

# Grassroots<sup>®</sup> Research

## Market Monitor

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## Rideshare vs. public transportation post-COVID-19 – US

To check propensity to take rideshare over public transportation as people return to the office, Grassroots<sup>®</sup> commissioned interviews with consumers in the US. If they had to use a transportation service, 46% of sources would feel most comfortable using rideshare, 25% said bus, and 23% said taxi. Sixty-one percent have used rideshare, while 39% have not. Among sources who have used it, 64% said rideshare is the transportation service they would feel most comfortable using vs. 46% overall. Among those who have never used rideshare, 64% are not using it now because they have not needed it recently, 34% plan to use their car more often, and 11% do not feel rideshare companies have taken the proper safety precautions. In addition, among sources who have never used rideshare, 78% said the main reason is that they have their own car/have no need for it, 9%

said it is too expensive, and 8% said it is not prevalent enough where they live.

At the same time, among sources who have used rideshare, 53% use it as a last resort option for transportation needs, 36% use it to go to the airport, and 29% use it when they go out on Friday/Saturday nights. Looking ahead, 32% who have used rideshare believe they will use it again in the next few months, 24% are actively using it, 21% believe they will use it again in the next few weeks, and 18% do not plan to use it again in the future.

Prior to COVID-19, among sources who have used rideshare, 51% used it less than once per week on average, 33% used it one to five times per week, and 12% did not use it. As to long-term use, 49% expect it to remain the same as pre-COVID-19, 46% expect to use it less frequently, and 5% expect to use it more



frequently. In addition, 84% of sources who use rideshare feel their preferred platform has taken the necessary steps to ensure their safety from contracting COVID-19. Still, use in the past two weeks compared to two months ago (*i.e.*, before the rise of the Delta variant) is the same for 50%, while 28% are using it less, and 22% are using it more.

## Fitness equipment – Europe

Grassroots® commissioned interviews with fitness equipment retailers, wholesalers and distributors in Germany, the Netherlands and the UK to assess demand and growth trends. According to sources, there has been a significant increase in home gyms, and in exercising in general, during the COVID-19 pandemic in all countries surveyed. Looking ahead, 67% in the Netherlands, 57% in the UK and 47% in Germany expect overall fitness equipment sales to increase in 3Q 2021 vs. 3Q 2020 as the transition to home gyms continues. At the same time, 36% of sources in the UK and 27% each in Germany and the Netherlands expect sales to remain flat as residential-use and commercial-use sales balance each other out, while 20% in Germany and 7% each in the Netherlands and the UK expect sales to decrease.

In 2021 and 2022, 93% of sources in the Netherlands, 60% in Germany and

43% in the UK expect demand growth for residential-use fitness equipment to continue, while such growth has peaked for 57% in the UK, 40% in Germany and 7% in the Netherlands. As to the overall fitness equipment market, 67% in Germany, 64% in the UK and 27% in the Netherlands said it is expanding, both with new users and existing gym-goers.

Meanwhile, 73% of sources in the Netherlands, 29% in the UK and 20% in Germany said residential-use fitness equipment demand is cannibalizing demand for commercial-use fitness equipment. One year ago, an average 31% of fitness equipment sales reportedly were for commercial use and 69% for residential; currently, 30% are for commercial and 70% for residential; and in one year, 32% are expected to be for commercial and 68% for residential.

## Green vehicles – China

In order to gauge interest in green vehicles, Grassroots® commissioned interviews with consumers in China who intend to purchase a new or used vehicle in the next 24 months. Sources mainly plan to purchase sedans and SUVs. Eighty percent cited performance as the most important factor when considering the purchase of their next vehicle, followed by 74% who cited advanced safety technology, while ability to connect to a smartphone is the least important factor.

Meanwhile, 84% of sources are somewhat or extremely likely to purchase an electric vehicle as their next vehicle due to concern for the environment, while 4% are somewhat or extremely unlikely to purchase one due to concern about running out of charge and not enough charging stations. Among those who are

likely to purchase an electric vehicle, 46% would consider purchasing at the CNY 200,000–CNY 300,000 (USD 31,100–USD 47,000) price point, 34% at the CNY 200,000 or less price point, and 21% at the CNY 300,000 or more price point.

As to hybrid vehicles, 79% of sources are somewhat or extremely likely to purchase one as their next vehicle due to concern for the environment and lower long-term costs, while 3% are somewhat or extremely unlikely to purchase one due to battery repair replacement costs and concern about running out of charge. Among those who are likely to purchase a hybrid vehicle, 51% would consider purchasing at the CNY 200,000–CNY 300,000 price point, 32% at the CNY 200,000 or less price point, and 16% at the CNY 300,000 or more price point.

