

Grassroots[®] Research

Market Monitor

Post-COVID-19 shelter in place – US

Travel trends with respect to carbon emissions – France

Restaurant delivery trends – US

Domestic EV development outlook – China

Online grocery shopping habits – China

Online pharmacies – Germany

Post-COVID-19 shelter in place – US

To gauge COVID-19 recovery trends, Grassroots[®] commissioned interviews with consumers in the US. If a Food and Drug Administration–approved vaccine to prevent COVID-19 were available right now at no cost, 67% of sources would agree to be vaccinated, 18% might or might not, and 16% would not. Looking ahead, 69% believe the broader economy will reopen and return to normal by July 2021, while 33% said August 2021.

Among sources who have recently begun to receive unemployment benefits from the government, 58% said their total benefits will be greater than their previous normal weekly income, 20% said they will be about the same, and 22% said they will be less. In the next month, 75% will aggressively seek employment and want to find a job,

while 16% will be less aggressive in their search. Among sources who have recently begun to receive unemployment benefits, if asked to return to work within a few months, 89% probably or definitely would go, 7% might or might not, and 4% probably or definitely would not. Sixty-two percent are working, 12% are not, 21% are retired or disabled, and 4% are full-time students.

Meanwhile, among sources who are working, 75% have pulled back on their spending overall, while 22% have not. Among those who are working and have pulled back on spending, 41% have made a conscious effort to do so due to economic uncertainty, while 29% are working for less pay or fewer hours than normal. As to sources' locations, 69% live in a large metro geographic area, 19% in a small metro area and



13% in a midsize metro area. Among those who live in a large metro area, 38% would move out of the city if they could work from home, 26% might, and 29% would not. In addition, among sources who live in a large metro area, 66% value the urban/city lifestyle, while 23% said it is just necessary to be close to work.

Travel trends with respect to carbon emissions – France

Grassroots® commissioned interviews with travel agents in France to find out how clients assess the risk of carbon emissions when booking a vacation compared to before the COVID-19 pandemic. One hundred percent of sources said clients ages 18–40 assess the risk to the same extent that they did before the pandemic, mainly because younger clients focus on price, and the pandemic and related lockdowns have halted any priority shifts in the tourism industry. In addition, 87% said clients ages 40+ assess the risk to the same extent, mainly because the pandemic has halted travel plans and thus any kind of value shift.

Meanwhile, 60% of sources said the decision to shift travel from air to land as part of the Green Deal is not important,

mainly because French trains have issues with breakdowns, delays, suspended service and not arriving at airports for transfers, while 27% said important, and 13% said very important.

Looking ahead, 53% of sources expect less than 10% of clients ages 18–40 to pay higher ticket prices to reduce carbon emissions going forward, mainly because they are primarily concerned about price, while 20% said 10%–20%, and 27% said more than 20%. At the same time, 60% of sources expect more than 20% of clients ages 40+ to pay higher ticket prices, mainly because older clients have more disposable income and are more mature and more concerned with the world they will be leaving to their children and grandchildren, while 20% said 10%–20%, and 20% said less than 10%.

Restaurant delivery trends – US

To see how consumers in the US view restaurant delivery fees and product pricing in general, Grassroots® commissioned interview with adults who use delivery services at least once per month. Among sources, 54% order delivery once to five times per week, 18% order daily or more than once per day, and 27% order once every other week or less. In addition, 66% said their delivery frequency is higher compared to this time a year ago, while 24% said it is about the same. Among sources who said higher, 65% said COVID-19/shelter in place has driven increased use, 40% said digital ordering has made it easier, and 33% said there are more readily available delivery options.

In a typical restaurant delivery occasion, 52% of sources phone in their delivery order, 47% use the restaurant app/

website, and 34% each use UberEats and DoorDash. Meanwhile, 28% phone in orders the most, 19% use the restaurant app/website the most, and 15% use UberEats the most.

When sources order delivery, 71% spend time comparing the pricing of the food (not delivery fees) across platforms (e.g., restaurant website vs. third-party delivery app), while 29% typically do not. When ordering food delivery, 82% notice if the pricing of the food is more than the pricing of the same meal in the restaurant. Among these sources, 58% are willing to pay up to 10% more for the delivery convenience (in addition to delivery fees), 26% are not willing to pay more and will not order for delivery, 9% are willing to pay up to 20% more, and 7% are willing to pay more than 20% more.

