products difficult to replicate.

Looking at the retail industry as a whole, what are the main challenges facing companies in the coming months?

The main focus is inevitably on costs, which will remain high on the agenda in the short and medium term. Retailers are "energy guzzlers," but those who are far-sighted have made appropriate investments in this direction. For example, at Green Pea we produce almost 70% of our total energy requirements, partly thanks to customers who generate **energy** by walking on the piezoelectric floors placed at all entrances.

The second point is being ready when people return to the stores, so we need to provide training opportunities for our people and continue our efforts to ensure guests' safety. Then we should start thinking about the evolution of **retail in the future**, which entails moving away from necessity services and offering a "retailtainment" experience. Indeed, after being stuck at home for a long time, people need memorable spaces that retailers can build and enrich with experiences. Only this can prompt consumers to leave the comfort of their homes where everything is just a click away.

How does technology fit into this vision?

We were born with one eye on the past - to safeguard tradition and harmony with nature - and one on the future because technologies have the potential to regain the **balance we have lost**. The use of advanced solutions drives the evolution of the shopping experience, through community building and experimenting with new forms of storytelling.

Within Green Pea, for example, we have installed the first **Avatar Factory**, which, through body measurements taken digitally in a matter of minutes, now enables the production of a custom-made garment; tomorrow, however, these avatars could be used in the Metaverse.

How do you build a trust-based relationship with people instead?

When you are a retailer, you know that your actual shareholder is your community, which includes both consumers and employees. It is, therefore, crucial to first build a sense of belonging in **one's staff**, offering ongoing product training and demonstrating commitment. Then, conveying empathy to consumers is essential. As a matter of fact, today, consumers are more attentive and less loyal because it is not important where you buy but at what price and with what level of service.

Therefore, we focus on service: we look people in the eye, not just in the shopping cart. Once the relationship has been established, you should not cheat, but neither should you make empty promises because fact-checking is instantaneous, and you only win if you are **marketing the truth**.

So what role should retailers play in today's society?

Retailers form the basis of an urban fabric at risk of hollowing out. So we have a social responsibility, which is almost a responsibility towards the neighborhood.

Education is the most vital touch point with citizens, and we give children and adults an opportunity to learn about food and sustainability through dedicated events. All this helps reinforce awareness of the significant challenges for the planet, besides keeping the city buzzing with a dynamic agenda.

Conveying empathy to consumers is essential, as today they are more attentive and less loyal because it is not important where you buy but at what price and with what level of service. Therefore, we focus on service: we look people in the eye, not just in the shopping cart.

Zoom In, Zoom Out. International Trends That Will Shape Our Future

Conor Cahill,
NSE Consumer Products Sector Leader

The international economic scenario is rapidly evolving. What are the main challenges Consumer Products firms are facing?

At this point of time it would be an understatement to say that these are multiple.

Some of the existing **supply chain** pressures and **labour shortages**, experienced as a result of Covid-19 and have been further coupled with rising raw material inflation, energy and transport costs. Consumers are also facing reductions in their real income levels as **inflation** erodes disposable earnings levels and interest rate increases feed through to borrowing costs, as central banks start to raise interest rates to tighten monetary policy.

Trust is an essential part of the relationship between firms and consumers. Which are the main risks perceived by CP companies for the short term?

Ensuring **absolute alignment between the brand promise and company behaviour** is critical to reinforcing that trust. This will become even more apparent as companies face increasing regulatory requirements to disclose ESG compliance measure and demonstrate they are a responsible business.

Consumers are acutely aware and sensitive to any perceived greenwashing, so having a clear path of action to deliver in this area will be absolutely key.

In the light of the above mentioned challenges, which are the key elements CP firms should address in drafting their strategy for the upcoming months? What problems might those elements help to overcome?

A key area of focus should be on potential ways to pass through **inflationary cost** increases to retailers, distributors and consumers certainly in the near term. Consumer product companies have historically shown how remarkably adept they can be by product reformulation, product size and format modifications.

