Finding Opportunities, not Excuses

GfK Insight Forum 2022 Australia

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GfK Growth from Knowledge

What we hear…
The concerns of businesses

“All the global macro-economic trends mean people have less discretionary income to spend

“We have big stock issues

“Our shipment costs have increased

“Staffing issues right now

“We have gaps post COVID understanding our market

“I don’t have time!

“There is too much data

1 IN 4 AUSTRALIANS ARE FINDING IT HARD TO GET BY ON THEIR CURRENT INCOME, A NEW STUDY SAYS

ANALYSIS

Between rolling natural disasters and COVID, Australia's economy is experiencing a shift from shock to persistent problem

FLOOD WARNING For the latest flood and weather warnings, search on ABC Emergency

Nearly two-thirds of Australians think home ownership won't be an option for young people as property prices rise

Almost 57% said that rising prices were a big problem. At the start of the year, only 37% thought this was true.

ONE-THIRD OF AUSTRALIAN HOUSEHOLDS EXPERIENCED FOOD INSECURITY IN THE LAST 12 MONTHS

The cash rate is now at a nine-year high. Here's what it means for your mortgage

The Reserve Bank of Australia has increased the cash rate by a quarter of a percentage point to 2.6 per cent - its highest level since July 2013.

Spending declines as rising interest rates impact households

Australians in for tough financial times as federal budget forecasts declining real wages and high living costs

Divorce applications up as marriages hit the rocks

Australian report documents cold conditions for renters

Health

'Alcogenic society': Australian hospitals see steep rise in severe alcohol-related disease

Navigate the new world ahead

01 **Values:** The Guiding Principles

02 **Home** as the HQ

03 From Data to **Decisions**

Values

The Guiding Principles

Values: The Guiding Principles

62%

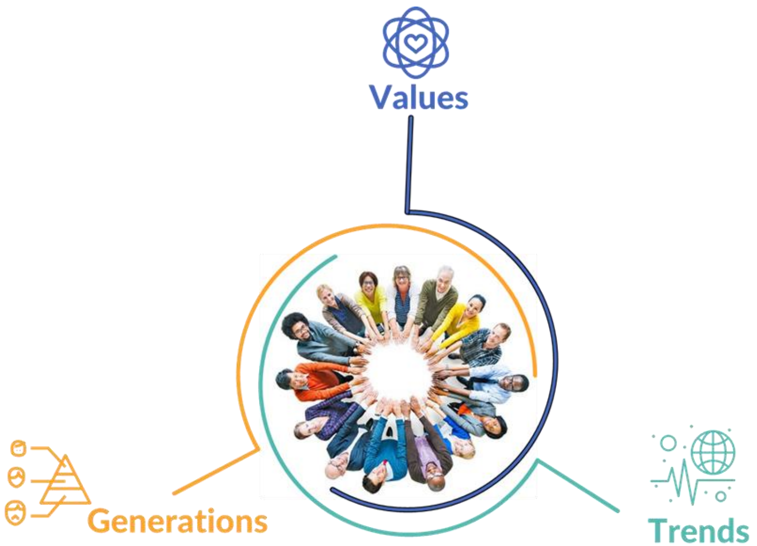
only buy products and services that appeal to my beliefs, values or ideals.

