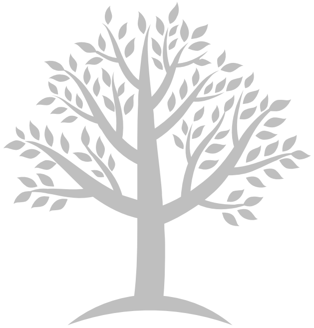
GfK for B@by

The online opportunity

Milano 15 Aprile 2016

GfK for B@by



1. Overview GfK Baby Care
E. Frasio – Commercial Director CC Italy

2. The World of Connected Consumer
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5. Light lunch

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GfK for B@by

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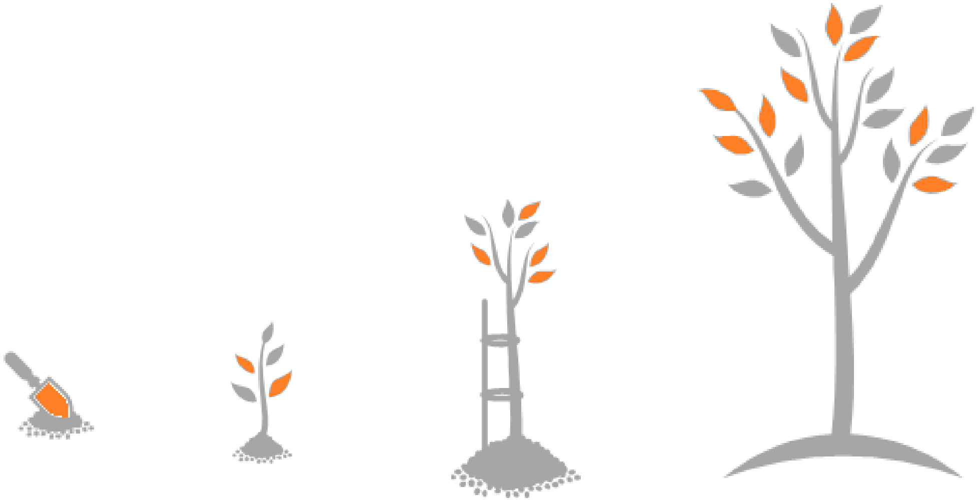


About GfK

We have more than 13,000 experts in more than 100 countries

Turning research into smart business decisions

Grow your business in a highly competitive environment.

Relationships
Grow and value relationships. Drive actions to build strong and durable relationships with your customers.

Strategies
Identify macro trends and develop strategic growth opportunities.

Value
Track current in-market performance and build customer lifetime value.

Experiences
Design new experiences along the customer journey to take to market; forecast potential.

GfK's offering – based on important client needs

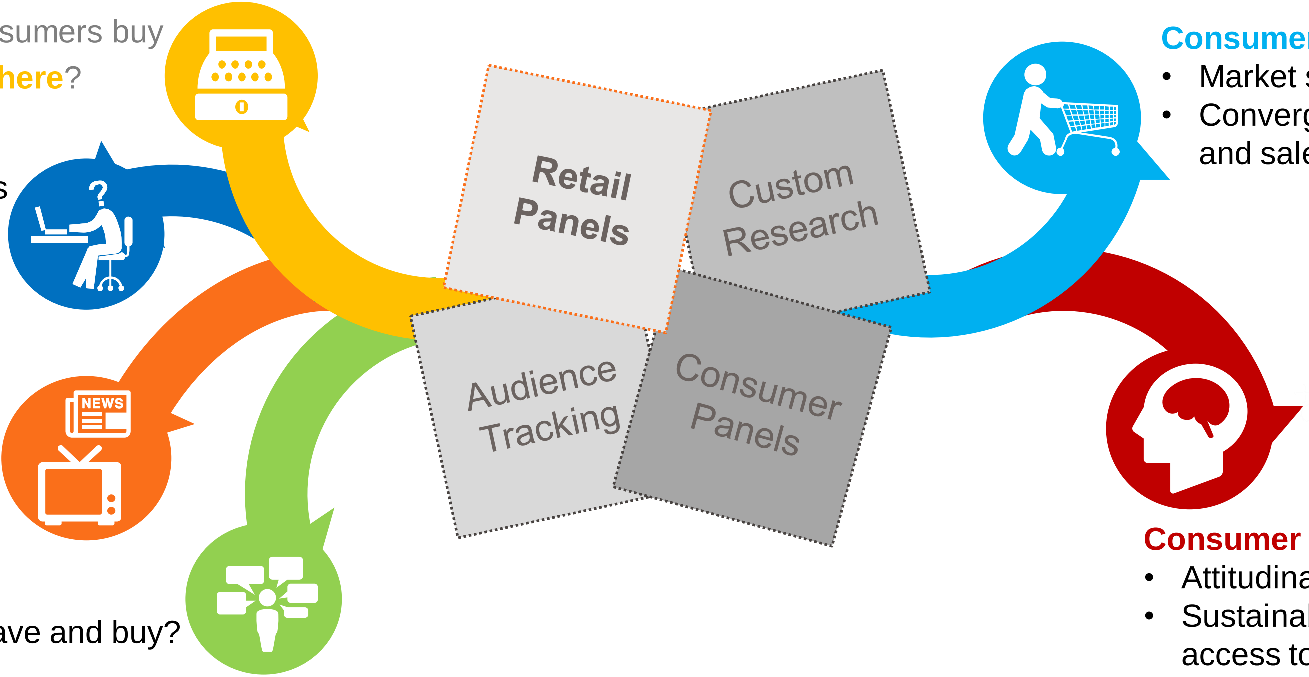
From client needs… | …to strong GfK offerings… | …grouped in two sectors

What do consumers buy **when and where**?

Why do consumers Buy and **what** do they want?

What do consumers **watch/hear/read**?

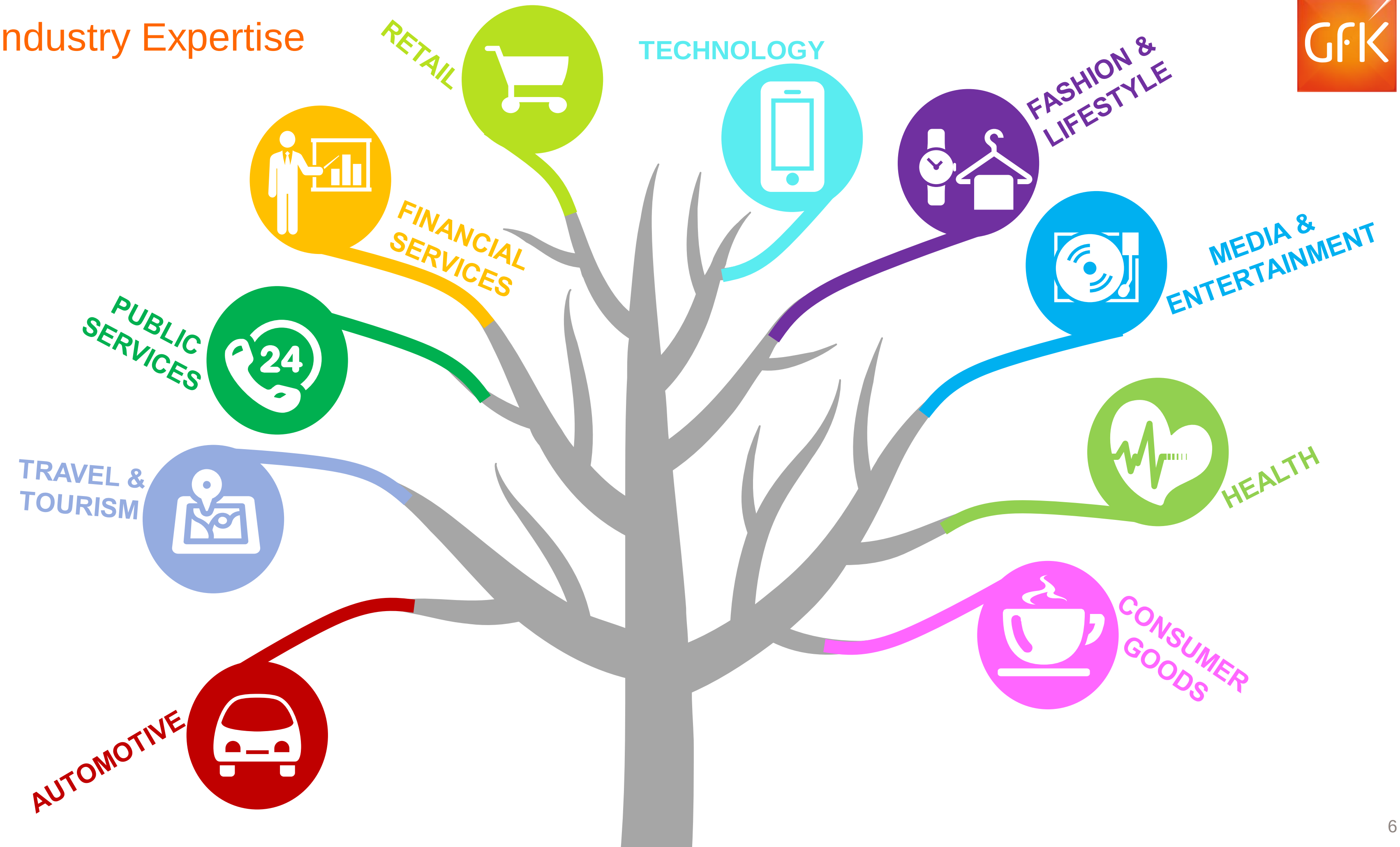
How do consumer behave and buy?