Separately, **product innovation** is an absolute priority to ensure producers can continue to tap into the key areas of continued strong consumer demand as well creating interest in their respective categories with retailers and distributors. Area of growing consumer demand are many and varied, but include health and **wellbeing and affordable indulgence**.

A key area of focus should be on potential ways to pass through inflationary cost increases to retailers, distributors and consumers certainly in the near term.

Considering the next 10 years, what are the main trends that could reshape the industry and for which firms should start to prepare?

Being customer and consumer centric has been and will continue to be absolutely critical. The speed of response to consumer needs is absolutely critical, but organisations will also increasingly need to demonstrate their responsibilities to a **broader set of stakeholders**: including employees, communities, society the environment and well as shareholders.

Organisational flexibility will be a critical enable and this will need to be achieved through one, or more likely a combination of: scale; enhanced alignment of supply chains; consumer/customer digital engagement; speed of delivery of innovation; and the ability to attract the best talent.

If you could share a piece of advice regarding the strategic priorities with a small, a medium and a big Consumer firms, what would it be?

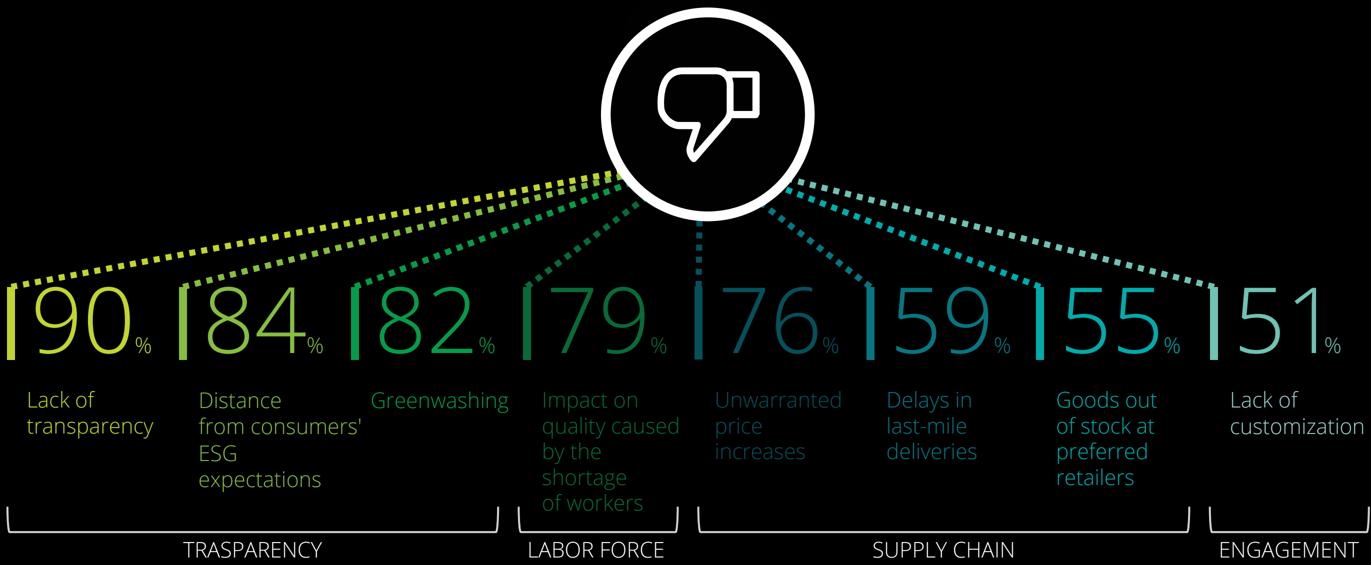
I think that the forces of change are so powerful at the moment that the key step it to **assess how best to harness and work with them, rather than simply bracing against them**. That invariably means that successful organisations will need to continue to make bold moves to take advantage of the opportunities that inevitably arise out of such a period of change.

The speed of response to consumer needs is absolutely critical, but organisations will also increasingly need to demonstrate their responsibilities to a broader set of stakeholders.

