

## More businesses are riding the digital wave to stay competitive – number of businesses selling online surges since previous survey

The importance of the Internet for business has never been so acute. The onset of the COVID-19 pandemic fuelled a strong impetus towards digital commerce with a number of businesses stepping up the pace in digitalising their operations. The role of digital technology within the overall business strategy is taking centre-stage – more and more businesses are investing in technology with the intent to level up with competition. The MCA's latest study on Internet and eCommerce use amongst businesses shows a clear change in mind-set of how investment in technology is perceived, with 93% of businesses sustaining a positive outlook.

According to the survey, the number of businesses that have invested in a corporate website currently stands at 61%. This figure, however, is impacted by the lower adoption of eCommerce by micro-enterprises. Indeed, only slightly more than half of micro enterprises have a website as opposed to 84% of SMEs and 100% of large enterprises. 18% of micros without a website believe that social media channels sufficiently satisfy the promotional needs of their business. On the other hand, most businesses with a website believe it adds value to the company image and enhances brand awareness, apart from its promotional and informational use. It is also reassuring to note that three-quarters of businesses with a corporate website have also invested in a mobile-friendly version. With smartphone penetration reaching 140% in 2018<sup>1</sup>, coupled with the increase in the use of mobiles by consumers for effecting payments online, as reported in the latest MCA study on Internet and eCommerce use by Consumers in 2021<sup>2</sup>, investing in mobile has never been more compelling. On a global level, the use of smartphones for completing purchases is steadily increasing<sup>3</sup> making it impossible for local businesses to continue disregarding the innate power of the mobile.

From the business survey, it emerged that social media channels are without doubt the preferred means for promoting business at 76% of enterprises, with Facebook singled out as the most

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<sup>1</sup>Mobile Phone Penetration (As % of Population) in Malta – available at

<https://www.helgilibrary.com/indicators/mobile-phone-penetration-as-of-population/malta/>

<sup>2</sup> <https://www.mca.org.mt/articles/insights-buying-behaviour-attitudes-internet-ecommerce-use-consumers-survey-2021>

<sup>3</sup>Rise of M-Commerce: Mobile Ecommerce Shopping Stats & Trends in 2021 – available at

<https://www.businessinsider.com/mobile-commerce-shopping-trends-stats/>



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favoured channel across all size of business. Having a FB page and advertising assiduously on this channel has become mainstream with most enterprises.

Online selling certainly shifted gear during 2020, albeit gradual signs of growth were already evident prior to the pandemic. The study reports that 23% of businesses are offering products/services through their corporate eCommerce website and/or local/foreign marketplaces. This is almost double the amount registered in an earlier MCA study. When factoring in other online channels used for transacting with customers, namely social media, messaging apps (e.g. WhatsApp) and e-mail, eCommerce use by business reaches new heights at 38%.

Nevertheless, there are still mixed feelings about eCommerce amongst businesses, with 39% claiming to have no intention of investing in an eCommerce solution and another 16% sustaining that they might give eCommerce a try sometime in the future. On the other hand, 31% of businesses maintain that their current eCommerce set-up serves their current online selling requirements, whilst 14% are set on investing in an eCommerce solution during the upcoming year.

Maltese retailers have traditionally been quite hesitant to establish an eCommerce presence and this is evident in a number of past market analysis the MCA conducted, with retailers citing lack of knowledge and familiarity with the online environment and the usual mantra that their products or services are unsuitable for online sales, to name a few. The pandemic might have indeed acted as a catalyst for this rapid growth, as a noticeable number of micros and SMEs are focusing their efforts in either establishing an online sales channel for the first time or upgrading their eCommerce channel, out of necessity.

The MCA's study also reveals that slightly more than half of businesses analyse data for decision-making insights, with significant growth registered amongst businesses with a corporate website. With data considered the new currency, this is encouraging albeit there is indisputably more room for improvement and consolidation in this area. Most businesses are still stuck within the lower echelons of data analytics as most process past data, with only a few leveraging on the wealth of knowledge that diagnostic or predictive analytics generate and these are predominantly large enterprises. Oddly, 41% of those that do not analyse data did not report any challenges with this, most probably because they never seriously considered undertaking such a task in the first place. On the other hand, the adoption of cloud services has more than tripled in

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four years, with the highest growth detected amongst micro-enterprises and SMEs. Most of the large enterprises are already using cloud services and have been doing so for a number of years.

All in all, nowadays, all businesses, from micro to large, are using the internet to some extent or other, whereas the use of computer applications, such as word processing, databases, payroll systems, etc. is mostly undertaken by SMEs and large enterprises. Whilst email services are extensively used by all businesses regardless of size or industry, other activities such as internet banking, online payments and research are, in general, more popular with SMEs and large enterprises, or within specific industries such as finance and real estate.

The survey was conducted through CATI between December 2020 and January 2021. 431 businesses across Malta and Gozo were interviewed, with the sample population distributed proportionately among fourteen (14) business sectors based on the actual number of registered companies in each sector.

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