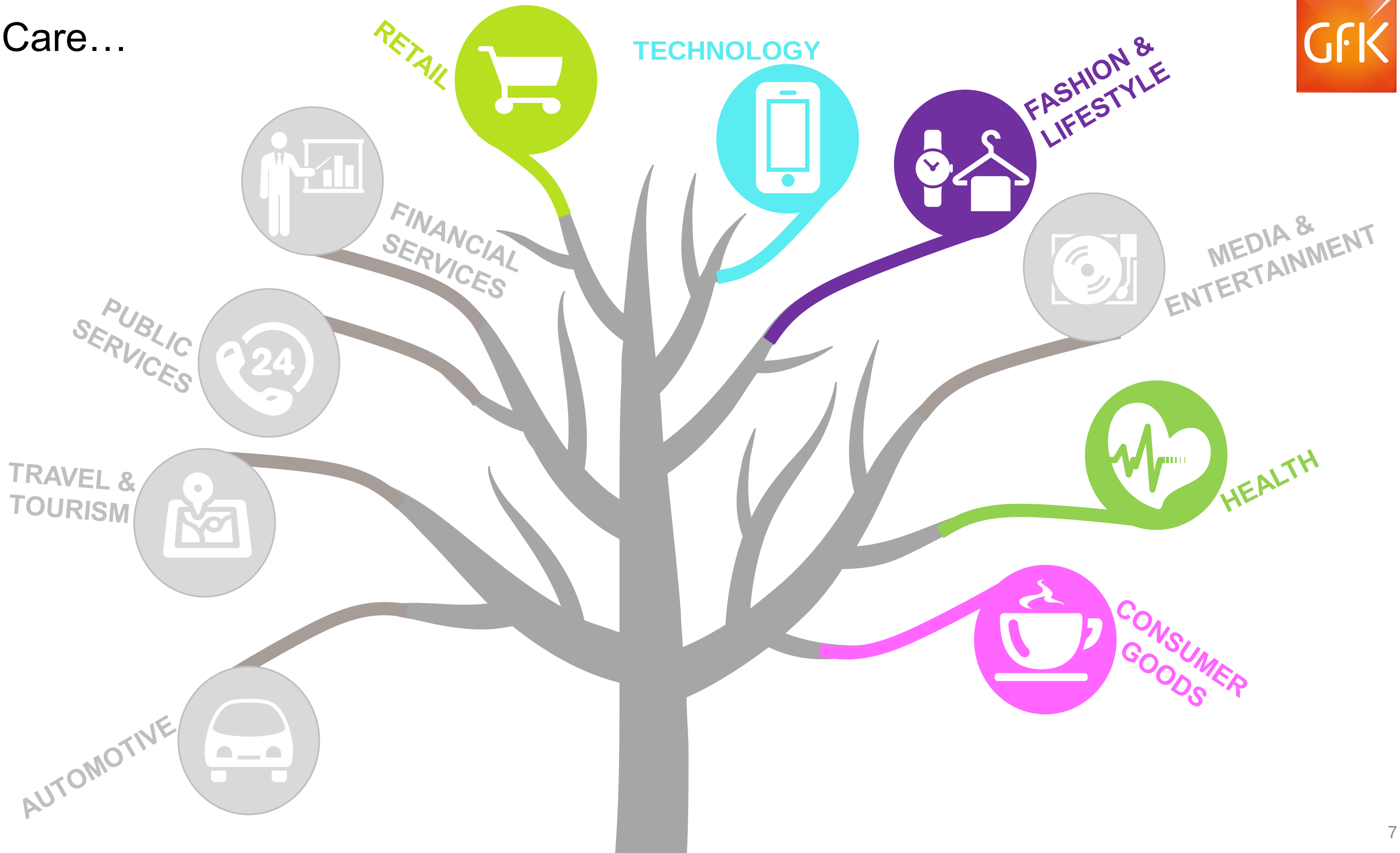
Consumer Choices
- Market sizing/currency
- Convergent media and sales channels

Consumer Experiences
- Attitudinal information
- Sustainable access to consumers

GfK Industry Expertise



Baby Care…



RETAIL
TECHNOLOGY
FASHION & LIFESTYLE
FINANCIAL SERVICES
MEDIA & ENTERTAINMENT
PUBLIC SERVICES
24
TRAVEL & TOURISM
HEALTH
CONSUMER GOODS
AUTOMOTIVE

Baby 360°

Baby expertise
GfK Baby 360° Solution
Digital expertise
Integrated solutions (Consumer Choices & Experiences)
10 Markets
Baby Fashion
Tableware
Total Store Report
Baby food
Baby Diapers
On-line Price Intelligence

GfK for B@by till today

2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

GfK offers detailed reporting for 11 Products and for 6 Countries based on Point Of Sale Measurement

FEEDING

- Bottles/ teats
- Tableware
- Soothers
- Breast feeding
- Teethers
- Bottle warmers
- Baby cooker

TRANSPORTATION

- Strollers
- Car seats

OTHERS

- Baby monitors
- High chairs

GfK Baby Care

Audited Products in ITALY

POS Measurement service

Mother & Child specialists + Generalists

First data: January 2013

10 Markets

Feeding (4 Products)

- Breast feeding
- Bottles/Teats
- Soothers
- Teethers

Transportation & Seats (3 Products)

- Car seats
- Strollers
- High chairs

Electronics Devices (3 Products)

- Bottle warmers
- Baby cooker
- Baby monitors

GfK Baby Care – POS Measurement

Market Dimension 2015 in Value €

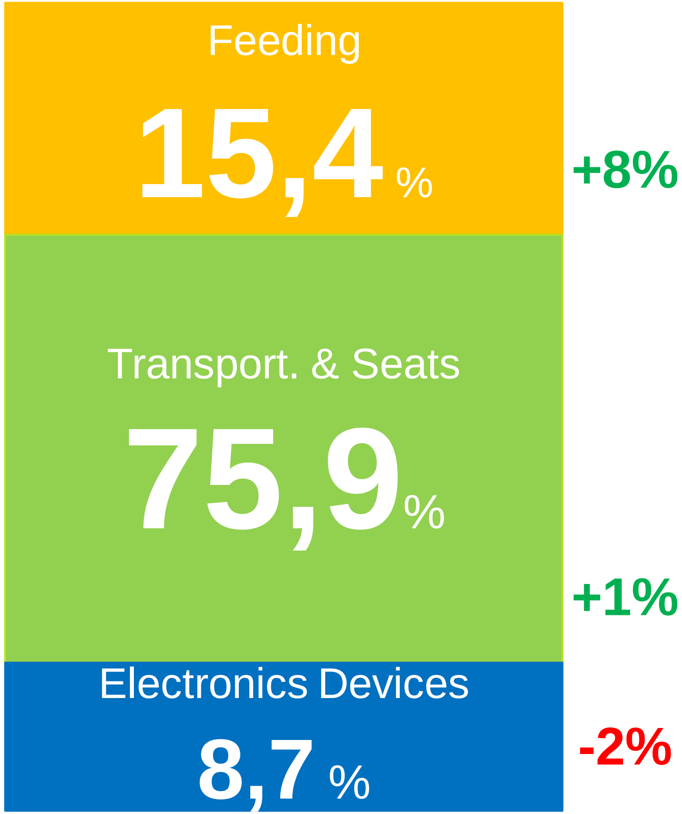
10 Markets

+

Tableware (from Jan16)