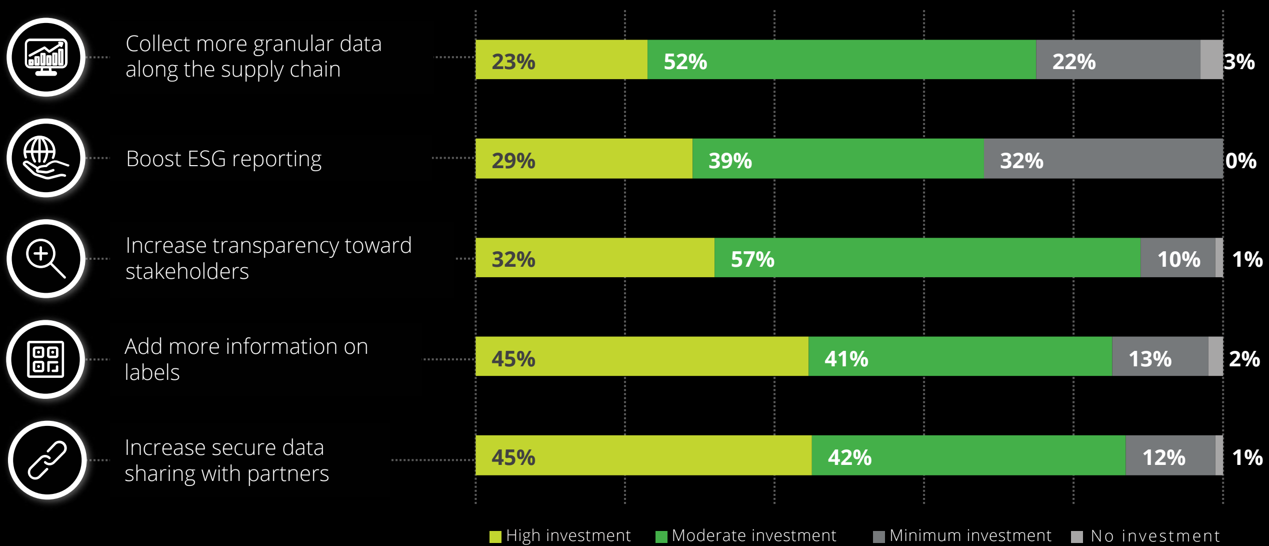
MIND the data

Risk Factors For Trust: The Point Of View Of CP Entrepreneurs

Transparency, labor force, supply chain, and engagement are major factors affecting consumer trust



To meet the need for transparency, companies are concentrating their investments on data collection and reporting



Source: Deloitte CP Industry Outlook 2022

Entertainment, The Watchword For The Made-in-Italy Retail Experience

Pierluigi Cocchini

Rinascente

CEO

It is the symbol of a city and the property of its residents, like Harrods in London and Galeries Lafayette in Paris. Hence, Rinascente provides an all-Italian form of entertainment that starts from its territory and emphasizes its characteristics: a mission that drives the revamping of the Group's assortment and that consumers - local and international - seem to appreciate - even now, at a time when everything seems narrowed down to priorities.

What are the main challenges facing retailers in the coming months?

Right now, we need to find solutions to address the tourism downturn, also in light of the current uncertainty in global geopolitics. **Tourism** accounted for up to 30% of our Group's total revenue, half of which originated from China and secondarily from Russia and the Arab world, followed by the US and other countries. The pandemic meant that we suddenly lost our number one country of origin for travelers, whereas today, one of our two second-ranked markets is missing.

Although these estimates are based on tax-free data, which do not reveal the contribution of European visitors, they are still a tangible indicator of the **disruption** caused by external events that we, as a business, need to address. However, this is not the only concern.

What other factors should be considered?

Closely linked to this point is the involvement of locals. In the current context, citizens have gradually reappropriated the city's spaces and the venues that express the urban character. This factor has accelerated our process of moving closer to the **local market**. This change removes the risk of being considered a tourist destination, which is good for both local consumers and tourists.