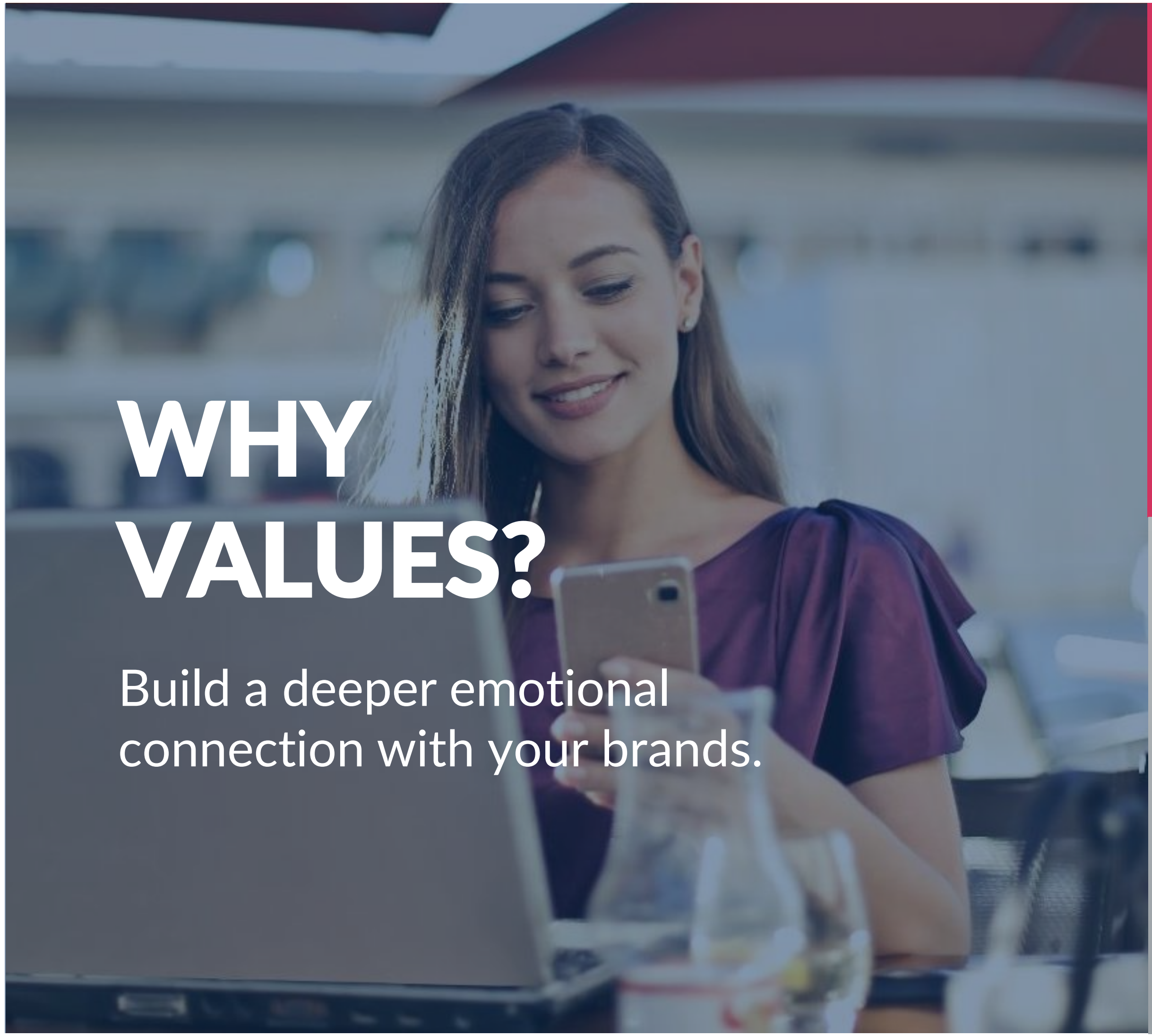
Personal Values

An essential tool for understanding consumers.

Why it's important

They form part of a marketer's targeting & innovation toolkit.





WHY VALUES?

Build a deeper emotional connection with your brands.

Guiding principles beyond demographics

Grounding innovation at a deeper level

Stronger messaging connections

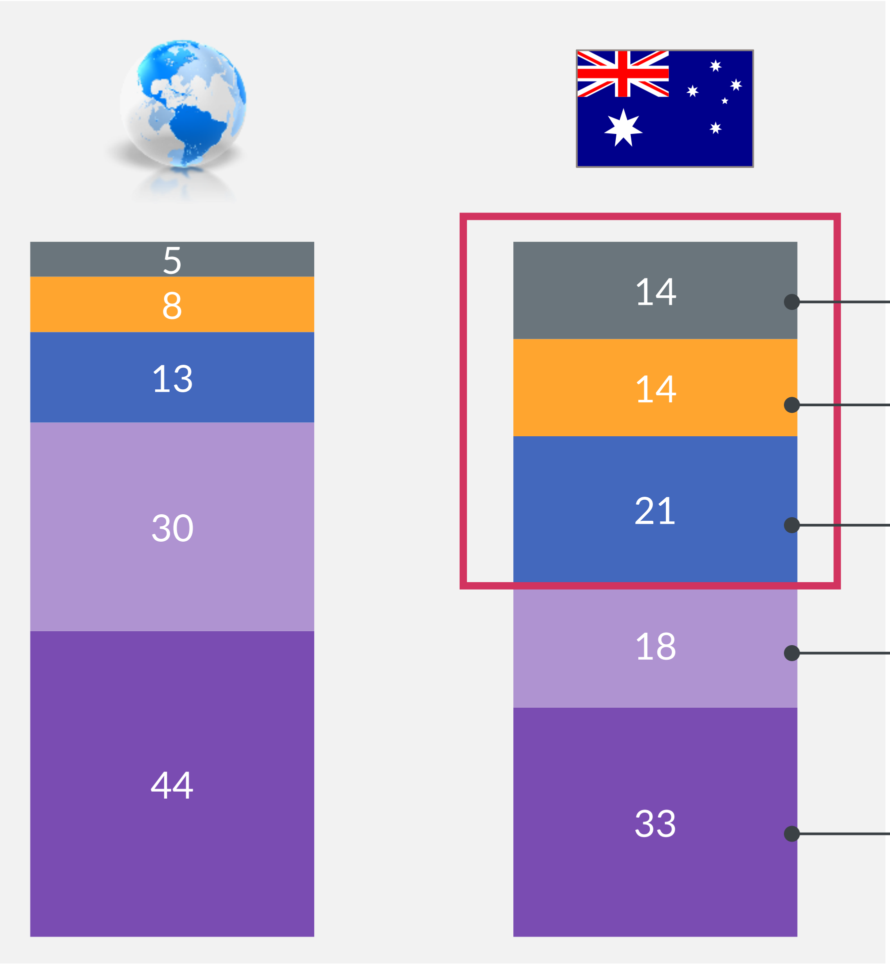
Differentiation & portfolio management

What are the top 5 values for Australians?

- Honesty
- Protecting Family
- Authenticity
- Freedom
- Enjoying Life

Australian Values are Different

Demonstrated through 5 Segments



Key values	
Discoverers	Freedom, Creativity, Curiosity, Open-mindedness, Learning, Knowledge, Social tolerance, Equality, Internationalism
Indulgers	Enjoying life, Leisure, Pleasure, Material security
Elementals	Helpfulness, Modesty, Thrift, Simplicity, Respecting ancestors
Mindfuls	Spirituality, Working hard
Aspirers	Social recognition, Status

Why Values Change

People get older

Culture is always evolving

Priorities influenced by external events or personal experiences

The interpretation of values is fluid

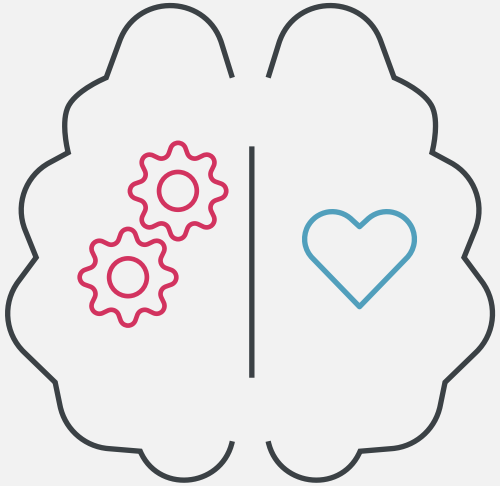
Unlocking Consumers' Mindset to Design Your Strategy

Actionable and meaningful **consumer segments** based on **category predispositions** anchored in underlying human **truths** and **values**.