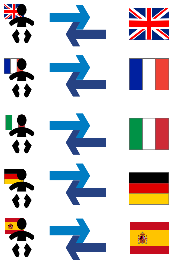
270 Mio €

+ 2,1 %

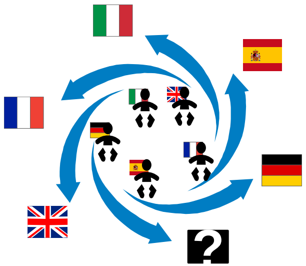


GfK Baby Care

Additional Services



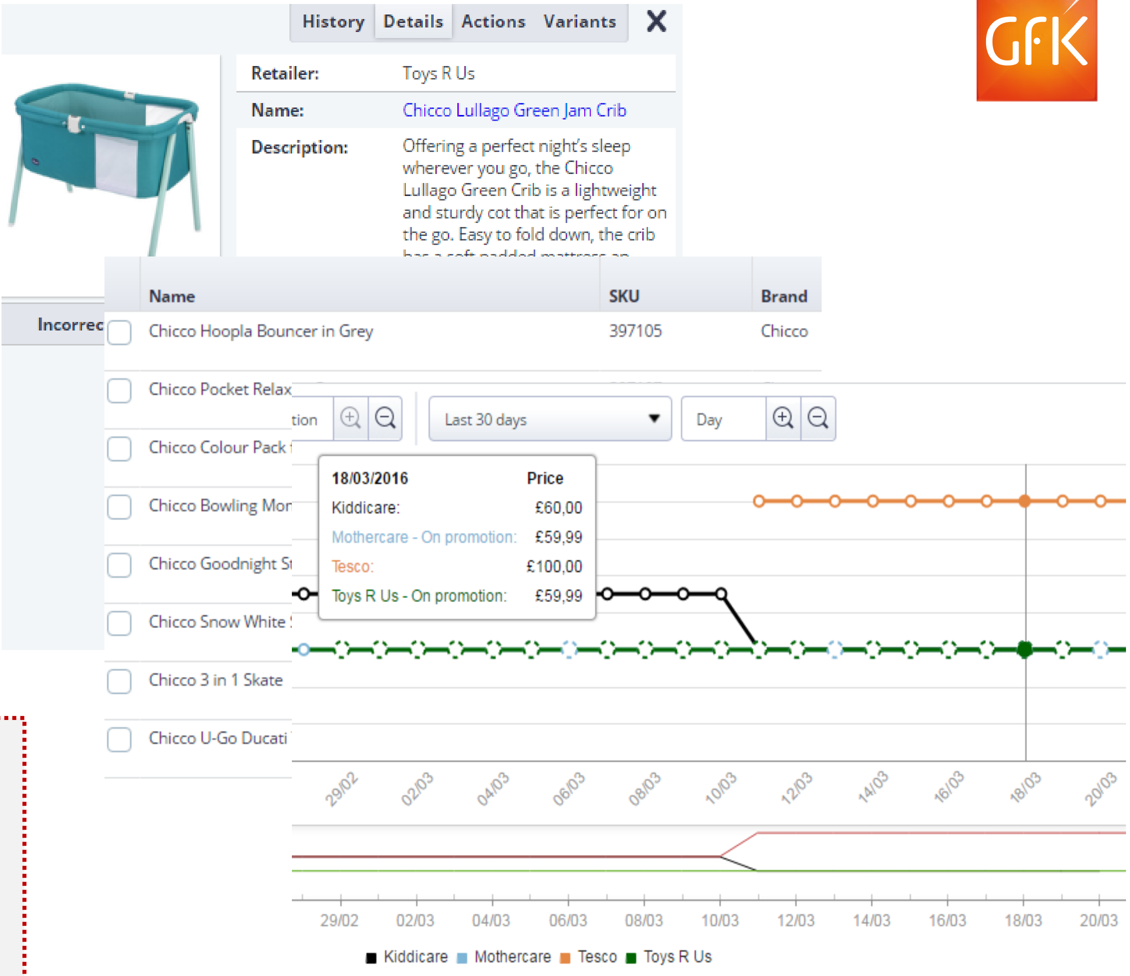
Traditional Sales



… on-line journey

Web crawling (SKU)