So, we have operated within the urban area, enhancing **local brands** and supporting initiatives in the city to create an experience specific to the territory. Then, we have had to focus on the **assortment mix** because you also need a global character to be reassuring. Of course, to bring about this change, we had to work on our revenues, heavily revising both our positioning and expense items.

Regarding the relationship with consumers, what levers need to be triggered to maintain trust?

Most definitely, **values** alignment.
For example, there is a high focus on sustainability in Italy. To address this need, we have developed some targeted initiatives, such as an unprecedented **vintage** fashion operation, through which we have given new life to quality garments, or the Beauty Bar.

Until a few years ago, the **cosmetics** market was shared between luxury and specialized players, whereas today, more and more brands from South Korea, the UK, Norway, and Japan are emerging, focusing on cruelty-free or organic formulations and investing more in digital than in advertising. Because we have given space to brands with these characteristics and added personal services, we have enjoyed great favor with the public. Therefore, we have replicated this format in Turin, going from zero to millions of euros in sales.

What is the relationship between the store and the surrounding context?

When planning a store opening, we start with the city and its distinctive elements with the objective of enhancing its characteristics. That is the only way to become a reference point for residents, who are ultimately the real "owners." What we have in mind is not a chain concept but a **collection** concept, a common theme that connects us to the context where we operate.

That is also reflected in the design and architecture of our stores, which are conceived to tie in with the **surrounding environment**. Today, La Rinascente is a city landmark, as are Lafayette in Paris and Harrods in London. These are the examples we have to measure against, investing in our contribution to the city rather than price - an increasingly difficult match to win with e-commerce

> Right now, when everything seems to be reduced to priorities, it is not easy to continue doing what we do. We don't sell necessities, and we don't meet basic needs. Yet people need entertainment, a place where they can amuse themselves.

During the pandemic, you also opened that channel. So how is the relationship between physical and digital point of sale evolving?

Our DNA historically is that of a physical store: it is what we do well, what enables us to offer an experience out on a terrace with a view of the Duomo in Milan or Florence. However, we live in a century in which **e-commerce** represents an additional point of contact with people. Albeit with great delay, we asked ourselves whether it would be possible to maintain a relationship even at a distance during the pandemic.

Two years after the launch, we are making even more revenue with the **on-demand** service we launched five years ago – a service that allows you to connect directly with a person on our staff. Going digital has also helped us in computerizing and locating stock - now conveniently accessible via mobile phone - besides making available items that are not physically displayed in the store. So, e-commerce is a new point of contact that is performing well, but for us, it cannot be separated from the physical store.

If you imagine the store of the future, what features cannot be missing?

A physical store will always have to provide **entertainment**, while online ones will need to **focus on ease** of use and on solving people's needs, providing tools to interact with the company quickly and effectively, with no wasted time. However, we have to come to terms with the sustainability of the online system, which raises some issues, for example, when it comes to transport in urban settings.

At the same time, however, we need to anticipate the disruption created by new technologies such as virtual reality, which is already happening: suffice it to think that, today, we dress up to go to parties in the **Metaverse**. We are currently observing this trend also because several brands - our "fellow travelers" - are moving in this direction.

Speaking of brands, what is the relationship between food and luxury?

The luxury sector is attracted to the food and restaurant segment. In our spaces, we have created personalized café corners with displays and accessories suggestive of the brand. Indeed, this concept has made all the difference: when we collaborated with Fendi, there was never room for a cappuccino! The two worlds thus have the potential to permeate and reinforce each other.

For luxury brands, this opens up the possibility of creating an experience in which their unique characteristics are enhanced while at the same time **doing away with the walls** that can sometimes divide them from consumers. Today we need to reinterpret the word "**exclusivity**" in a non-intimidating way, for example, by transforming mausoleum-like stores. And this can deeply impact a company's culture, even to the point of writing a new chapter in its brand history.

> We need to anticipate the disruption created by new technologies such as virtual reality, which is already happening: suffice it to think that, today, we dress up to go to parties in the Metaverse.