Category pre-dispositions

Design content and tactics based on category needs/attitudes and predispositions of choice

Explicit



Implicit

Underlying human truths and values

Create a deeper emotional connection to consumers by addressing their deeper underlying implicit forces of choices

Anchoring category predispositions in deeper underlying values

A beverages case study on reaching growth through premiumisation

WORLD

Preserving the environment, social responsibility, equality, health & fitness

PREMIUM

INTROVERSION

Honesty, freedom, stable personal relationships

WELLBEING EXPLORERS

ROUTINE INDULGERS

RESPONSIBLE NEW AGERS

DEMANDING PASSIONATES

Category: Premium potential, innovation and individualism seeker, category passionist & influencer, brand loyal

Values: Adventure, status and social recognition conscious, tradition, social responsibility

Beverages: Diet/low calorie, consuming many different categories – Kombucha, Coconut Water, Flavoured Water

CONSERVATIVE BASICS

RENEGADE ENJOYERS

EXTROVERSION

Social recognition, Status

Adventure

Self-reliance

Duty, Patriotism, Tradition, Romance

Individuality

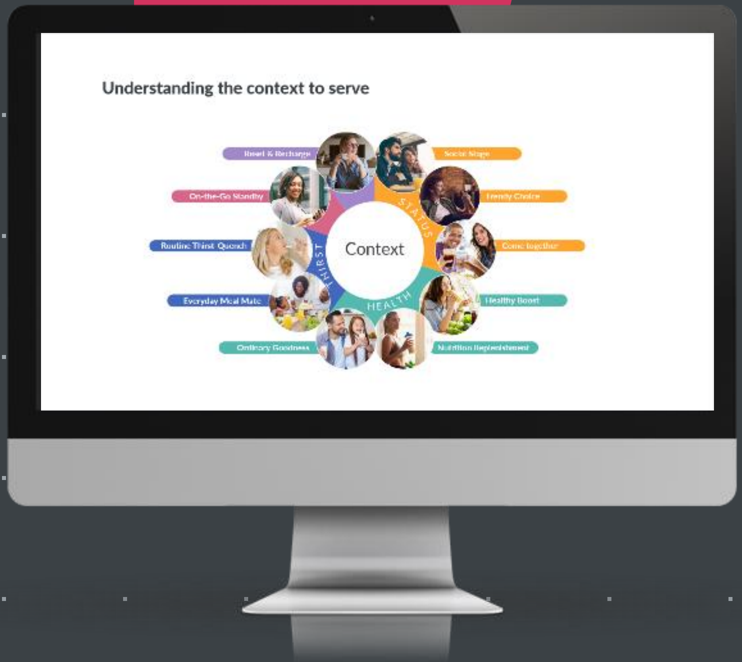
HOME

Two Lens, All Market Factors

One framework to reveal the drivers of demand

Consumer Mindset

Behavioural Context



Growth Spaces Map

Key Takeaways

01 Core values tend to stay relatively consistent, but they do evolve and manifest in new ways

02 Values help you understand nuances beyond demographics, geographies, attitudes and needs

03 Values help drive product strategy, messaging, brand positioning by creating a deep emotional connections

Home as the HQ

It's the centre of life

Home is the location of many activities

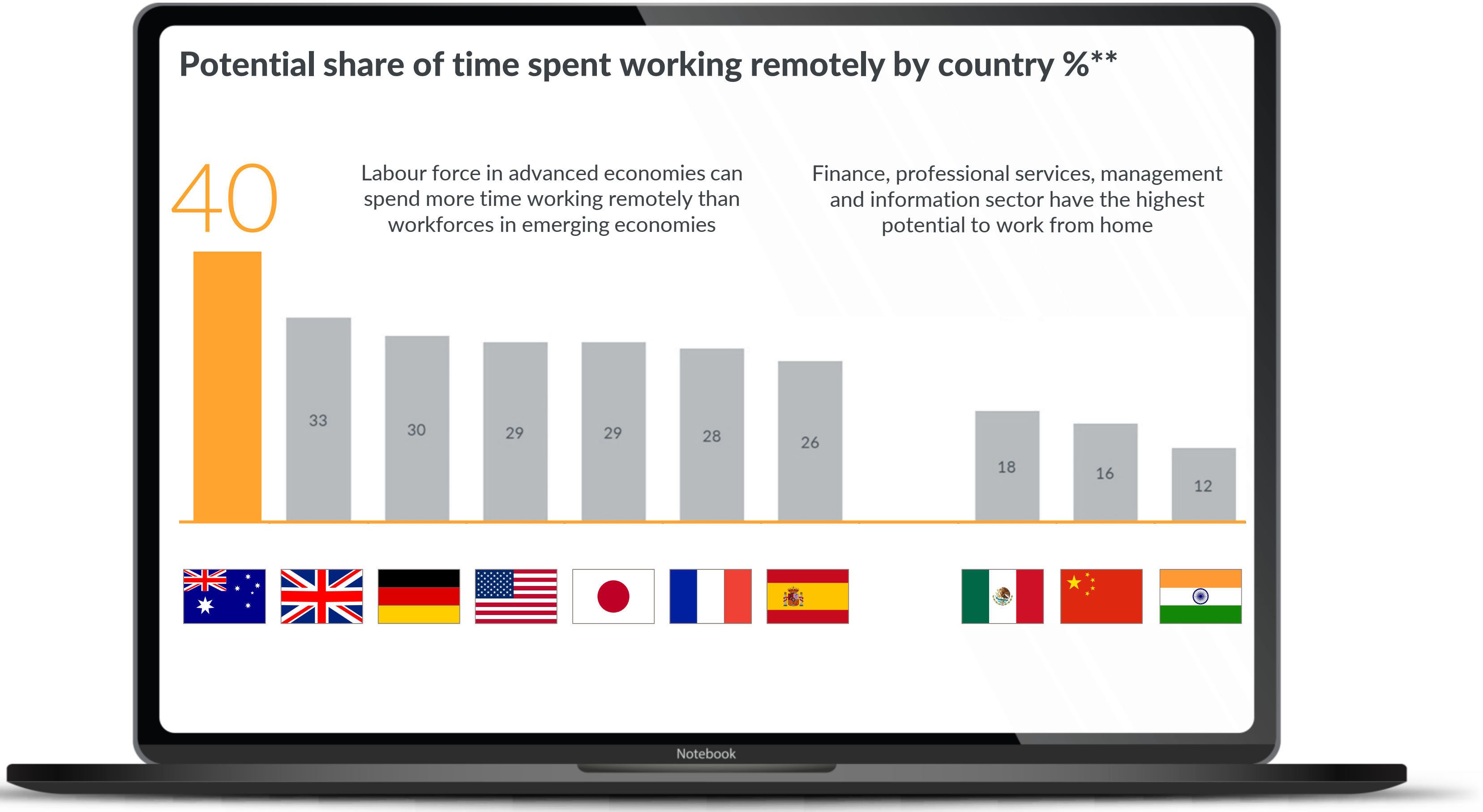
Many pursue a variety of domestic activities led by cooking for fun