- Price
- Delivery cost
- Stock
- Promotional activities

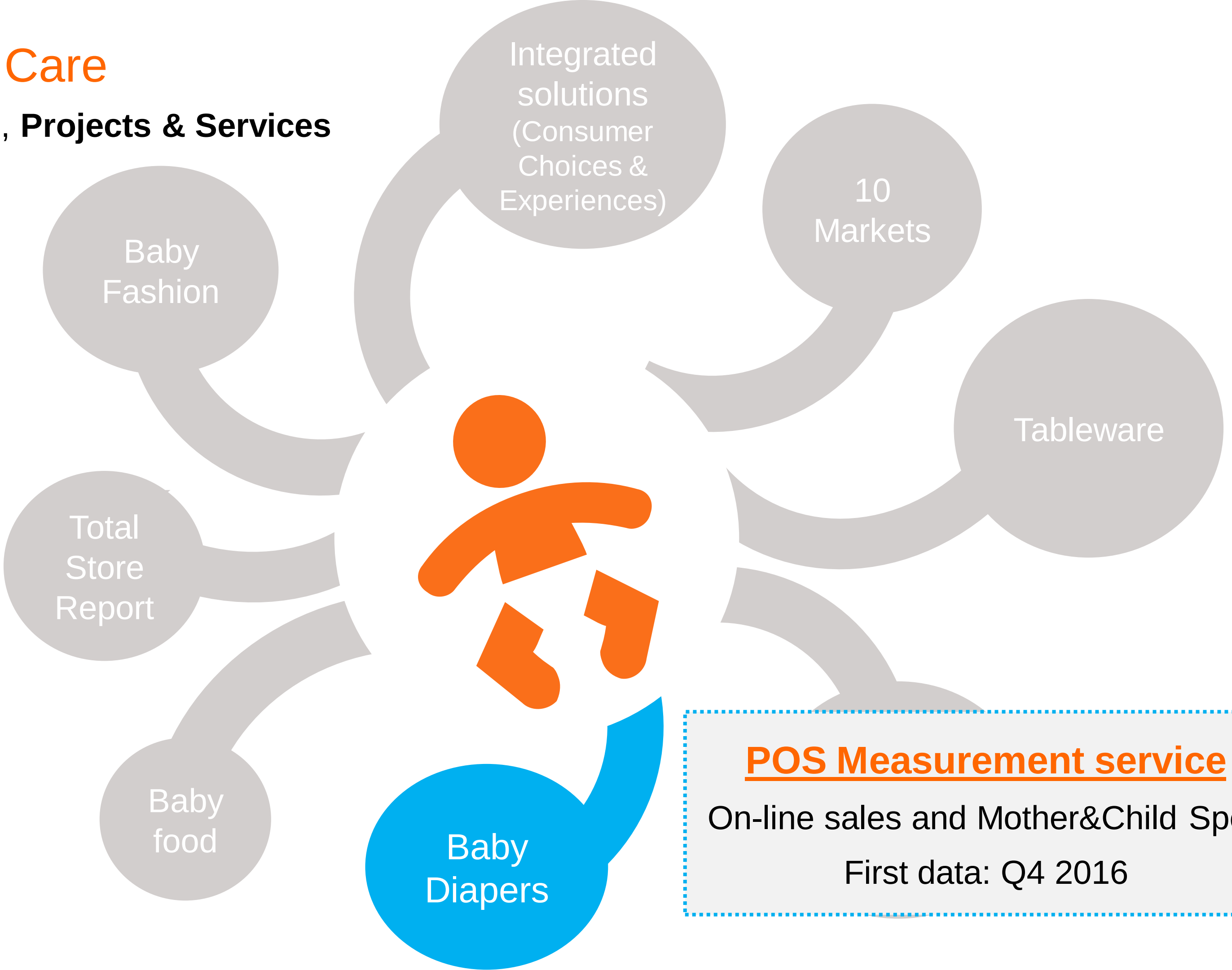


GfK for B@by tomorrow

2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

GfK Baby Care

New **Products**, **Projects & Services**



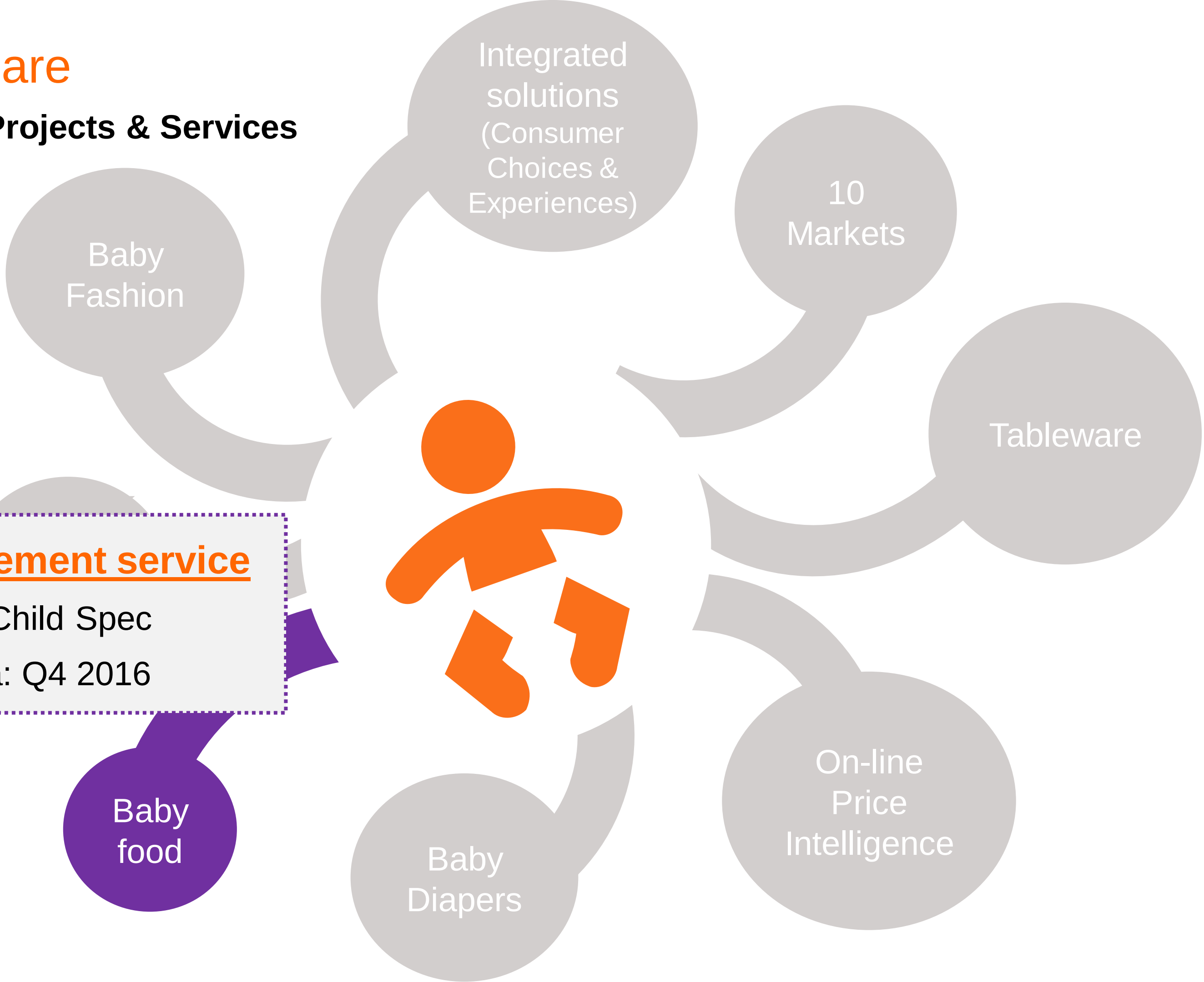
POS Measurement service

On-line sales and Mother&Child Spec

First data: Q4 2016

GfK Baby Care

New **Products**, **Projects & Services**



POS Measurement service

Mother&Child Spec

First data: Q4 2016

GfK Baby Care

New **Products**, **Projects & Services**

Integrated solutions (Consumer Choices & Experiences)