Deloitte State of the Consumer Tracker

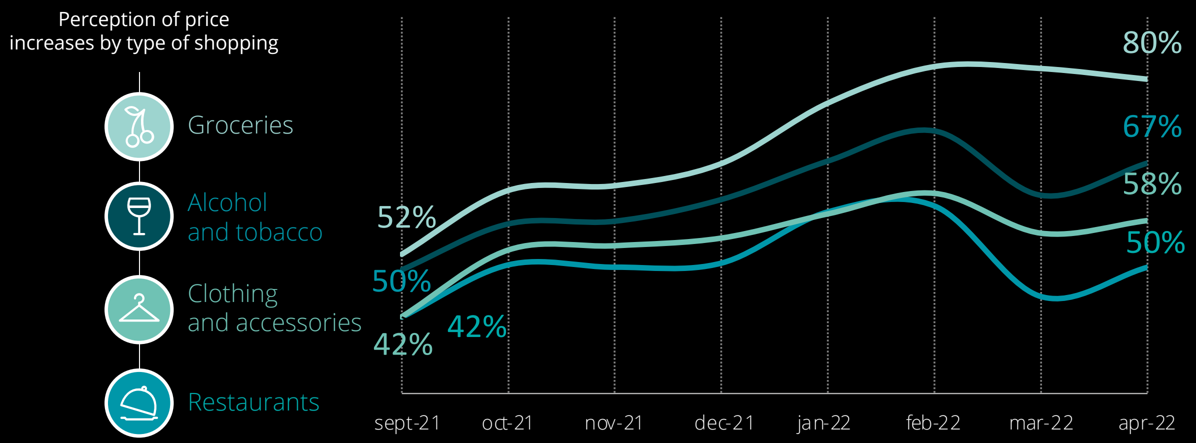
Get updates on consumer sentiment

MIND the data

Sense And Sentiment. Consumers' Perceptions Of Price Increases

Compared to last month, the perception of price increases on groceries has stabilized, while it has increased for restaurants, alcohol, and tobacco

80% of consumers perceive a **price increase** from the previous month



However, the increase in sales receipts amounts, attributed in part to the conflict, is likely to create a **trust issue** between consumers and companies

83%

VS 72%

believe the **war** has affected **food prices**

60%

VS 54%

believe companies hike prices **more than necessary**

Source: Deloitte State of the Consumer Tracker

A Window Into Tomorrow’s Homes, In An Interconnected World

For all images in this issue: Courtesy Salone del Mobile.Milano, Andrea Mariani

Maria Porro

Salone del Mobile
President

It has celebrated its 60th anniversary with a sell-out. After two years of waiting since the last in-person edition, the furniture show returns with even more content, proposals and solutions. This is where concrete answers are given to the daily challenges facing consumers and businesses. Salone del Mobile also looks at future challenges, showing alternative approaches in which hybridization and collaboration are a part of the journey as much as the destination.

The next Salone del Mobile is just around the corner. What trends characterize it?

The 2022 show is a significant one, not only because it is the 60th edition but also because it comes after two difficult years. It, therefore, condensates a lot of content, which provides an opportunity to experience firsthand how the market has developed and to offer a preview of the industry's upcoming proposals. The trends are a reflection of the pandemic experience, starting with the **newfound centrality of the home** and the places where people do things.

Particularly noticeable is the blurring of the indoor-outdoor boundary and the proliferation of home office solutions. Indeed, over the past few years, we have been pushed to seek a home with open doors, with interior spaces seamlessly merging into the garden or terrace. Thus, the home furnishing sector is providing concrete answers, developing highly comfortable outdoor products, and expanding household functions that move from the inside to the outside, such as the kitchen with its convivial atmosphere. In addition, the spreading of work from home and smart working has prompted the need to set up a dedicated space inside homes; that is why furniture manufacturers and designers are coming up with hybrid solutions that can be used as an office desk/corner while possessing an aesthetic appeal that makes them attractive also at other times of the day.

Besides these trends, the focus on sustainability underlies the search for durable products with a small footprint. This aspect has become even more pronounced since the onset of the health crisis, which has led us to reconsider products in terms of the **values** they stand for.