## IT spending trends – Global



Grassroots® commissioned interviews with decision makers at large companies in the US, Europe and Asia to assess the current spending environment for IT. Fifty-four percent of sources expect their 2021 IT budget to increase 6% or more vs. their 2020 IT budget, while 30% expect a 1%–5% increase, 7% expect a 1%–10% decrease, and 9% expect it to remain flat. As to their 2022 IT budget, 54% expect an increase of 6% or more vs. their 2021 IT budget, while 30% expect a 1%–5% increase, 5% expect a 1%–10% decrease, and 10% expect it to remain flat. In addition-19, 57% of sources said the COVID-19 pandemic has increased their company's willingness to spend on IT projects for 2021 in the past 90 days, while 20% said it has lowered their IT budget. Among those who said macro events have affected their company's willingness to spend on IT projects for 2021 in the past 90 days, 39% said their overall IT budget increased 6% or more in the past 90 days, while 37% said it increased 1%–5%, 11% said it decreased 1% or more, and 13% said it remained flat.

When asked about top IT spending priorities in 2021, sources cited security, cloud computing and digital transformation. In the event of cuts to the IT budget, security, cloud computing and digital marketing reportedly would be affected the most. Regarding spending,

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sources said it has increased most significantly in 2H 2021 vs. 1H for remote/work-from-home technology, security and cloud computing. In addition, the technology sources expect to have the greatest impact on their company in the next five years is cybersecurity, followed by hybrid cloud, Internet of Things and AI/machine learning.

As to AI projects, 63% of sources have one or more ongoing currently or already incorporated in some processes or offerings, while 18% have none but plan to in the future, and 13% said AI is extensively incorporated in their organization; 6% have no plans to adopt AI. Among those who have one or more projects currently, 97% said results from big data and AI are measurable or very measurable; 90% started at least some last year, and 94% plan to start at least some this year; and the top objective of investment is advanced analytics/better decisions, followed by improved customer service.

With regard to COVID-19, 54% of sources said it has accelerated the schedule for their digital transformation strategy by one to two years, while 30% said three to five years, and 4% said six years or more. Seventy percent said COVID-19 has increased their budget for digital transformation, while 13% said it has decreased it. Compared with the pre-COVID-19 environment, sources said 58% of employees can now choose to work fluidly between remote locations and the office, while 27% can choose to work remotely full-time, and 14% have no choice. On average, the percentage of employees working from home 30% of the time or less is expected to decrease from 48% pre-COVID-19 to 34% post-COVID-19, while the percentage working from home more than 30% of the time is expected to increase from 51% pre-COVID-19 to 63% post-COVID-19.

## Consumer sentiment – Japan

In order to gauge changes in sentiment regarding overall economic development and household spending power as a result of COVID-19, Grassroots® commissioned interviews with consumers in Japan. Fifty-two percent of sources said COVID-19 is still a big concern in their daily life and worry about further outbreaks, 37% said it is a minor concern and will stay alert and continue social distancing, and 10% are not at all concerned and have returned to normal life. At the same time, the worsening domestic economy and global recession/worsening global economy reportedly continue to be the top concerns for this year. Indeed, compared to a year ago, the spread of COVID-19 has become much less of a concern among sources than the economic downturn.

As to COVID-19 vaccinations, 37% of sources have gotten one. Among these,

47% are fully back in the office, while 53% still have flexible work arrangements. Among sources who have flexible work arrangements, 46% expect the situation to remain flexible in the long term, while 30% were not sure when it will end.

Regarding household income, 36% of sources said the COVID-19 pandemic and state-of-emergency measures did not have any impact, while 31% said there was some impact. Overall, 59% expect their household income to remain stable in the next 12 months, 25% expect it to deteriorate, and 16% expect it to improve. Meanwhile, 45% of sources said it is getting more difficult to find a job in the current labor market because of fewer openings, while 13% said it is getting easier.

## On-site corporate childcare centers – US

To assess development of demand for on-site childcare in general and gauge capacity utilization since the beginning of the COVID-19 pandemic, Grassroots® commissioned interviews with human resources professionals as well as representatives of companies that contract with childcare providers. Fifty-six percent of sources said demand for on-site childcare (or other childcare benefits) has decreased since the outbreak of COVID-19, with many employees working remotely and having made changes in their childcare needs, while it remained flat for 8%. At the same time, 36% do not offer on-site childcare and were unsure about offering it, as the pandemic stalled efforts to pursue a childcare option. Looking ahead, 73% of sources who commented expect demand to increase in the next six months to a minor extent as more employees return to the workplace and 7% to a major extent, while 20% do not expect any change.

Meanwhile, 71% of sources who commented said the capacity utilization of their on-site childcare currently is lower compared to pre-COVID-19 levels, as most employees are not back to work yet and are still working from home, while 29% said it is flat. Looking ahead, 77% who commented expect to continue offering on-site childcare exclusively, as it is working well, while 23% expect to continue their current childcare benefits for employees, which is backup childcare – including babysitters and emergency care – rather than an on-site model.

Regarding sources' current model of childcare, 86% who commented are satisfied, as it offers a lot of options and is a nice additional benefit for employees, while 14% were unsure of future changes, as they are in wait-and-see mode regarding whether companies are going to make employees come back to the office and if there will be new models.

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Grassroots® Research is unique to Allianz Global Investors. The Grassroots® Research division combines 5 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
- In-house team in San Francisco and Hong Kong

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

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