10 Markets

Baby

POS Measurement service

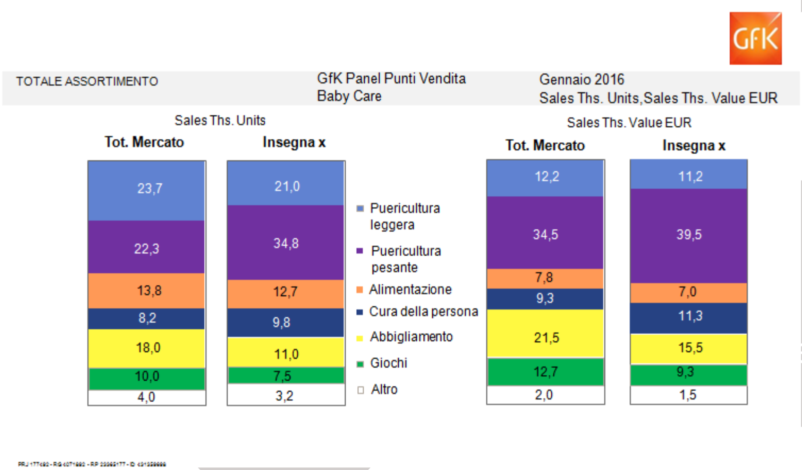
Mother&Child Spec

First data: Q1 2017

Tableware

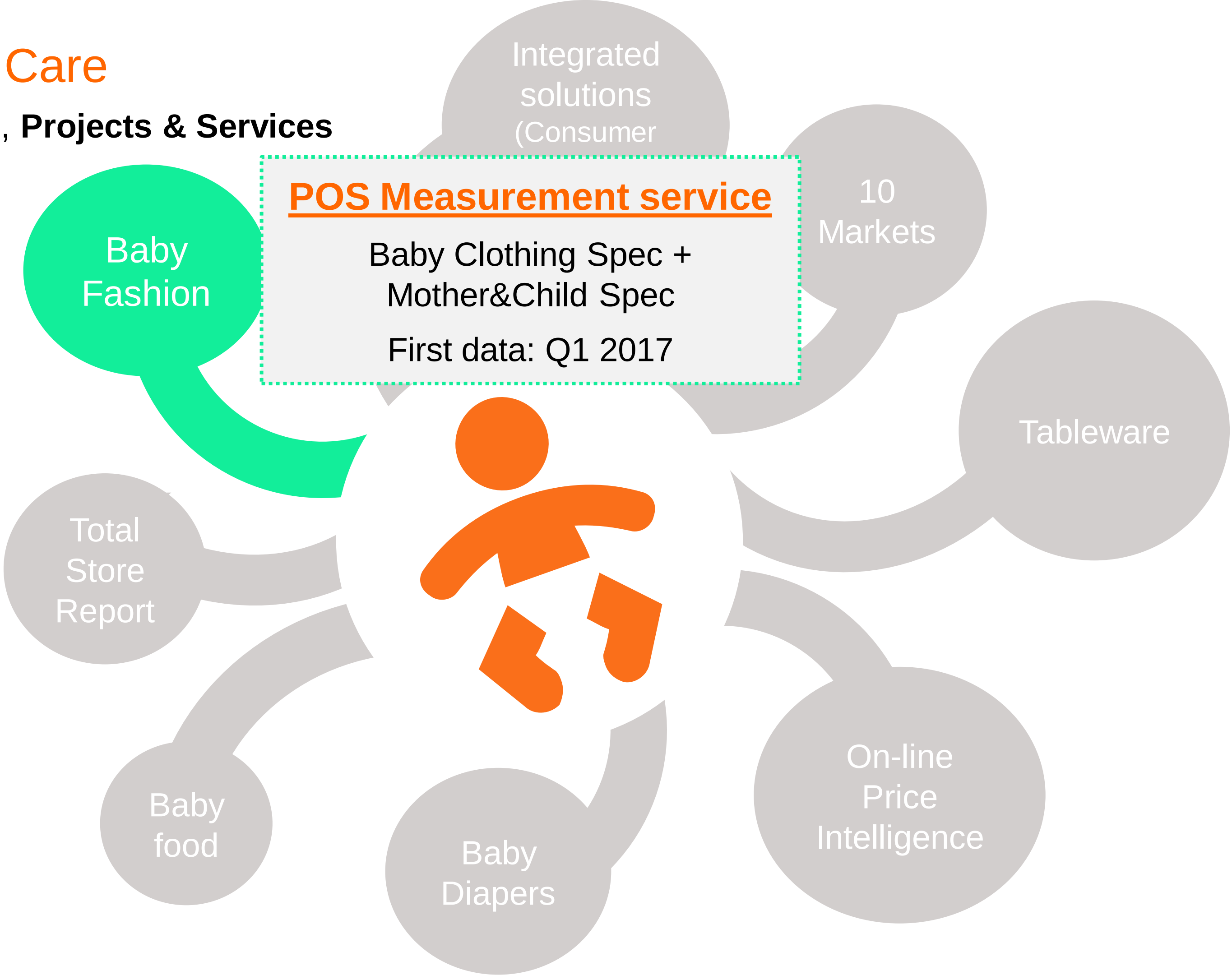
Total Store Report

Baby food



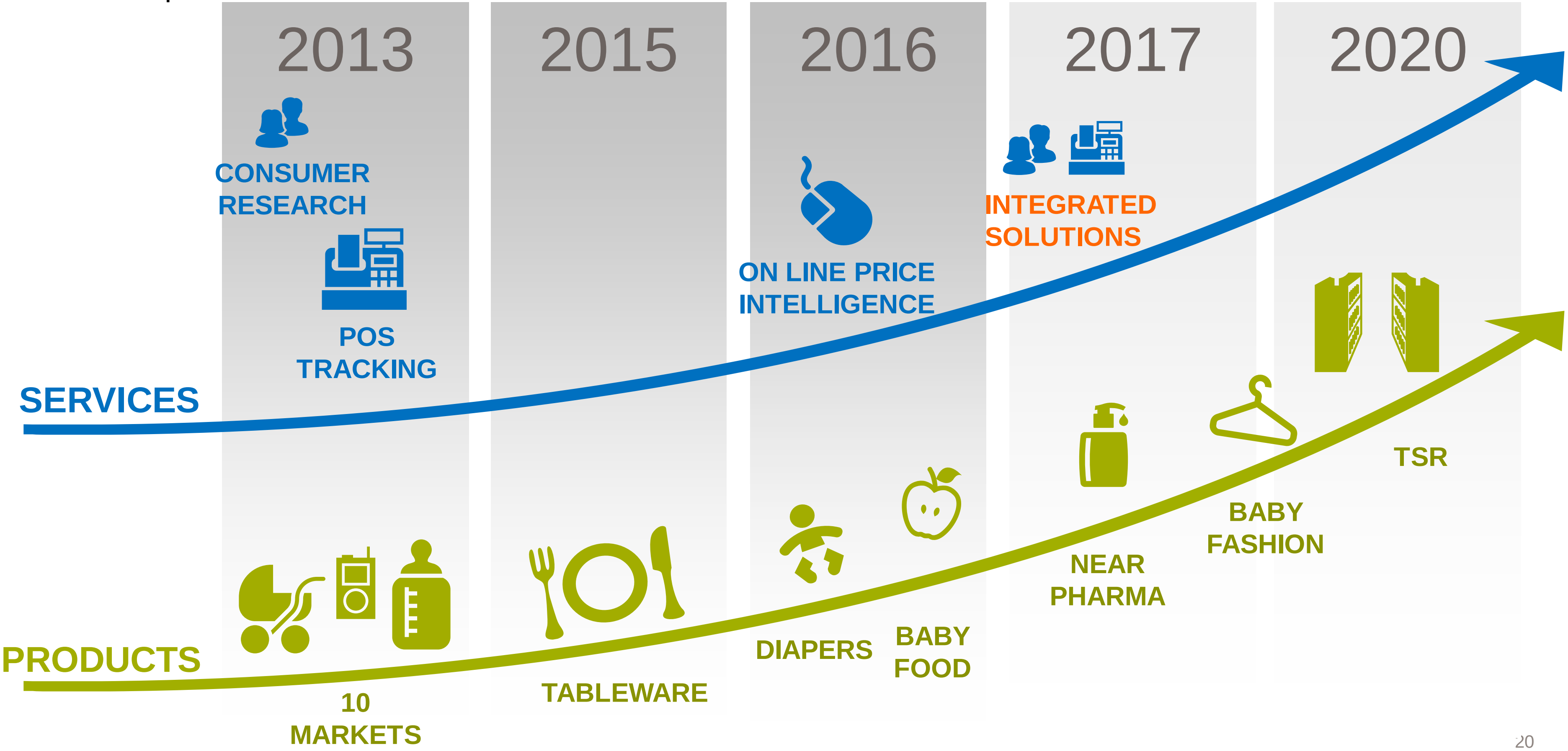
GfK Baby Care

New **Products**, **Projects & Services**

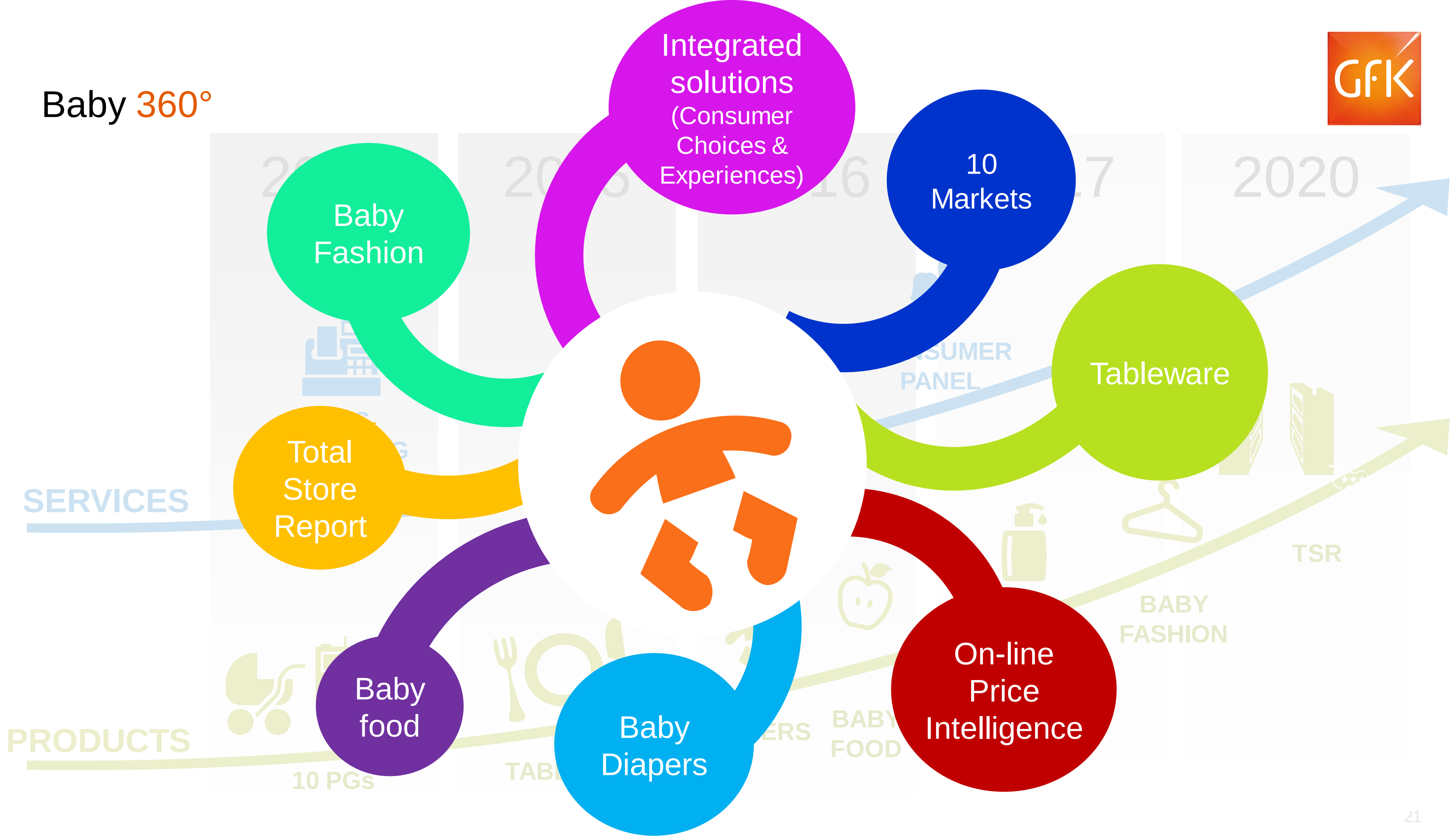


GfK for Baby

Road Map



Baby 360°


Integrated solutions (Consumer Choices & Experiences)
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On-line Price Intelligence
2020
SERVICES
PRODUCTS
10 PGs
BABY FASHION
TSR

The Online Market

Baby Care

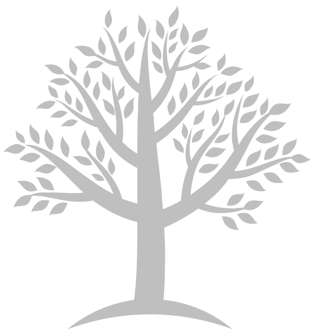
B2C Sales Value % - 2015

Source: GfK Retail Panel

***FR, UK, DE, IT, RU**

**BOTTLE/TEATS, CAR SEAT, BABY MONITOR, SOOTHERS, STROLLERS, BREAST FEEDING

GfK for B@by



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The world of Connected Consumers

GfK for B@by – Milano, 15 April 2016

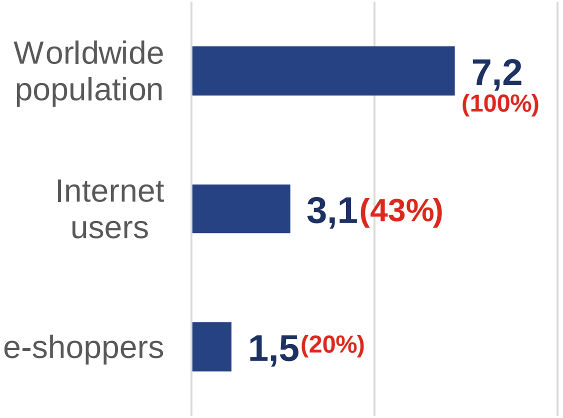
Antonio Besana | GfK Consumer Choices Italy | Deputy General manager

Worldwide on-line sales shockwave

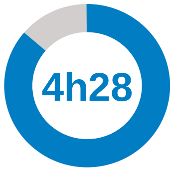
Sales in Bio US$ - B2C and C2C, insurances excluded

YEAR 2014 – Worldwide internet users

(Bio worldwide users and penetration))



3 billion internet users worldwide (2) **:**
Average connected time per day via PC or tablet



- ❑ Global turnover estimate 2014: 1.943 Billion US$