Domestic EV development outlook – China



To examine how domestic electric vehicle (EV) original equipment manufacturers (OEMs) compare to foreign brands in terms of technology and product development, Grassroots® commissioned interviews with sources at EV dealerships in China. Sources' sales in June, July and August 2020 increased an average 9%, 16% and 25%, respectively, month-to-month. One said, "Sales in June dropped 30%, mainly because we were preparing for the launch of the P7. Not surprisingly, sales in July and August soared 20% and 40%, respectively, driven by the P7. In addition, the US IPO has made Xpeng one of the best-known EV brands in China." Looking ahead, 100% of sources expect sales to trend up for the rest of 2020. Regarding the competitive environment, the NIO ES6 and ES8, Li Auto Li Xiang One, BYD Tang, and Tesla Model Y reportedly are close competitors in the SUV segment, while the Xpeng P7, BYD Han and Tesla Model 3 are close competitors in the coupe segment. As to Tesla specifically, sources said it is superior to top domestic brands in terms of battery technology and autonomous driving technology, while domestic brands are superior in after-sales service, design and materials.

(Cont. from page 2)

Looking ahead, 75% of sources expect upcoming EV models from domestic brands to catch up with foreign brands in the next two to three years, while 20% expect domestic brands to lag. One source said, “Domestic brands are catching up in all core areas, including battery technology and management, autopilot, and other smart functions. NIO’s new EC6 coupe will have a battery with higher density and a longer driving range. The EC6’s power systems, hardware and software are all upgraded for a better driving experience.” When asked which brands in particular are most likely to gain market share in the EV space, sources cited Tesla, NIO and BYD, while they said small domestic brands are likely to lose. One remarked, “Li Xiang and Tesla will be the market share winners in the next few years. They are not only focusing on technological advancement, but also on cost reduction. With costs and prices from top-tier brands dropping, small domestic brands with a focus on low-end models will lose market share.”

Meanwhile, according to sources, in the EV Space, BYD is one of the top domestic brands competing with NIO, Li Xiang, Xpeng and Tesla, and it is likely to gain market share; Geely is an economy brand with competitive prices but is not a competitor of top domestic brands; and Tesla is not likely to gain share. One source commented, “BYD is considered a top-tier domestic brand in the EV market, with a great reputation for technology, design and safety. Geely is a second-tier brand with a competitive price/quality ratio. Given the current trends in the EV market, BYD will gain market share, while Geely will lose.”

Online grocery shopping habits – China

Grassroots® commissioned interviews with consumers in China who are involved in grocery shopping for their household in order to examine changes in online grocery shopping and dining habits due to COVID-19. As the COVID-19 situation is now contained, 43% of sources mostly cook at home, while 37% cook at home almost every day. The pattern reportedly has returned to pre-COVID-19 levels, with a slight increase in the number who cook at home every day (29% before COVID-19 vs. 37% now). When asked about dining out, 68% of sources cited minor safety concerns and will be more selective in choosing restaurants that have good hygiene measures, while 18% are very concerned and will avoid dining out, and 14% have no concerns.

Meanwhile, grocery shopping frequency and spending have increased for 45% and 47% of sources, respectively, vs. during COVID-19, while 44% and 43%, respectively,

have kept their frequency and spending the same. At the same time, 82% prefer shopping online for groceries and have reduced shopping at physical stores since the situation has been contained.

Regarding the most important factor when choosing a grocery shopping platform, sources most often cited speedy delivery/better logistics, followed by more discounts/promotional offers and wider range of product variety. Fifty-four percent prefer buying fresh food online vs. at wet markets and supermarkets since the situation has been contained. As to the most important factor when choosing a fresh-food shopping platform, sources most often cited speedy delivery/better logistics, followed by better food quality/freshness of food. Compared to one year ago, grocery shopping frequency at brick-and-mortar stores reportedly has decreased significantly.

Online pharmacies – Germany

To assess market growth potential for online pharmacies in Germany, Grassroots® commissioned interviews with consumers who have bought medicine either online or offline in the past 12 months. Among sources, 77% have used an online pharmacy to buy medicine or other products in the past 12 months, while 23% have not. Among those who have not, the primary reason was that they can find everything they need in a brick-and-mortar pharmacy.

Looking ahead, among sources who have not used an online pharmacy in the past 12 months, 68% are not likely to buy medicine online in the future, with the main reasons being that a traditional pharmacy is near their home and they do not want to wait for delivery. Among those who are likely to buy medicine

online in the future, the main reasons are lower prices and convenience.

Meanwhile, 92% of sources were satisfied or very satisfied with the delivery time for their last purchase; 60% said the delivery time was two days or less. In addition, 92% were satisfied or very satisfied with the product range for their last purchase, 89% were satisfied or very satisfied with the prices, and 92% were satisfied or very satisfied with buying on an online pharmacy overall. Ninety-five percent of sources would recommend an online pharmacy to a friend or family. When asked why they use an online pharmacy, 70% cited convenience, and 68% cited lower prices. Looking ahead, 51% of sources will buy medicine online with the same frequency as they do now, while 46% will buy significantly more frequently.

