

# Grassroots Research®

## Market Monitor

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## Mobile Network Operators – France

Grassroots® commissioned interviews with sales associates and managers at mobile operator retail stores in France to understand customer preferences for mobile network operators.

The French telecom market has not changed over the past six months for 53% of sources, while 47% said operators have reduced the number of plans and increased the mobile data offered – 5G wireless technology is now the market standard. One source said, “the market hasn’t really changed this year but, since COVID, we find customers are a lot more discerning when choosing plans. They take their time, compare offers and come in to negotiate prices and discounts they’ve seen at other operators that we cannot necessarily give them.”

The rate at which customers change operators has not changed over the past 12 months for 60%, while 40% said customers are changing more

often when subscriptions expire to take advantage of offers for new customers or are switching to cheaper MVNO (Mobile Virtual Network Operators) plans.

When asked about customers’ reasons for choosing a mobile operator, the price of subsidized mobile phones or call plans are the key reasons for choosing a mobile operator for 60%, followed by operator packages and offers. One commented, “many customers buy a new mobile phone when they take out a call plan. The brand is not so much the deciding factor as all the operators work with the same manufacturers. It’s more a question of budget, their needs in terms of roaming and data, screen resolution vs. the mobile phone price and then which operator plan is cheapest.”

Overall pricing is optimal for 93%, despite inflationary pressure, due to operators not passing on increases or offering more mobile data in subscription plans.



One source said, “consumer purchasing power is lower in the wake of general inflation, and this is affecting the industry. Without the reductions operators are currently offering, pricing would be too high.”

## Solar Panel Adoption in New Construction Housing – UK

Grassroots® interviewed home builders, suppliers and housing associations in the UK to understand any impact of Part L building standards on adoption of solar panels in new construction housing.

House builders and housing associations are implementing a mix of methods and technologies to meet Part L building standards – 67% said they use a combination of solar panels, heat pumps and other systems all together, while 13% each are mainly focusing on heat pumps or other methods, and 7% on solar panels. One source commented, “with new builds, the main solutions that we are using to meet Part L are wall insulation methods and materials, thermal or triple glazing, air source heat pumps, and solar panels. An external company will do the SAP (Standard Assessment Procedure) calculations and work out how to reach

EPC B (Energy Performance Certificate B rating).”

40% of sources said they were somewhat likely to install solar energy systems, while 33% said they are extremely likely to do so. One said, “since last year’s energy crisis, we have seen a big surge in demand for solar, and people have put aside their doubts on whether they really work in the UK climate or how they look. A good system will save people a lot of money. Too many customers are not prepared to pay the extra cost though, so they don’t get the full economic benefit of solar.” Meanwhile, 20% said they were somewhat unlikely to install solar panels, with one commenting, “many private developers are reluctant to add solar panels because they don’t look very nice and are not needed to reach the Part L requirement of an EPC B rating.”

## Consumer Sentiment Survey – Japan

Grassroots® conducted an online panel survey with consumers in Japan to understand their point of view on the overall economy, and to track household spending power.

56% of sources expressed that they are either slightly or extremely negative about the current Japanese economy; 33% have a neutral view; and 11% have a positive view. In addition, 45% said their view on the local economy has not changed compared to six months ago, while 41% said they have become less optimistic, and 14% said they have become more optimistic.

Coping with inflation is by far the top concern for 70% of sources this year, followed by worsening domestic economy for 49%, and global recession for 32%.

Overall, 58% of sources who are currently working said they have not received and are not expecting a wage hike to come

through, particularly those working at micro-enterprises or sole proprietorships. Chances of receiving a wage hike are higher at multinational or large corporations vs. SMEs and state-owned enterprises. Indeed, even with the agreement between labor unions and employers for an average 3.8% wage hike this fiscal year, 78% of sources said it would not be enough to offset inflation.

Taking both inflation and wage hikes into consideration, 52% expect their household spending power will likely deteriorate in the next six months, while 35% expect it will remain the same at the current level. Looking ahead at the next six months, sources are most likely to increase spending on staples including food, household consumables and utilities, while luxury goods and big-ticket home electronics are the areas they will most likely reduce spending on.

## Pasture-Raised Eggs Demand – US



Grassroots® commissioned interviews with dairy and store managers at grocery stores in the US to understand the impact of all-time high egg prices on sales of premium pasture-raised eggs.

48% said sales volume of eggs are up overall so far in 3Q 2023 vs. the same period last year, while 48% said flat and 4% said down – up an average 3% overall. Looking ahead, 56% expect sales volume for 2H 2023 vs. 2H 2022 to be up, while 40% expect flat, and 4% expect down. One commented, “egg sales volume so far in 3Q 2023 is up slightly compared to the same period last year. Promotions are up, and prices have come down so much since Easter and before at its peak with the avian bird flu and COVID. Since then, prices have been slowly dropping. Now, they’re the cheapest they have been in a while; supply is good now and we expect these trends to continue.”