% Who do weekly or more often		
Cook for fun	71%	Toasters Kettle, Coffee machine
Work or study from home	70%	Headphones, Laptop + Tablet, Smartphone
Gardening	45%	
Perform home maintenance, repairs	37%	Vacuum cleaner
Entertain guests in your home	27%	TV, Fridge

Working from home

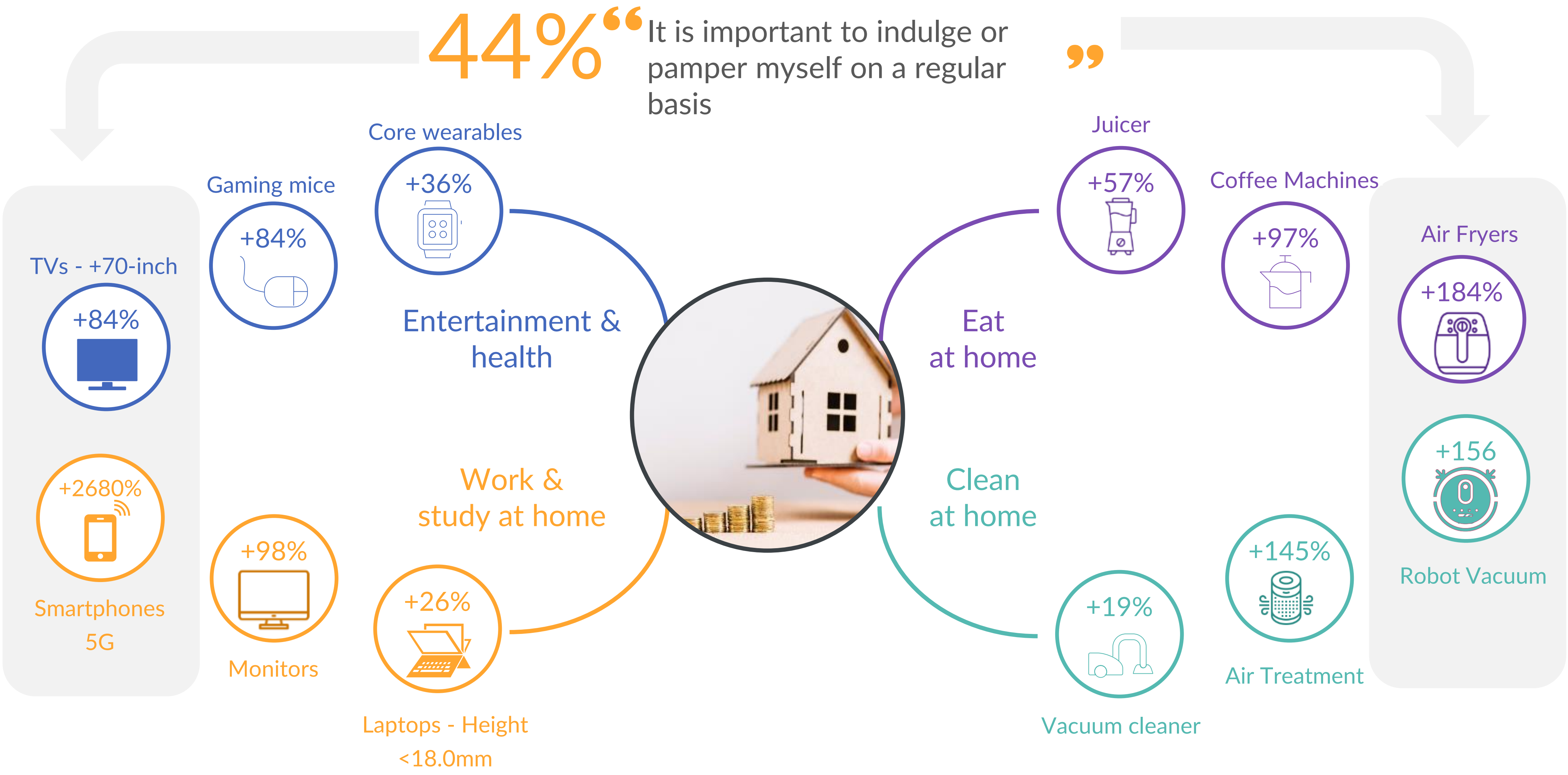
Likely impacted by the new hybrid way of working, with more people working remotely from their homes around the world

Post COVID, the potential for "home or remote office" remains strong especially for Australia.