- ❑ Internet channel share estimate: **5,9%**
- ❑ On-line shopper average expenditures per year : **US$ 1.707**

One person out of five is internet shopper, with an average yearly on-line expenditure of 1,700 US

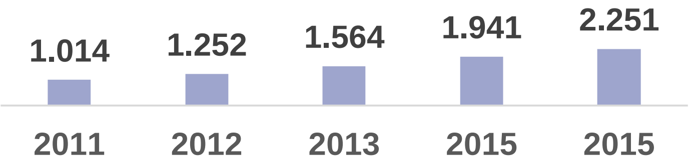
(1) Source: Global B2C e-Commerce Report 2015 by e-Commerce Europe in cooperation with GfK, Igenico Group, e-Commerce Foundation,
(2) 2,7 billion estimate by e-Commerce Europe, September 2015 - 3,04 billion estimate by http://www.internetworldstats.com June, 2014

E-commerce Europe

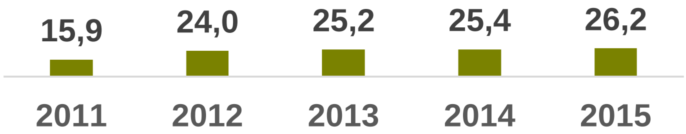
Worldwide on-line sales shockwave

Sales in Bio US$ - B2C and C2C, insurances excluded

Total turnover Bio US$

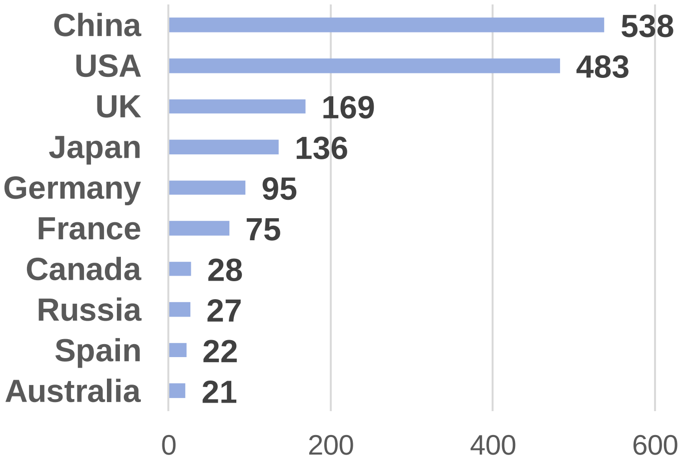


Yearly growth rate (value)



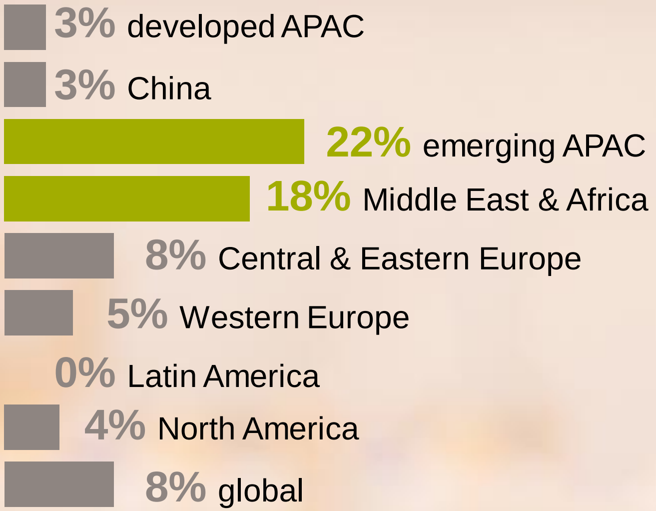
Top 10 countries worldwide for internet sales

(Value, Bio US$)



- ***e-commerce is continuously growing with high growth rates***
- ***Top 3 countries are responsible for 63% of the total on-line turnover***
- ***Top 10 countries are responsible for 83% of the total on-line turnover***

(1) Source: Global B2C e-Commerce Report 2015 by e-Commerce Europe in cooperation with GfK, Igenico Group, e-Commerce Foundation,
(2) 2,7 billion estimate by e-Commerce Europe, September 2015 - 3,04 billion estimate by http://www.internetworldstats.com June, 2014