60% said customers are neither trading up to premium eggs nor trading down to cheaper eggs compared to the same time last year, while 28% said consumers are trading up, and 7% said trading down. One source said, “customers are not trading down to cheaper eggs compared to the same time last year. A lot of people shop here just for organics. They perceive high price means the best. One [premium] brand we sell out of a lot...[costs] USD 10 for 18 pasture-raised eggs.

(Cont. from page 2)

We sell a ton. And [other customers also] buy the store brand because it's a lot cheaper. There are a multitude of products and prices, and each range gets shopped heavily."

Regular/standard eggs were most cited as the egg label that is very important to customers for 64% due to pricing, followed by USDA organic (48%); cage-free (44%); pasture-raised (40%); and free-range (32%). Indeed, 28% said Certified Humane eggs are very important as customers care about animal welfare, while others said there was little awareness of them.

The main criteria for customers choosing pasture-raised eggs are animal welfare (36%), quality/flavor (28%), and nutrition (8%). One said, "the perception with animal welfare is the chickens are humanely raised and not factory farmed. The outdoor label is a draw vs. those raised in cages. When it comes to pasture-raised eggs, the perception is that these eggs are more expensive, so they feel better eating them."

50% of those who commented said overall egg supply trends this year vs. the same time last year are up significantly, while they are normal for 36%, and down slightly for 8%. At the same time, 88% said they have not noticed a difference between supply accessibility for pasture-raised eggs vs. standard/traditional eggs, while 12% said there is a difference – pasture-raised and cage-free in general have better supply. One who commented said, "there has been a difference between supply accessibility for pasture-raised eggs vs. standard/traditional eggs. All the traditional eggs are going out of favor and our selection has increased more and more on pasture-raised and cage-free eggs that are a bit more humane."

## Baby Diapers Market – China

To assess market dynamics of baby diapers in China, with a focus on competitiveness of Japanese brands, Grassroots® commissioned interviews with sources at baby and maternity specialty stores.

Sales of baby diapers in the premium, high-end, and mass-market segments in 2H 2023 vs. 2H 2022 are expected to trend up on average 2%, down 14%, and up 7% respectively. Demand for high quality diapers remains strong, but volume growth is slowing down due to the dropping birth rate and sluggish economy. One source said, "I think our mass-market diaper brands sales will grow 20% in 2H 2023 vs. 2H 2022. Mass-market diaper brands sales have been on the rise as consumers from other segments are trending down on spending due to the recessive economic conditions." At the same time, high-end segment customers are moving to

mass-market for lower pricing, while the premium segment maintains positive momentum due to its customers' high affordability.

Average pricing of baby diaper products in the premium, high-end, and mass-market segments now vs. same time last year has been flat, down 5%, and down 3%, respectively. The price drop is driven by competitive and lower material costs, while some premium brands have raised prices to maintain brand image.

Overall, American and Japanese brands were most cited by sources as gaining market share, while Chinese brands are losing market share. Under the currently intense competition, product pricing, brand awareness, distribution, and marketing efforts are critical factors in driving sales performance.

## Heavy-Duty Truck Demand – Tanzania

To examine the overall heavy-duty truck demand outlook and export market penetration in Tanzania, Grassroots® conducted interviews with fleet managers and heavy-duty truck dealers.

73% expect heavy-duty truck orders will be up in 2H 2023 vs. 2H 2022, citing an overall strong truck/logistics market based on new public and private projects and the new government's more open policies. "Sales are trending up because Tanzania has recently changed presidents, and the current president is opening Tanzania up for business, with lots of new projects starting. Demand for transportation is up, so our orders should be up about 10%," on source said. Meanwhile, 27% expect heavy-duty truck orders to be down in 2H 2023 vs. 2H 2022 because heavy competition and high prices are holding back the market.

93% expect heavy-duty truck demand will be up in 1H 2024 vs. 1H 2023 and 6% expect it will be down – overall up

by an average 14% – driven by strong demand in various sectors including mining, construction and infrastructure, and cargo/logistics/transportation. One source commented, "I've seen lots of heavy truck imports. Large mining operations need heavy trucks, and so does manufacturing. Demand is high and it's increasing each and every day. Chinese companies are shipping goods, cargo and commodities and they are building infrastructure, so they need trucks to move cargo and goods. Chinese companies are driving the Tanzanian truck market."

According to sources, adoption of natural gas-powered heavy-duty trucks is happening but only with a limited number of users, citing cleaner energy and diesel fuel theft prevention as the key reasons. Meanwhile, adoption of electric and hydrogen heavy-duty trucks are absent in the Tanzanian market.

## About Grassroots Research®

Grassroots® services are unique to Allianz Global Investors. The Grassroots Research® division combines 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 financial companies
- 300+ Field Force Investigators who conduct quantitative market research among consumers
- 55+ reporters who conduct interviews with industry experts
- In-house team in Europe and Asia Pacific

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Grassroots® Market Monitor is published quarterly by Grassroots Research®, a division of Allianz Global Investors. Bockenheimer Landstraße 42-44 60323 Frankfurt am Main Germany

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