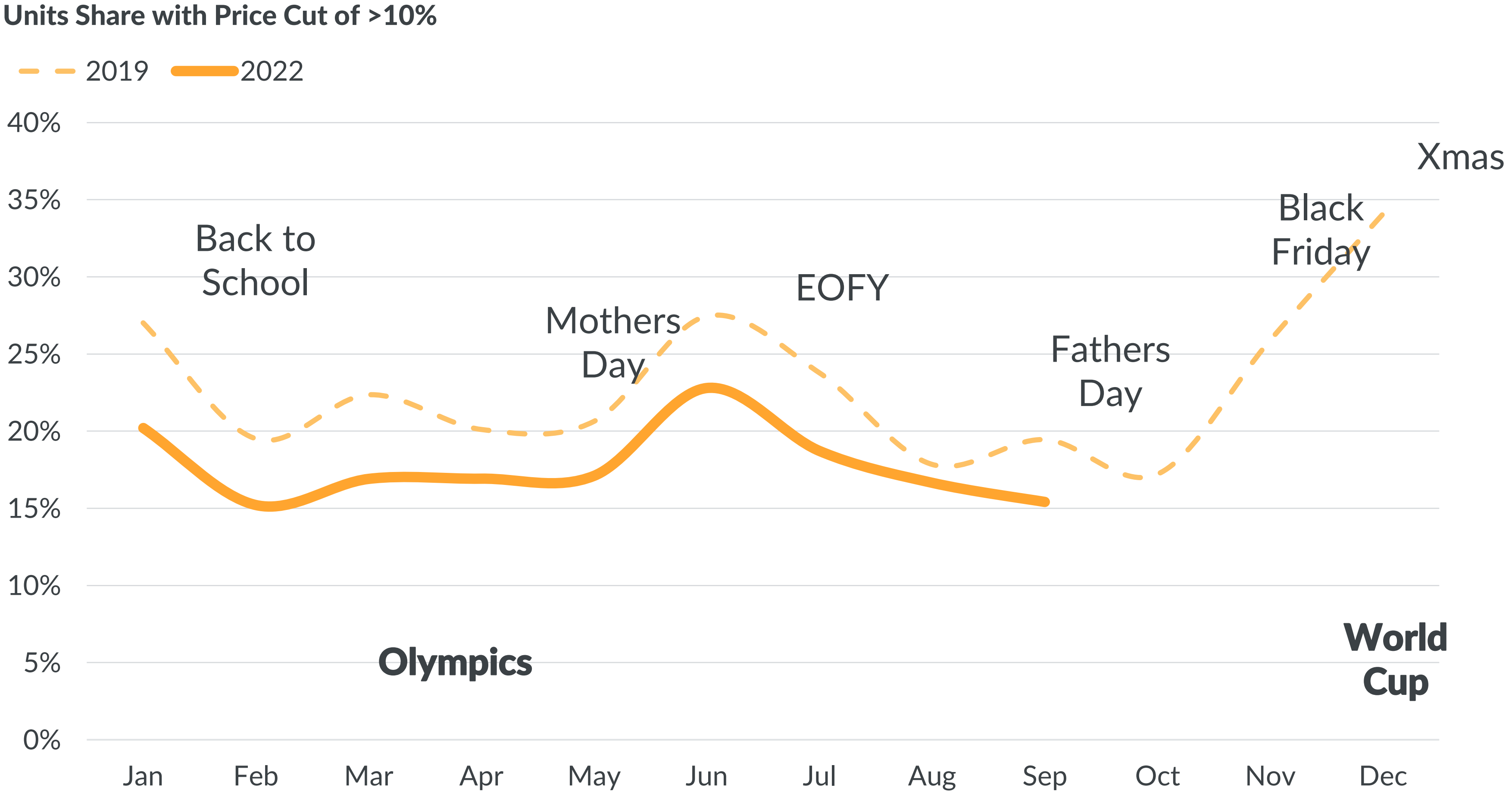
Source: Mckinsey Global Institute analysis. **Theoretical max includes all activities not requiring physical presence on-site. Effective potential includes only those activities that can be done remotely without any loss of effectiveness N =2000+activities across 800 occupations; Working from home likely to stay long after COVID-19 pandemic is over - ABC News

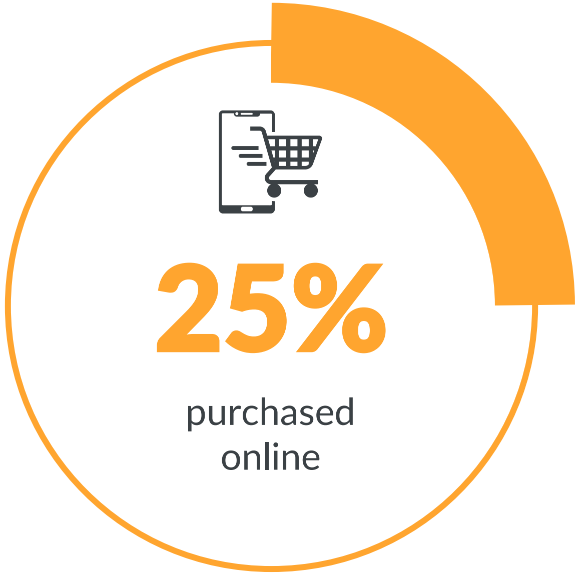
Hybrid environments drive increases to our lives at home with strong premiumisation and indulgence



