

Grassroots[®] Research Market Monitor

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Restaurant industry outlook – Japan

Grassroots[®] commissioned interviews with sources at restaurants in Japan to understand confidence in business sustainability and examine the impact of the government's Go To Eat campaign to encourage consumers to patronize restaurants. Among sources who have participated in the Go To Eat campaign, 52% said it had slightly improved revenue, and 44% said it had significantly improved revenue. One remarked, "October was double what we had in September. It may have shifted demand to October, as some people made reservations for September–October to use Go To Eat. Some parties used up to 15 Go To Eat coupons." Among sources who cited a positive impact of the campaign, 25% said the impact has decreased since the end of the points-earning phase of the campaign, while 12% said the

impact has continued as customers use their points.

Regarding booking channels, 52% of sources' bookings come via telephone and 48% online. Twenty-three percent said online bookings increased significantly during the points-earning phase of the Go To Eat campaign but decreased to previous levels after it ended. Looking ahead, 67% of sources expect the current level of online bookings to continue, while 37% said it will decrease after the end of the campaign, and 20% were unsure or did not comment.

Among sources who commented, 78% are concerned about revenue, while 22% are not; 52% are concerned about cash flow, while 48% are not; and 100% said banks understand the situation for restaurants and are supportive.



Looking ahead, 69% who commented are confident they will be able to stay in business, given concerns about COVID-19, while 15% were unsure, and 15% are not confident. One source said, "It's a difficult situation for all restaurants now. We can survive, but the end of year is usually the busiest period – but not this year, and it is a problem."

Smart cities – Europe

To understand the priorities of smart cities initiatives and examine related budget allocations and the impact of COVID-19, Grassroots® commissioned interviews with government officials in Europe. The level of commitment to promoting a smart city initiative is high for 88% of sources and medium for 12%. As to the top priorities for implementing a smart city, they reportedly are public safety systems; traffic flow management; and creating a green, sustainable city that is energy efficient.

Meanwhile, sources reported that the current average budget allocation for smart city initiatives for next year is USD 9 million, with numbers ranging widely. Looking ahead, 65% expect to see moderate budget growth for such initiatives in 2021, while 24% expect some growth, and 12% expect no increase. Generally, sources reported that there is an expectation that funding will

increase more rapidly from 2022 onward. Regarding the barriers or hurdles for smart city initiatives, sources most often cited budget restrictions and legal and logistical barriers, and interdepartmental communication was cited as a minor hurdle. When asked about funding for smart city initiatives, 88% of sources said it is 100% public, while 12% cited private partners for a limited portion of funding.

With regard to the impact of COVID-19, 88% of sources have experienced limited delays with the 5G infrastructure rollout due to the pandemic, while 12% have experienced more significant delays, although the rollout is progressing well for 94%. At the same time, 71% said smart city developments have been helpful in dealing with COVID-19 in terms of tracking and following cases as well as faster access to hospitals and faster exchange of information and planning.

Luxury watch demand – China

Grassroots® commissioned interviews with high-end luxury watch retailers in China to assess current inventory of luxury watches vs. optimal levels and gauge which brands are gaining and losing market share. Sixty-four percent of sources said sales of luxury watches in the past three months were above expectations, as COVID-19 has been contained in 2H 2020 in China and consumer demand suppressed by the pandemic rapidly bounced back, while 36% said sales were in line with expectations. One commented, “Our sales of luxury watches in the past three months were above expectations. The pandemic has been well contained in our area since the beginning of 2H 2020, and the purchase demand of some high-end consumers – which was previously suppressed by the pandemic – rapidly bounced back.”

Looking ahead, 84% of sources do not expect smartwatch sales to have a negative impact on the luxury watch market in the next three years, as they appeal to two different consumer groups, while 16% said they might have an impact, as the Apple Watch collaboration with Hermès has made smartwatches high-end, fashionable and valuable as collectables.

Among sources who are Swatch retailers, 46% said the brand is gaining market share in 2H 2020, 23% said Rolex, and 23% said no brand in particular. Among those who are Richemont retailers, 75% said the brand is gaining market share, 8% said Swatch, and 24% said no brand in particular.

