GfK for B@by

The online opportunity

Milano 15 Aprile 2016
1. Overview GfK Baby Care
   E. Frasio – Commercial Director CC Italy

2. The World of Connected Consumer
   A. Besana – Retail Regional Director CEE-META

3. Le mamme di oggi e il loro uso di Internet
   V. Zangheratti – SINOTTICA Senior Researcher

4. The Online Opportunity – Round Table
   Mukako – M. Cusano – Founder & CEO
   Privalia – A. Mazzini – Marketing & Communication Manager Italia
   Subito – M. Libraro – General Manager Italia
   
   Moderatore – C. Galati – Group Account Manager CC Italy

5. Light lunch
Overview GfK Baby Care

GfK for B@by

E. Frasio – Commercial Director CC Italy
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.

- **Strategies**
  - Identify macro trends and develop strategic growth opportunities.

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

- **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.

**Sustainable business success**
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 consumers behave and buy?

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

Consumer Experiences
- Attitudinal information
- Sustainable access to consumers
Baby Care…
GfK for B@by till today
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 |

### Feeding (4 Products)
- Breast feeding
- Bottles/Teats
- Soothers
- Teethers

### Transportation & Seats (3 Products)
- Car seats
- 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)

Feeding

15,4 %

Transport. & Seats

75,9 %

Electronics Devices

8,7 %

GfK

+8%

+1%

-2%

270 Mio €
GfK Baby Care

Additional Services

Web crawling (SKU)
- Price
- Delivery cost
- Stock
- Promotional activities

… on-line journey

On-Line Price Intelligence
GfK for B@by tomorrow
GfK Baby Care

New Products, Projects & Services

- Baby Fashion
- Integrated solutions (Consumer Choices & Experiences)
- 10 Markets
- Total Store Report
- Tableware
- Baby Food

POS Measurement service
On-line sales and Mother & Child Spec
First data: Q4 2016
GfK Baby Care

New Products, Projects & Services

- Baby Fashion
- Integrated solutions (Consumer Choices & Experiences)
- 10 Markets
- Tableware
- On-line Price Intelligence
- Baby Diapers
- Baby food

**POS Measurement service**
Mother&Child Spec
First data: Q4 2016
GfK Baby Care

New Products, Projects & Services

POS Measurement service
Mother&Child Spec
First data: Q1 2017

Total Store Report

Baby food

Integrated solutions (Consumer Choices & Experiences)

10 Markets

Tableware
POS Measurement service
Baby Clothing Spec +
Mother&Child Spec
First data: Q1 2017
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
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E-commerce Europe

Worldwide on-line sales shockwave

YEAR 2014 – Worldwide internet users
(Bio worldwide users and penetration))

<table>
<thead>
<tr>
<th>Worldwide population</th>
<th>7,2 (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet users</td>
<td>3,1 (43%)</td>
</tr>
<tr>
<td>e-shoppers</td>
<td>1,5 (20%)</td>
</tr>
</tbody>
</table>

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

Total turnover Bio US$

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.014</td>
<td>1.252</td>
<td>1.564</td>
<td>1.941</td>
<td>2.251</td>
</tr>
</tbody>
</table>

Yearly growth rate (value)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>15.9</td>
<td>24.0</td>
<td>25.2</td>
<td>25.4</td>
<td>26.2</td>
</tr>
</tbody>
</table>

Top 10 countries worldwide for internet sales (Value, Bio US$)

- China: 538 Bio US$
- USA: 483 Bio US$
- UK: 169 Bio US$
- Japan: 136 Bio US$
- Germany: 95 Bio US$
- France: 75 Bio US$
- Canada: 28 Bio US$
- Russia: 27 Bio US$
- Spain: 22 Bio US$
- Australia: 21 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
As freedom evolves consumer expectations of marketers will move from understanding and meeting their needs to ultimately anticipating them.

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

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*

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>21.7%</td>
</tr>
<tr>
<td>2014</td>
<td>20.1%</td>
</tr>
<tr>
<td>2013</td>
<td>18.7%</td>
</tr>
<tr>
<td>2012</td>
<td>16.6%</td>
</tr>
<tr>
<td>2011</td>
<td>15.1%</td>
</tr>
<tr>
<td>2010</td>
<td>13.3%</td>
</tr>
<tr>
<td>2009</td>
<td>11.6%</td>
</tr>
<tr>
<td>2008</td>
<td>10.3%</td>
</tr>
<tr>
<td>2007</td>
<td>8.4%</td>
</tr>
<tr>
<td>2006</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

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…**

- Austria
- Belgium
- Denmark
- France
- Germany
- Italy
- Turkey
- Netherlands
- Norway
- Poland
- Spain
- Sweden
- Switzerland
- UK
- Russia
- Australia
- China
- India
- Japan
- Korea
- KSA (Saudi Arabia)

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

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

**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

32
Drivers of channel choice reveal divergent strengths

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

**Most important factors in choosing shopping online (%)**

- “to save money” 62%
- “better selection” 33%
- “faster/better payment options” 25%
- “shopping is faster” 23%
- “to get better information” 22%
- “Routinely shopping there already” 21%
- “better delivery options” 19%
- “shopping is easier” 16%
- “returns are more hassle free” 15%
- “lets me see and feel products before I buy” 7%

**Why buy online?**

**shopping in store (%)**

- “to save money” 23%
- “better selection” 13%
- “faster/better payment options” 12%
- “shopping is faster” 15%
- “to get better information” 26%
- “Routinely shopping there already” 29%
- “better delivery options” 9%
- “shopping is easier” 24%
- “returns are more hassle free” 21%
- “lets me see and feel products before I buy” 42%

Why buy 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

- 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"

- 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 all 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
**Expected success of retail formats and their stage in the life-cycle**

**Market places expected to grow, mobile retail very promising**

**QUESTIONS**

**F1A:** WHERE WOULD YOU POSITION EACH FORMAT IN TERMS OF ITS STAGE IN THE LIFE CYCLE? **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 and 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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