The baseline of products sold on promotion is lower

On average 18% of all volume sold in YTD22 was for products that had a price cut of 10% or more



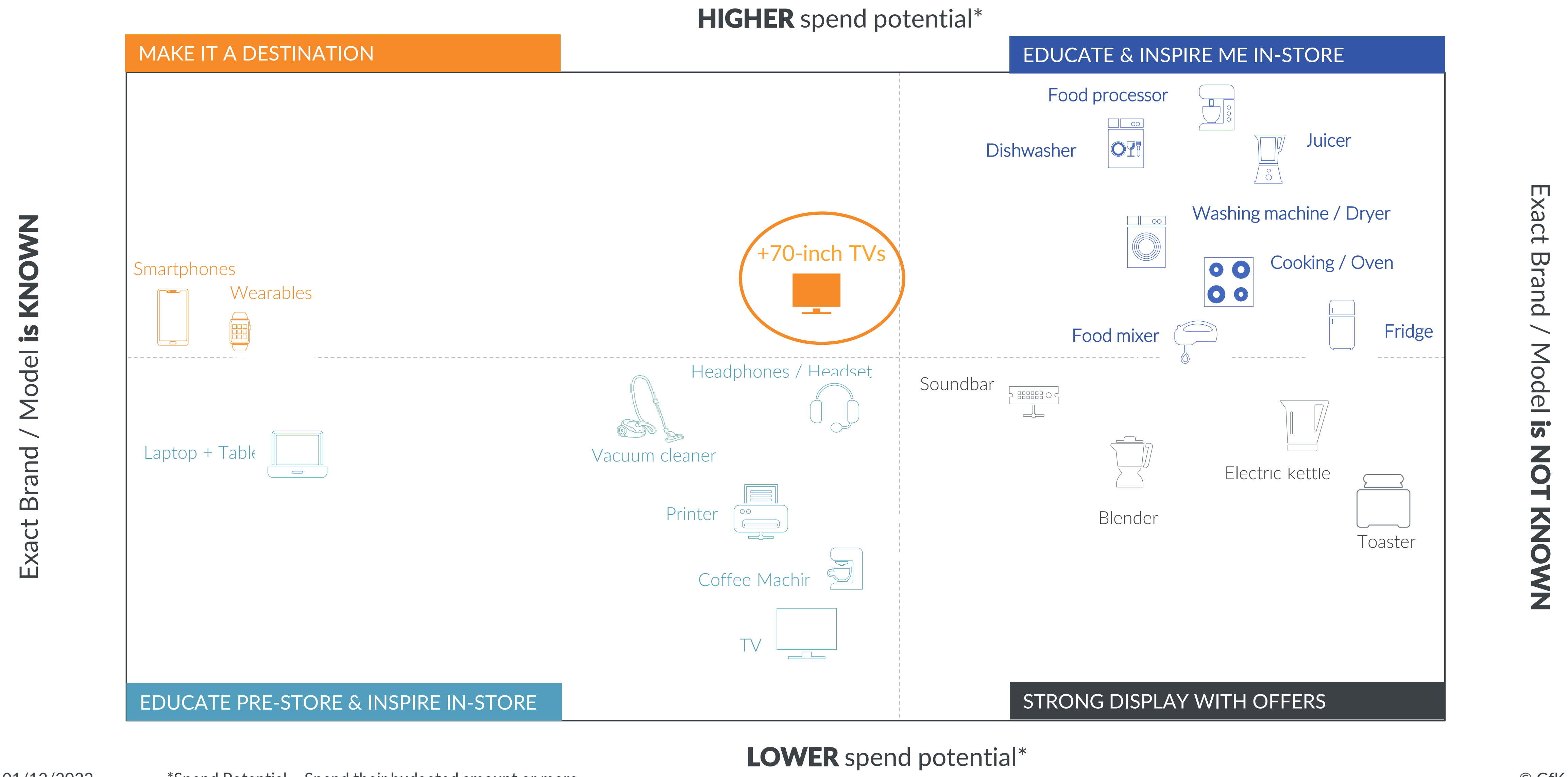


…to avoid going to a store (vs 8% pre-covid levels)

Source: GfK Australia Point of Sales Tracking Monthly Panel; Sales Units Share of Price Cut >10%