Mobile technology growing fastest in emerging markets

Connected consumers world keywords

ACCELERATION

The Connected Consumers are challenging communication

5 minutes sustained attention span down from **12 minutes** in 1998

8 seconds focused attention span, down from **12 seconds** in 2000

FREEDOM

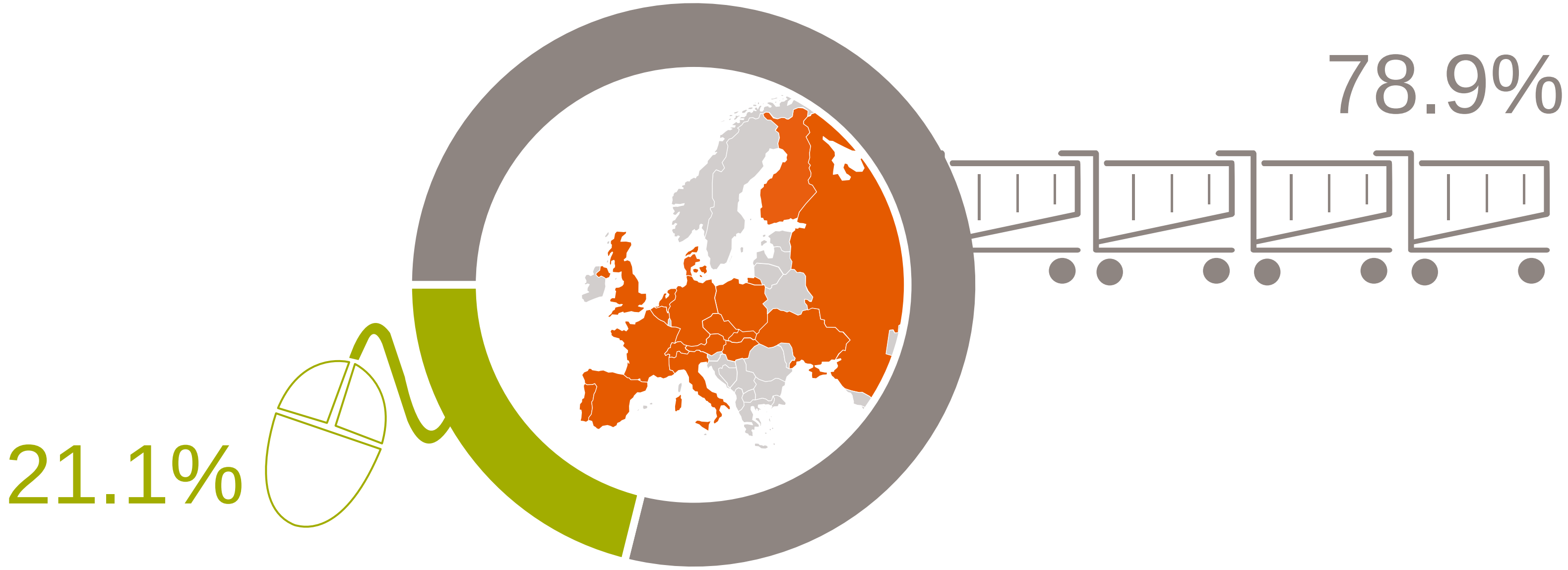
As freedom evolves consumer expectations of marketers will move from understanding and meeting their needs to ultimately **anticipating** them.

INTIMACY

The Connected Consumer is never alone. The virtual relationship are as significant as real ones

Technical consumer goods** B2C sales value %

B2C channels Europe18* Jan – Dec 2015



Source: GfK Retail Panel
*AT, BE, CH, CZ, DE, DK, ES, FI, FR, GB, HU, IT, NL, PL, PT, RU, SK, UA
**CE, IT, OE, MTG, Photo, Telecom, SDA, PersDiag, MDA
Sales figures of Smart-Mobilephones are calculated with "Non Subsidised estimated Prices"

Technical Consumer Goods - B2C internet sales-share

GfK POS Tracking - Europe11*

	Jan – Dec
21.7%	2015
20.1%	2014
18.7%	2013
16.6%	2012
15.1%	2011
13.3%	2010
11.6%	2009
10.3%	2008
8.4%	2007
6.4%	2006

Source: GfK Retail Panel
*AT, BE, CH, CZ, DE, ES, FR, GB, IT, NL, PT
**CE, IT, OE, MTG, Photo, Telecom, SDA, PersDiag, MDA
Sales figures of Smart-Mobilephones are calculated with "Non Subsidised estimated Prices"

GfK FutureBuy® 2015 overview

25 Countries…

20 minutes

Online Survey

N = 1000 per country (18+)

25,000 shoppers!

17 Categories…

FMCG

- Beauty and Personal Care
- Packaged Food/Bev
- Household Washing and Cleaning products

OTC Healthcare

Consumer Durables

- Consumer Electronics
- Mobile Phones
- Home Appliances
- Furniture & Furnishings

Services

- Financial Services
- Healthcare Services
- Food & Beverage out of Home
- Travel, Hospitality, Leisure, & Entertainment

Other

- Automotive
- Toys
- Clothing/Fashion
- Home Improvement
- Lawn and Garden

FutureBuy® is GfK's proprietary survey of shopper attitudes and behaviors – run internationally since 2009, first go in Italy in 2015

Drivers of channel choice reveal divergent strengths

Saving money is most important driver for online, see and feel for in-store

Q4A/B: Thinking about the last time you were deciding whether to purchase something online vs in a store and decided to purchase [online/in store] what factors were most important in driving your choice to purchase there? (select up to 5 items); *base: shoppers total sample*

Source: GfK FutureBuy® 2015

Webrooming and Showrooming:

Transforming relations in purchasing process: from web to shop and from shop to web

On-line relation with shoppers is becoming as important as the off-line relation

Seamless connection between on-line and off-line through "webrooming" e "showrooming', creating a new level of integrated relation

"**Webrooming**" from the web to traditional shop

I searched the product on my smartphone and went to the shop to buy it. — **41%**

I searched the product on my tablet and went to the shop to buy it. — **37%**

"**Showrooming**": from traditional shop to the web

While I was in the shop I searched for the product on my smartphone and then I bought it on-line another retailer — **25%**

While I was in the shop I searched for the product on my tablet and then I bought it on-line another retailer — **25%**

Q17A/B During any of your shopping occasions over the past 6 months have you used your [device] for any of the following ?
Base: use mobile devices to shop

Social media impact on purchasing decisions

2,1 billion active social media accounts worldwide(1)

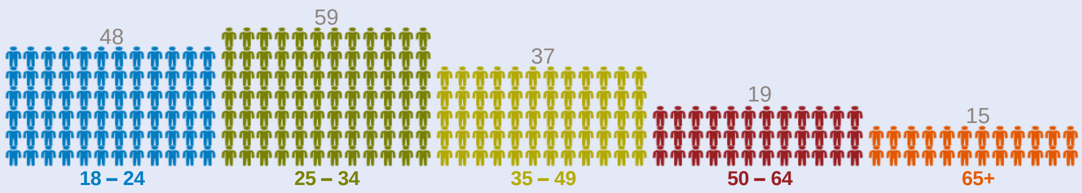
Social Media Users: average time per day spent on social media

2h30

% shopper who are interested in other's opinion when deciding to make a purchase

60%

"My social network is as much important as the other information sources in my purchasing decisions (2)



- ***Social network become a key channel of information for shoppers***
- ***They are more important for young people between 18 and 34 years old***

(1) Source: Global B2C e-Commerce Report 2015 by e-Commerce Europe in cooperation with GfK, Igenico Group, e-Commerce Foundation,
(2) Source: GfK FutureBuy® 2013, US | % Top 2 box agree