> Entrepreneurs find themselves caught between the central role of the home in consumer spending and the difficulties of managing production and distribution.

By contrast, what is the sentiment of entrepreneurs?

The furniture sector has performed well in the past two years, including abroad. At the same time, however, it has been significantly impacted by rising **raw material** costs and **logistical** problems. That is because furniture is a complex product, made up of a mix of elements - including polyurethane foams, fabric, wood, glass, aluminum, or plastics. Rising material prices and supply shortages have caused **great strain** at a time when demand is growing. In addition, it should be considered that the Italian furniture industry exports about half of its production.

Rising prices, as well as the slowdown in sea and land transport, are an additional source of concern. Entrepreneurs thus find themselves caught between the central role of the home in consumer spending and the difficulties of managing production and distribution. Additional difficulties have exacerbated an already complex situation.

What are the effects of the present international geopolitical crisis?

On the one hand, it is reducing the availability of wood materials, most of which came from areas in conflict-affected countries; on the other hand, it is pushing companies to find alternative **commercial outlets**. The Salone can play a crucial role in this, as opening new markets is part of its mission.

We are already seeing a strong interest for the United Arab Emirates, Saudi Arabia, and India, not to mention the United States, Canada, and all European countries, which have always been major export destinations. We have been focusing on these markets both in terms of external communication and with an incoming project, also to make up for the lack of **Russian and Chinese visitors**.

Are there other challenges facing companies in the sector?

For sure, these are the main ones, along with sustainability and ecological transition. Companies are making tremendous progress on this front. We recently conducted a survey among Federlegno Arredo members that showed that companies are quite **sustainability-oriented**. For example, most employ certified wood, use energy from renewable sources, and produce good-quality, durable goods.

What will it take to accelerate and democratize the transition?

It is a journey that needs to be approached from a supply chain perspective rather than as a company. On an individual basis, there are “front runners” in the race for change, as well as entities that are small excellence centers but do not know they are.

For example, SMEs still do not have certifications that would help share and measure performance. In this regard, the federation is strongly committed to creating a **network project**, which includes an action plan to support companies in obtaining certifications, accessing calls for funding, and sourcing raw materials. On the other hand, the idea behind Salone del Mobile is to **accelerate virtuous practices**. One example is the design of a materials library within the “Design with Nature” area, a 1400-m² space developed together with architect Mario Cuccinella.

Considering the city and its residents instead, what is the role of a large, diffuse event today?

The Salone is a huge economic driver, primarily for the furniture sector but also for the city of Milan and the Lombardy region. It keeps the Made-in-Italy flag flying within Italy and into the world. It represents the sector in a concentrated form, acting as a magnet for a qualified audience, but then it opens up to **hybridization**.

Indeed, we are investing in the city with a partnership with La Scala, an exhibition at Palazzo Reale but also focusing on design students who will welcome visitors from all over the world. On the other hand, the city also plays a significant role in welcoming visitors and offering cultural content. So there is a need for **mutuality**, especially considering our current situation.

The present geopolitical situation is pushing companies to find alternative commercial outlets. For Salone del Mobile, we have focused on new markets, also to make up for the lack of Russian and Chinese visitors.

The Green Revolution Starts With Design

Ernesto Lanzillo,
Deloitte Private Leader DCM

Design is an instrument for redefining the future of businesses in all sectors, especially for the Made-in-Italy industry. However, it remains a fragmented world mainly composed of freelancers and micro or small businesses. Hence, growth necessarily comes from strengthening the corporate structure and culture.

Until recently, it was considered a "nice-to-have" whereas today, sustainability is among the top priorities of our economic and social system, also driven by **European and national development plans**. The Design Economy 2022 survey conducted by Fondazione Symbola, Deloitte Private and Poli. Design shows that the change of pace is **already being perceived**. In fact, the entrepreneurs and designers surveyed identify ESG parameters as a criterion used by investors when evaluating financing and report that, when participating in public tenders and calls for tenders, a **reward system** is gradually being established for companies capable of demonstrating - through structured corporate communications such as sustainability reports, whose adoption is expected to receive a strong boost as a result of the new EU regulations - as well as generate positive impacts on the social and environmental conditions in which they operate, and their stakeholders live.