Agricultural farm equipment – Brazil



In order to assess expected development of farm incomes and spending intentions for new agricultural farm equipment in 2021 vs. 2020, gauge how long until equipment needs replacing, and find out whether biological fertilizer is used instead of or in addition to chemical fertilizer, Grassroots® commissioned interviews with farmers in Brazil. Fifty-two percent of sources expect their farm income to increase in 2021 vs. 2020 due to better prices and a favorable exchange rate, while 30% expect it to remain flat, and 5% expect it to decrease. One source said, “Income in 2021 will certainly be much higher. Prices are at least 70% better than last year due a stronger dollar. Even if we consider that the cost of all agricultural inputs – like fertilizer and pesticides – followed the dollar hike and also went up, we are still in a much better situation.” As to spending on new equipment during the same period, 55% expect it to remain flat, as they are buying equipment according to schedule, while 25% expect it to increase due to larger investments and a need to be more efficient, and 20% expect it to decrease.

Regarding reinvesting farm income in farm equipment, 55% of sources intend to reinvest the same portion

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relative to saving it 2021 vs. 2020, as they will stay with their purchase schedule, although 20% intend to reinvest more and 5% significantly more, as there is a need for more equipment to increase productivity, while 20% intend to reinvest significantly less. One hundred percent plan to replace farm equipment gradually instead of replacing it at timed intervals, in order to avoid a large financial outlay and help farms stay more up-to-date with technology. One source commented, "Replacement of farm equipment is done gradually, according to need. Agricultural machinery costs a lot of money, and it would simply be impossible to replace all the equipment in a single purchase, because such an expenditure would represent a large financial outlay."

Meanwhile, 50% of sources use biological fertilizer in addition to chemical fertilizer, although a smaller percentage of biological vs. chemical, while 50% would consider using biological fertilizer if studies demonstrate a reasonable cost-benefit ratio. When asked about their preferred suppliers of farm equipment, 80% said they prefer and currently use equipment from John Deere, 65% cited New Holland, and 30% cited Massey Ferguson. Technology, price and after-sales service reportedly are the main factors driving farm equipment purchase decisions. One source said, "Technology and price are certainly very important, but after-sales service comes first, in my opinion. If equipment needs to be repaired, it must be done quickly and efficiently. Brands must offer trained mechanics and keep spare parts available on the market. Agriculture is a business that can simply not afford a 15-day wait time for equipment to be serviced."

Online sports betting trends – US

To gauge platform preferences and loyalty, Grassroots® commissioned interviews with consumers in the US who have placed bets on sports in the past 12 months and reside in a state where online betting is legal. In the past 12 months, 48% of sources have been wagering the same amount on sports, while 40% have been wagering more. Among those who said more, 66% think they will continue to wager as much even once the coronavirus pandemic settles down and there are fewer restrictions on going out, while 30% might continue to wager as much.

Meanwhile, 67% of sources prefer to place their sports bets online, while 13% prefer in-person, and 20% have no preference. Among those who prefer in-person, 43% said being allowed to retrieve winnings

immediately would make them prefer online, while 28% said being able to place cash bets. In the next 12 months, 57% of sources anticipate wagering the same amount, while 34% said more, and 9% said less. When deciding among sports betting brands, pricing/odds integrity is the top factor, followed by promotions and risk-free bet amounts.

In the past 12 months, 100% have placed a sports bet on an online/mobile platform, 40% with friends/family, and 36% at a sportsbook and casino. On average, 52% place 3–9 sports wagers in a given month, 35% place 1–2, and 13% place 10 or more. Fifty-two percent of sources said their average wager amount is USD 26–USD 100, 27% said USD 1–USD 25, and 23% said USD 100 or more.

Water infrastructure investments – US

To assess budget and spending intentions for water infrastructure for 2021 vs. 2020 and identify longer-term changes in investment needs, Grassroots® commissioned interviews with officials at water utilities in the US. Forty-eight percent of sources said their budget and spending intentions for water infrastructure (predominantly equipment needed for water supply and wastewater treatment) for 2021 are about the same vs. 2020 as they continue with ongoing infrastructure replacement projects, while 36% said their budget and spending intentions are higher vs. 2020 due to higher budgets for replacement projects or new projects starting up, and 16% said lower due to projects already completed or due to COVID-19.

Meanwhile, 84% of sources do not expect a material increase in water infrastructure investment needs as a

result of water quality regulations going forward, as they are up-to-date on these, while 15% expect they will have to invest more due to recent new standards or to address trace contaminants. In the next three years, 60% expect a material increase in their water infrastructure investment needs for various reasons, such as growing town populations, aging infrastructures and new large projects, while 40% do not expect an increase, due to ongoing projects.

When asked about a trend toward privatization of public water utility companies in the next three years, 96% of sources said they do not expect such a trend, while 4% do. One said, "Privatization is not a growing trend here. Our local utilities are already well established, and there's no money to be made in private water utilities."

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Advantages:

- 30+ years of experience conducting customized investigative market research around the world.
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- 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.
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- 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

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