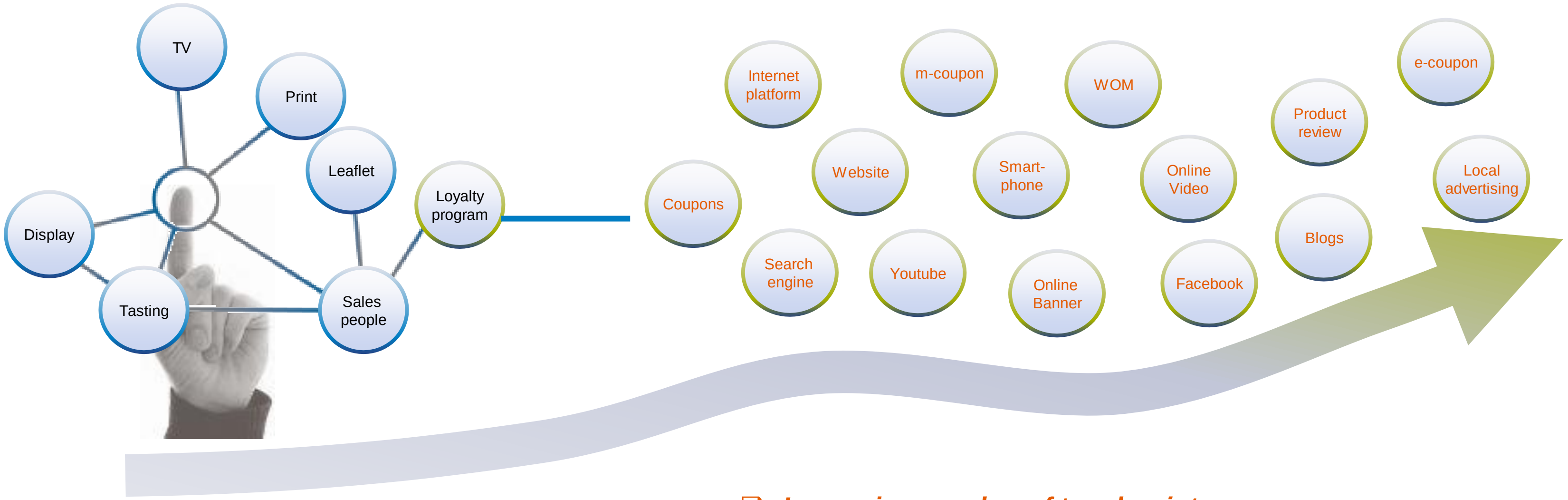
Evolving communication

YESTERDAY

"One size fits all":
The same message fitting alli touchpoints

TODAY

The right message, on the right touchpoint,
At the right moment.



- ***Increasing number of touchpoint***
- ***New opportunities***
- ***Increasing complexity and increasing management risks***

Source: GfK FutureBuy® 2015

GfK Retail Trend Monitor

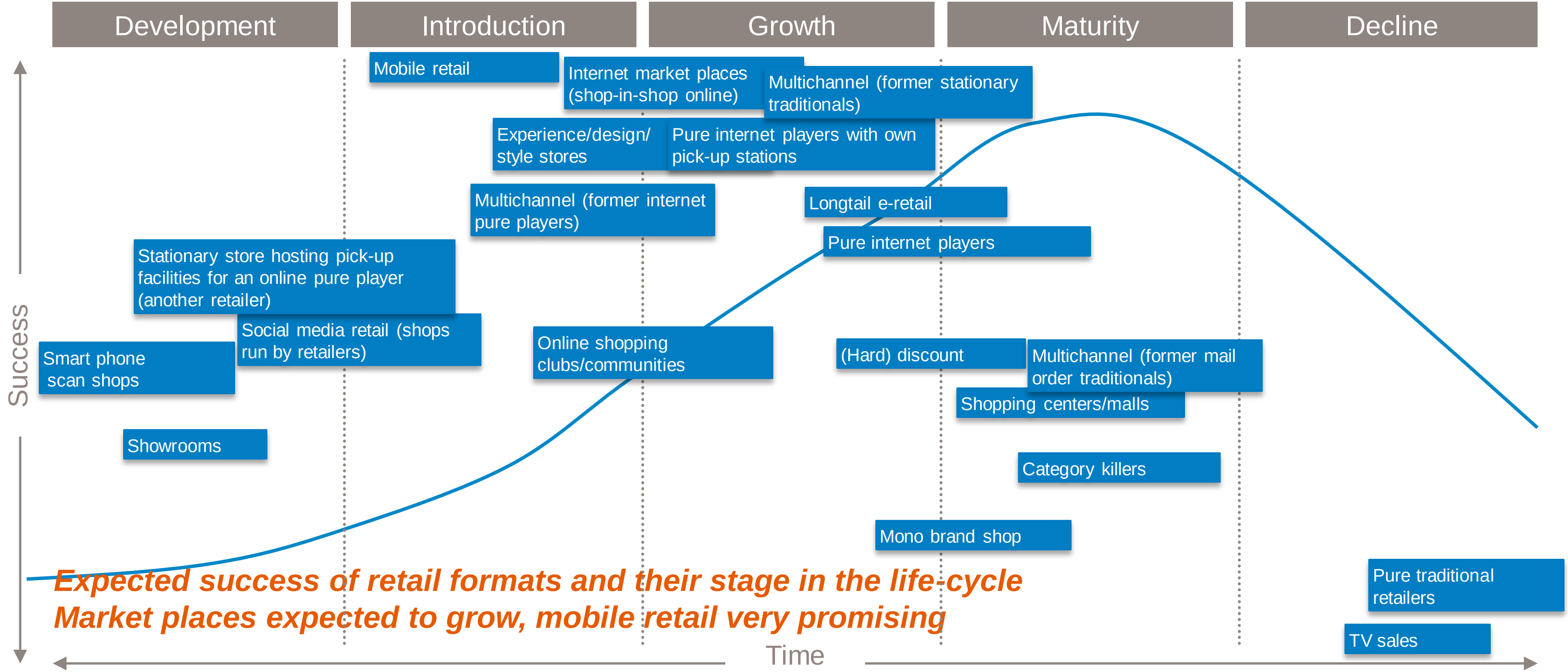
GfK Retail Trend Monitor 2015

- **Metodology:** Online CAWI interviews , 25 minutes, 60 worldwide countries
- **Target:** 550 distribution experts
  50% Retailers 50% universities and GfK market experts

GfK Retail Trend Monitor 2015

Distribution format life cycle - Global data

Base: 544 interviews to retail experts and universities



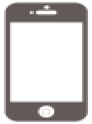
QUE. F1A : WHERE WOULD YOU POSITION EACH FORMAT IN TERMS OF ITS STAGE IN THE LIFE CYCLE? QUE. F1B: WHAT FUTURE SUCCESS DO YOU EXPECT FOR EACH FORMAT IN YOUR COUNTRY? SCALE FROM -2 ("DECREASING IMPACT IN THE FUTURE") TO + 2 ("INCREASING IMPACT IN THE FUTURE").

Final Thoughts

Omni-Channel

- Increasing touchpoints making it easier and more difficult to engage shoppers
- Winning requires delivering seamless <u>and</u> compelling omni-channel shopping experience
- On line and off line commerce will merge into omni-channel approach. Traditional shops are not dead

Mobile



- Coming of age – driven by younger generation
- Mobile commerce as the new challenge
- As freedom evolves consumer expectations of marketers will move from understanding and meeting their needs to anticipating them.

Purchase Journey

- Purchase journey complexity increasing
- More consideration points across online and offline
- Growing social media influence
- Consumers of future (LEC's) are challenging traditional channel
- On-line channel is leveling consumer loyalty

Shoppers

- Never easier and never more difficult to engage effectively
- Interact with technology in different ways – still evolving
- Fading borders between on-line and off-line: brick-and-mortar will open on line shops for surviving to competition of e-commerce giants while pure players will open physical stores with the aim of providing better service to shoppers
- Use of channels will change, but each will have a role

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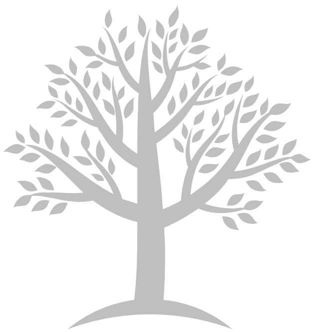

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