That means that in the near future, ESG-compliant companies will have increased opportunities to **access capital**, which is essential to respond nimbly to challenges and continue to grow, especially in periods of **uncertainty and disruption** such as those we are currently experiencing. Therefore, a paradigm shift in market strategies is demanded of companies, whereby evolving the CSR model into an integrated reporting system is not just a matter of transparency but also one that affects the **organization's identity and competitiveness**.

In the current context, **design** can serve as a lens through which one can analyze, to then **rethink and direct, the strategy** of an organization as a whole: from reviewing products and processes to create value by making efficient use of resources and steering technological and managerial innovation, to defining a corporate identity and communicating it to internal and external stakeholders.

Therefore design should be considered as a tool for the future of businesses in all sectors, especially for those in the **Made-in-Italy** sector. Furniture, automotive, and clothing seem to have grasped its importance since they drive the demand for ecodesign in Italy. **Consumer** Product companies can indeed benefit from experience in design integrated with offerings about sustainability, which currently focus on **durability** (57.6%) and **reduction in the use of raw materials and energy** (43.4%), as evidenced by the results of the study.

Italy has the largest number of design firms (30,000) in Europe, employing 61,000 people and generating added value of 2.5 billion euros. However, this sector appears to be fragmented, as it is mainly composed of freelancers and **micro or small businesses**. Therefore, alongside design adoption, it is equally important to think about targeted actions enabling entities in this sector to **continue growing**, strengthening their structure, and developing a business culture. That is the only way to go if we are to continue driving the design skills that are distinctive to our country inside and outside national borders.

MIND the data

Design As A Key Sector For Sustainable Made-in-Italy Products

Explore how Design to the economy

Learn more about how it helps business competitiveness and sustainability

Italy ranks first in Europe in terms of the number of **Design companies** that are concentrated in specialty areas of Italian manufacturing

30 thousand
Active companies

2,5 billion
Added value

61 thousand
Employees

60%
Concentrated in specialty areas of Italian manufacturing

Eco-design service offerings focus on features and production processes, whereas the "Made in Italy" label drives demand

Eco-design demand

57,6%
Product durability

43,4%
Reduction in raw materials and energy

Eco-design demand

70%	Furniture
56%	Automotive
30%	Clothing
13%	Agri-food industry

Source: Design Economy 2022

Conclusions

The challenges presented in this issue of MIND remind us of just how **difficult it is to delimit** the Consumer Products sector in a hyper-connected world. Therefore, the critical issues faced today require **flexible, forward-looking responses** that can fit seamlessly into short-term strategies and shape long-term ones.

In response to the shutting down of strategic markets, unexplored avenues can be considered that have the potential to extend far and sometimes start from places closer than we imagine. It is precisely to address this contingency that some companies are making efforts to expand their reach outside the well-trodden territory. As we have seen from the accounts we have collected, other companies are combining actions to become more in tune with local consumers. The key lies in being **open to exploring** what one knows - not just what is new - using all **available channels**.

Rising costs and reduced availability of raw materials can be addressed by imagining solutions based on innovation and sharing. Rethinking the use of resources and the supply chain - which many companies had already begun to do since the start of the pandemic but also to reduce their footprint on the planet - becomes crucial in the current context.

However, it is a process that should be made **available to everyone**: **to consumers,** who should be told about it so that they can make increasingly informed choices, **and to the supply chain**, with which it needs to be shared so that it becomes widespread and effective.

Higher energy prices can be countered by adopting a far-reaching strategy. Lowering **fixed costs** has the potential to significantly improve companies' competitiveness in the market. While trying to deal with contingencies without burdening the end consumer, we need to consider investing in process optimization and moving toward "prosumer" models for energy, seizing the opportunities offered by the **NRRP** for long-term business and environmental sustainability.

With this guideline, MIND will continue its journey through insights, trends, and entrepreneurial perspectives.

Until next time!

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