About Grassroots® Research

Grassroots® Research is unique to Allianz Global Investors. The Grassroots® Research division combines 7 in-house employees, a global network of over 300 independent, experienced journalists and Field Force researchers, and more than 50,000 industry contacts. We use this network to apply innovative market research and investigative journalism techniques to identify stock and sector trends before our competitors do.

Advantages:

- 30+ years of experience conducting customized investigative market research around the world.
- Utilizes expertise of independent journalists and Field Force Investigators to reach sources on the ground.
- Utilizes technological tools to target consumer and business panels online and to extract alternative data from the Web.
- Continuous exchange of information between Grassroots® analysts and our investment professionals.
- Provides timely business insights via quick turnaround times.

Resources:

- Access to thousands of consumers in more than 60 countries via targeted online consumer and business panels.
- 50,000+ industry contacts worldwide from a wide range of industries, including consumer, technology, healthcare, materials, industrials, energy and financials companies
- 300+ Field Force Investigators who conduct quantitative market research among consumers
- 60+ reporters who conduct interviews with industry experts
- 7 in-house staff in San Francisco, Frankfurt and Hong Kong

Grassroots® Research

Head of Grassroots Research®:
Michele Rumfola

Editor / Writer:
Heather Sprung

Grassroots® Market Monitor is published quarterly by Grassroots® Research, a division of Allianz Global Investors.

Allianz Global Investors
555 Mission Street, Suite 1700
San Francisco, CA 94105
USA
phone: 415.954.5400
email: grassroots@allianzgi.com
online: www.grassrootsresearch.com

Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security.

The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

This material has not been reviewed by any regulatory authorities. In mainland China, it is used only as supporting material to the offshore investment products offered by commercial banks under the Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations. This communication's sole purpose is to inform and does not under any circumstance constitute promotion or publicity of Allianz Global Investors products and/or services in Colombia or to Colombian residents pursuant to part 4 of Decree 2555 of 2010. This communication does not in any way aim to directly or indirectly initiate the purchase of a product or the provision of a service offered by Allianz Global Investors. Via reception of this document, each resident in Colombia acknowledges and accepts to have contacted Allianz Global Investors via their own initiative and that the communication under no circumstances does not arise from any promotional or marketing activities carried out by Allianz Global Investors. Colombian residents accept that accessing any type of social network page of Allianz Global Investors is done under their own responsibility and initiative and are aware that they may access specific information on the products and services of Allianz Global Investors. This communication is strictly private and confidential and may not be reproduced. This communication does not constitute a public offer of securities in Colombia pursuant to the public offer regulation set forth in Decree 2555 of 2010. This communication and the information provided herein should not be considered a solicitation or an offer by Allianz Global Investors or its affiliates to provide any financial products in Brazil, Panama, Peru, and Uruguay. In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional/professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP (Australian Registered Body Number 160 464 200) is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws.

This document is being distributed by the following Allianz Global Investors companies: Allianz Global Investors U.S. LLC, an investment adviser registered with the U.S. Securities and Exchange Commission; Allianz Global Investors Distributors LLC, distributor registered with FINRA, is affiliated with Allianz Global Investors U.S. LLC; Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin); Allianz Global Investors (Schweiz) AG; Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424, Member of Japan Investment Advisers Association and Investment Trust Association, Japan]; and Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan.

Grassroots® Research is a division of Allianz Global Investors that commissions investigative market research for asset-management professionals. Research data used to generate Grassroots® Research reports are received from independent, third-party contractors who supply research that, subject to applicable laws and regulations, may be paid for by commissions generated by trades executed on behalf of clients. We believe these sources of information to be reliable and are providing the information in good faith, but in no way warrant the accuracy or completeness of the information. We have no obligation to update, modify or amend this document or to otherwise notify you in the event that any matter set forth in this document changes or subsequently becomes inaccurate. In addition, information may be available that is not reflected at this time. We accept no liability whatsoever for any direct or consequential loss or damage arising from your use of the information contained in this document. We and our affiliates, officers, employees or clients may effect or have effected transactions for our or their own accounts in the securities mentioned here or in any related investments. Any reference to a particular company shall not be considered an offer to sell, the solicitation of an offer to buy or a recommendation to buy, sell, or hold any security issued by such company. No part of this material may be i) copied, photocopied, or duplicated in any form, by any means, or ii) redistributed without prior written consent. 1453829