A framework for strategic planning

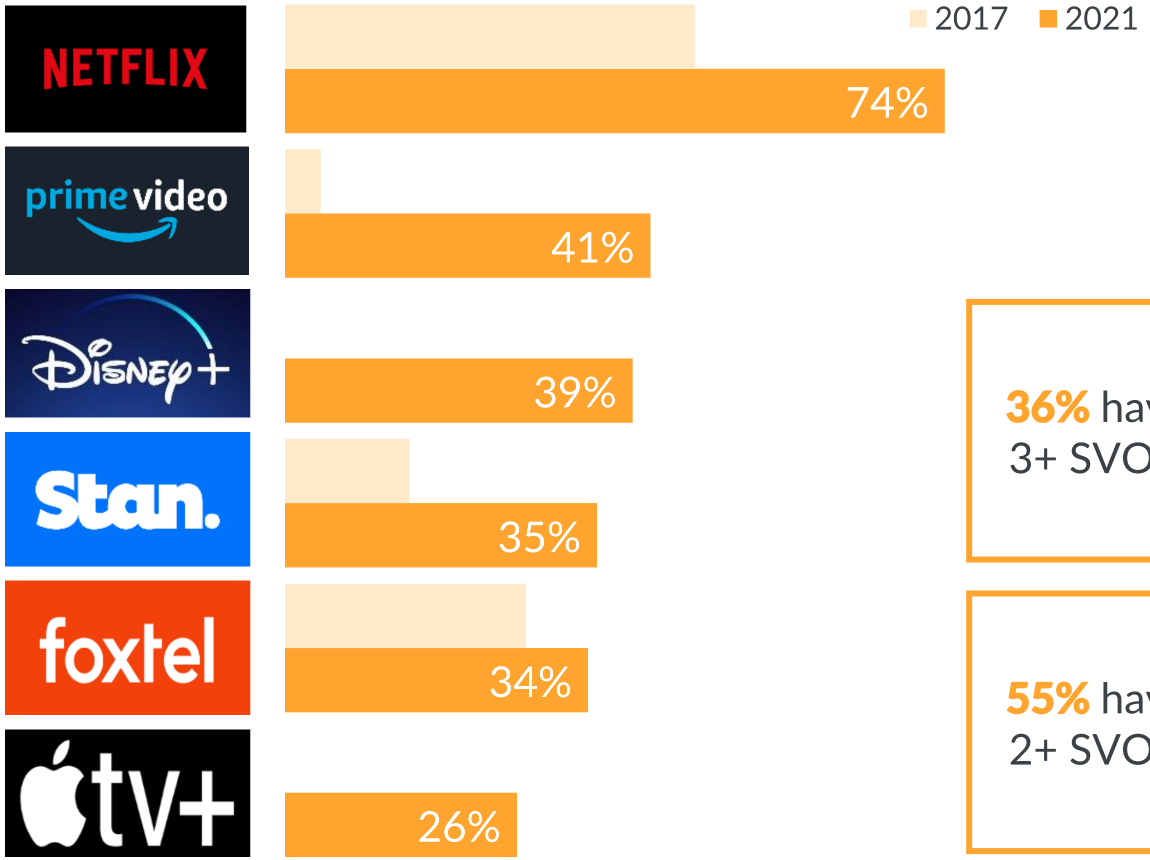
Drive marketing and sales alignment based on consumer decision making and engagement



*Spend Potential = Spend their budgeted amount or more

Subscription video on demand

SVOD's continued proliferations increases our entertainment time at home



36% have
3+ SVOD

55% have
2+ SVOD

Radio on the rise

Radio listening behaviour has shifted over the past 5 years

▲9.6%

Increase in weekly reach

Up 1.24m radio listeners

▲ 122%

Increase in weekly reach via streaming

Up 2.29m listeners

50%+

Place of listening has shifted*

Over half of radio listening is now in-home (51.1% vs. 47.5% in 2017)

▲ 13%

Increase in average number of stations listened to each week

Source: GfK Radio Ratings, S1-7 2022 vs S 1-8 2017, SMBAP, People 10+, Mon-Sun 12mn-12mn, Cume (000s) (unless otherwise stated) *Calculated based on average audience

AR-enhanced/enabled retail sees momentum

While metaverse is a 100% virtual play, AR connects the best of both worlds

200 million

Snapchat users interact with augmented reality (AR) in the app every day

18%

of global consumers shopped via virtual or augmented reality, up 7 pts, or 64%, from 2019

Source: GfK FutureBuy 2021 and 2020 (global =core 18 countries), FB13; https://www.voguebusiness.com/technology/snapchat-boosts-ar-try-on-tools-farfetch-prada-dive-in. https://www.auganix.org/bmw-launches-its-virtual-viewer-web-browser-based-augmented-reality-experience-powered-by-8th-wall/, https://www.cnn.com/style/article/metaverse-digital-fashion/index.html

Key Takeaways

01 Our homes are increasingly the center of our lives, driving greater consumption of consumer technology goods, media and virtual engagement.

02 Capitalize on category premiumisation - a trend that is driving strong sales value growth

03 Invest in the right marketing touchpoints, pre store vs in -store, with core messages of value vs trade up.

From Data to Decisions

Only 1 in 4 Marketers are very confident in their data systems to win and retain customers.

Data accessibility is a major issue

While

85%

of marketers say direct access to customer data is **critical to gain a competitive advantage**

Only

9%

of marketers say customer data is highly accessible.

Once they have the data, gathering actionable insights is **slow**

18%

of marketers say they can move quickly from data gathering to actionable insights.

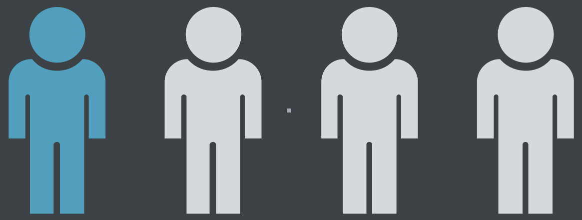
What's holding them back?

Budget
to improve MarTech

Systems & Processes
that connect data silos

Talent
to move from data collection to action

What are those 1 in 4 marketers who are confident in their data systems **doing differently**?



Creating a holistic strategy

Case Study: Joint Retailer / Supplier

Present 1

- Unfavourable macro-economic trends, where are the growth opportunities?

Future 2

- How do we plan for the future?

Where 3

- Where should we open our new store and advertise?

Who 4

- Who should we be targeting and how to reach them?

How 5

- So many different data sources, how do we form it into one coherent piece?

