

Grassroots Research® Market Monitor

2024 corporate travel spending

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2024 corporate travel spending outlook–US

Grassroots® commissioned interviews with corporate travel professionals and industry executives in the US to check on year-to-year shifts in corporate travel spending. 88% of sources expect corporate travel spending to increase in 2024 vs. 2023 due to increased pricing for hotels and airfares and more face-to-face client and marketing meetings, while 16% expect it to remain flat – up an average 7% overall among those willing to share estimates. One source said, “Our 2024 travel budget will be the same as this year. We have 103,000 employees in 80 countries and our type of business is under pressure. The same number of employees will be traveling but we will be looking at travel more closely to manage costs to counter projected increases in hotel and airfare starting with the ROI for trips. We will be planning more trips in advance for better airfares and mapping out longer trips with multiple stops to save costs by eliminating short trips”.

With regards to travel budgets-policies, 60% of sources have adjusted them this

year, 24% to be more restrictive to manage travel costs, 36% less restrictive to upgrade travel experiences, while 40% have not adjusted travel policies. On hotel pricing, 92% of sources expect it to increase in 2024 due to increased operating costs and supply squeezed by increased leisure travel, while 8% expect already high prices to remain flat. One said, “Depending on the market, based on our volumes and relationships we are anticipating a 4% to 7% increase on hotel pricing in our key markets. Industry outlooks are projecting 9% to 17% domestically and 12% to 15% internationally. More demand from leisure is pushing costs up in some markets as well is increased operating costs.”

On airfare pricing, 40% of sources expect it to increase minimally, while 12% see prices stabilizing and 12% say too many fluid variables to estimate, including fuel prices and constantly changing prices based on loads. One said, “Airlines are not as captive to demand like hotels because the carriers



have some flexibility in adjusting inventory to manage prices. The airlines also have the most sophisticated complex algorithms in the world to adjust pricing instantly based on seat demand. While the consensus is prices will be up, the increase will be minimal. There is also a trend in Europe to take the train over air to reduce carbon.”

Energy drink trends—US

Grassroots® commissioned interviews with US consumers who consume energy drinks to gauge consumption trends and check on brand preferences. 40% of sources consume energy drinks a few times per week, 28% once per day, and 24% once per week to a few times per month. 36% of sources tend to consume two brands of energy drinks, 34% said one brand, and 29% said three or more.

48% of sources said the main reason they choose energy drinks over other beverage types is for a source of caffeine for alertness/pick-me-up, 27% for energy for fitness/workouts, and 19% for the taste. In terms of preference, 35% of sources said Red Bull is their preferred energy drink, 31% said Monster, and 13% said CELSIUS. 60% of sources said taste/flavor options

is what they like most about their preferred energy drink, 15% said health/calorie impact, and 12% said price/good value. 57% of sources have been consuming their preferred energy drink for more than a year, 17% for six months to a year, and 16% for one to five months.

Regarding brand loyalty, 23% of sources last switched energy drink brands more than a year ago, 20% each switched in the past six months to a year and in the past one to five months, and 23% have never switched. 48% of sources said the number of energy drinks they consume has not changed in the past year, while 41% of sources said it has increased, and 11% said it has decreased.

Auto demand—US

To gauge automobile demand, Grassroots® conducted interviews with consumers in the US. 51% of sources plan to purchase their next vehicle within the next 24 months, while 50% said two years or longer. For the engine on their next vehicle purchase, 66% of sources plan on purchasing one with an internal combustion engine (ICE), while 22% said hybrid, and 11% electric vehicle. Other than price, 67% of sources cited performance as the most important factor when considering the purchase of their next vehicle, followed by fuel economy (54%).

On the impact of higher interest rates/financing costs, 62% said it was impacting their car buying decision. Of those,

30% said they are considering a less expensive car, while 22% they are waiting for rates to come down, and 10% are considering buying a used instead of a new car.

Regarding advanced driver assistance systems (ADAS) to have on their next vehicle, sources most frequently said lane keeping, and adaptive cruise control. In addition, 26% of sources said they would be willing to pay extra for self-driving capabilities. Also, 23% of sources believe that having self-driving capabilities on a vehicle makes that vehicle safer and 36% expect that their next vehicle will have some form of self-driving capabilities.

Medical technology and weight loss drugs –US



With the rise in the use of GLP-1s (weight loss drugs like Ozempic, Wegovy and Mounjaro), Grassroots® investigated the potential impact on medical device procedures, specifically bariatric surgery. Interviews were commissioned with representatives at bariatric surgery practices in the US.

Among the sources who commented, an average 12% of patients are recommended to try a GLP-1 before getting bariatric surgery. One said, “We do not do a lot of the pre-op weight loss counseling prior to surgery. We work closely with a weight loss center that will often place patients on a GLP-1 as a trial to see if they can have a desired weight loss but in a lot of cases the weight loss that is possible with a GLP-1 is not enough to get our patients to a healthy BMI.”