The solution: from macro trends, to micro targeting to niche insights

Case Study: Joint Retailer / Supplier

Macro-economic trends[1]

- Australia: +12%
- Emerging categories: Air treatment, Coffee makers
- Premium brand growth strategy

New store / Targeted advertising[2]

- Location insights show the right zones with the highest potential.
- Identify where your potential customers are coming from and their spending patterns

Future Planning[3]

- Category level forecasting
- scenario planning.
- Pricing data showed opportunity for targeted adjustments at SKU level

Who, How, Why?[4]

- Consumer data showed need for better convenience in location and layout. Online reviews more impactful than their social media

Solution

- New store location identified
- Advertising spots located
- Store ranging based on customer spending & decision making
- Forecasts for key categories
- Online strategy adjustment

Source: [1]GfK Point-of-Sales; GfK Consumer Life, GfK ConsumerScope | [2]GfK Location Intelligence | [3]gfknewron Predict, Pricing Intelligence | [4]GfK Purchase Insights +

High performers separate themselves in 5 data marketing capabilities

Avoiding
Data
Blockers

Access
Priority
Time

Adaptability
and Agility
of Data System

Data Preparation
Complexity
Compliance

Accessing
Real-time Behavioural
Insights

Relevance
Collaborate

Closing the Gap
from Data to
Action

Translate
Results

Making
AI
Pervasive

Technology
Automation

Key Takeaways

01 Change your mindset on data and what it can do for your business

02 Create an almost frictionless system to access the data

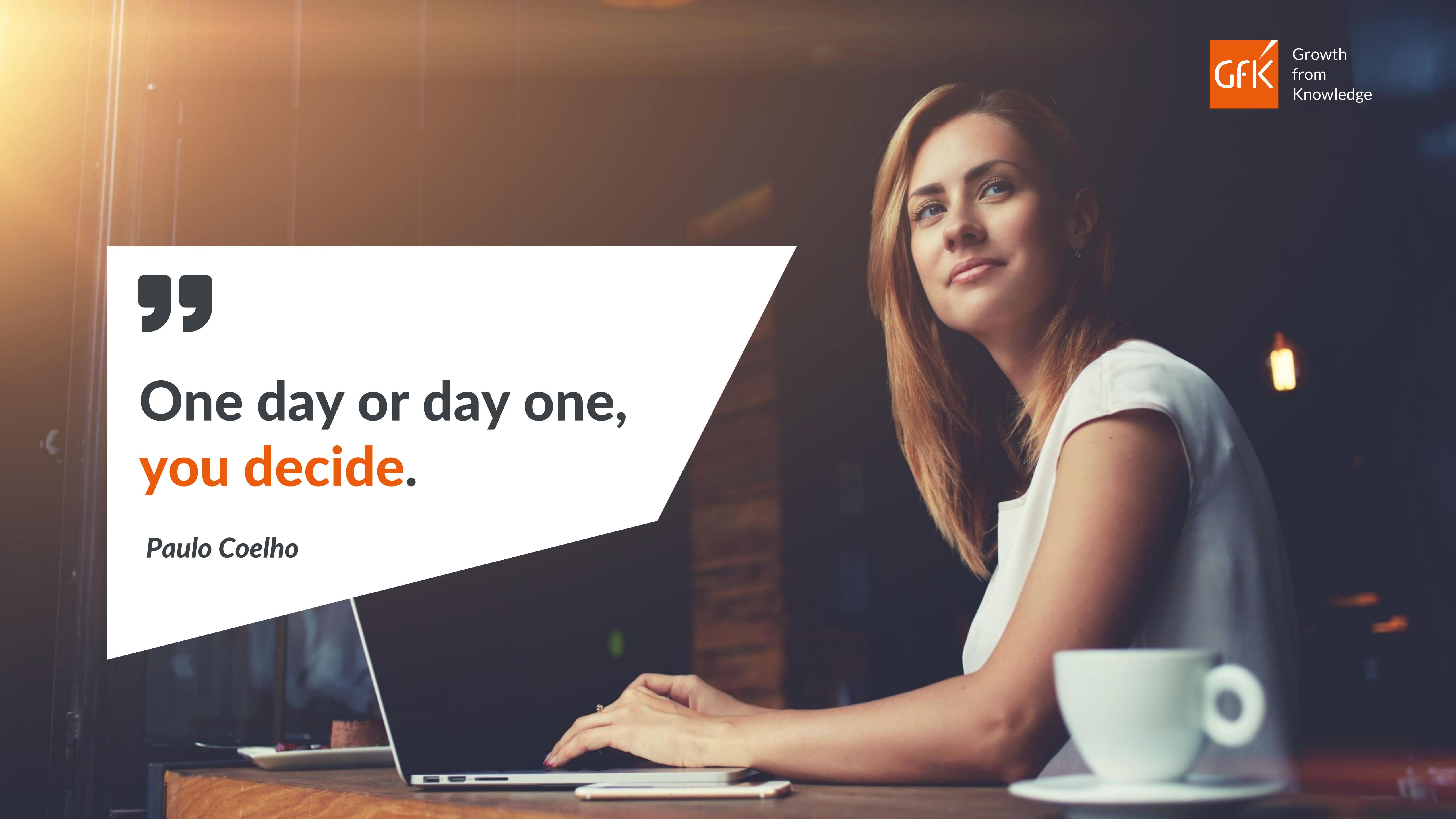
03 Access real time information, the pace of the world and change requires it

04 The right people, with the right tools creating the right engagement plans.

Excuses

Opportunities

Excuses	Opportunities
Macro-economic trends creating "doom & gloom"	▪ Homes is the HQ – strong growth for Consumer Durables up 12%. ▪ Many retail industries and media consumption is up in Sep 2022.
Stock issues	▪ Focus on a particular retailer or channel strategy. ▪ Review promotional frequency and depth linked to events.
Shipment costs	▪ Are actually coming down vs. what they were last year, as are raw material costs.
Post COVID understanding of my consumers	▪ Understand and use values as foundations for your brand strategy to pull apart your industry or category landscape.
Shipment costs	▪ Independent analysis done by Forrester Consulting on GfK's new AI powered tool, gfknewron, there is as much as an 80% time saving in getting from data to action.
Post COVID understanding of my consumers	▪ Head in the sand moment or create a roadmap for improvement, Balancing human intuition with data intellect to drive better business outcomes.



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One day or day one,
you decide.

Paulo Coelho

Growth from Knowledge

Thank You

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