81% of sources who commented said that despite the availability of the GLP-1s, patients will seek a more permanent surgical solution vs. staying on a chronic therapy. One source said, “People think GLP-1s are miracle drugs, but they are like drugs that treat any other condition. Once on medication, there is a likelihood the person will need to take it the rest of their life, so we encourage people to have surgery as it is a long-term solution. Younger people especially are more open to bariatric surgery than older patients whose healing capability after surgery is not what it was when they were younger. For a young person, it is great to have a lifestyle change like this younger in life.”

Meanwhile 19% of sources did say there may be a short-term decrease in surgery numbers while patients try out these new drugs; however, demand for surgery will likely increase in the medium term when patients realize GLP-1s may not offer the more permanent and long-term solution patients are seeking. One said, “We have seen a slight decrease in our surgical business, but I think this is just temporary. Patients will get tired of daily/weekly/monthly injections, will go off the medications, perhaps because they no longer have insurance coverage, gain weight, and realize they need more of a permanent solution. So, in the medium term, surgery will most likely actually increase.”

When asked about the impact of GLP-1 availability on patients ability to qualify for bariatric surgery, 50% of the sources who commented said that patients who currently do not qualify due to their high BMI could benefit from GLP-1s to become eligible. Still 31% of sources commented that GLP-1 usage is a medium to longer-term trend once availability and insurance coverage improves. One said, “We are seeing fewer patients right now for surgery because the drugs are so out there in the media. The GLP-1s seem like a magic drug that will help people lose weight. So many people are hopeful, trying the medications, and have no intention to have surgery. But this will change when they realize GLP-1s are not a long-term solution; as soon as a patient stops the medication they gain the weight right back. Moreover, weight loss with GLP-1s is fairly limited vs. potential loss with surgery. My prediction is that we will actually see increases in surgery numbers in the future when the GLP-1s are more widely available and are used in conjunction with surgery.”

IT spending and the impact of the SEC cybersecurity rule 10k–US

Grassroots® commissioned interviews with IT security consultants to gauge the impact on tech spending from the SEC cybersecurity rule 10K that requires public companies to disclose material cybersecurity risk management, strategy, governance, and incident information in their annual reports. With regards to overall general corporate IT budgets, 88% of sources said it is up in 2023 vs. 2022, an average 5%, while 1% said it is flat. Meanwhile 90% sources expect IT security spending to increase over the next two years—an average 9% due to increased cybersecurity threats, while 1% was unsure. One source said, “IT and security budgets will continue to rise over the next two years as a reflection of the level of threats.”

According to sources, vulnerability/risk assessment and testing, incident response and mitigation, cybersecurity awareness training, email security, and

GRC are the top IT security priorities for 2023. One said, “Ransomware attacks have been at incredibly high levels. Every industry vertical is being targeted and falling victim. The top priority is for every business to have a cybersecurity framework and basic cyber hygiene in place.”

Regarding the SEC’s cybersecurity rule 10K, 44% of sources who commented said it will affect IT spending priorities toward security. Sources said vulnerability/risk assessment and testing, network monitoring, incident response and mitigation are areas of cybersecurity that could benefit. One said, “Threat analysis, risk assessment, and network monitoring will benefit from the 10K rule. Two important things are happening that the rule will benefit. First, risk assessments will indicate how to mitigate financial risk and lead to companies doing due diligence and having plans and policies in place. Second, there will be a need for reliance on a single cybersecurity effort.”

Consumer sentiment–US

Grassroots® commissioned interviews with consumers in the US to examine sentiment and spending intentions for the early part of 2023 as well as to identify potential areas of reduced spending, given the impact of inflation. Similar to our 2022 survey, sources said coping with inflation is the top macro concern about the future, followed by higher interest rates, and geopolitical conflict. Indeed, coping with inflation is the top concern about the future among all age cohorts. Among sources aged 18-25, not being able to repay debt is the number two concern, while those who are 66 and older cited geopolitical conflict.

With regards to inflation, 72% of sources said recent food prices have had a negative impact on their overall spending habits, and 58% said recent utilities bills for their home have impacted their spending negatively. 62% plan to dine out less if higher costs/inflation persist,

51% plan to spend less on entertainment, and 50% plan to buy less clothing. Gas prices are having less of a negative impact on spending this year relative to last year as 33% of sources said it was not causing them to purchase fewer things, which is up from 25% in the 2022 survey.

Looking ahead, in early 2024, 45% of sources expect their overall spending to be about the same vs. the end of 2023, while 30% expect to spend less, and 25% expect to spend more. Among sources who expect to spend less, dining out, deliveries/take-out, and clothing/footwear are the top categories in which they plan to cut back.

About Grassroots Research®

The Grassroots Research® division combines a variety of resources and methodologies, including in-house employees; a global network of independent, experienced journalists and consumer researchers; more than 50,000 industry contacts; and online panel surveys. We use this network to apply innovative market research and investigative journalism techniques to identify stock and sector trends before our competitors do.

Advantages:

- Continuous exchange of information between Grassroots® analysts and our investment professionals
- Expertise of independent journalists and consumer surveys to reach sources on the ground
- Technological tools to target consumer and business panels online
- Timely business insights via quick turnaround times
- 30+ years of experience conducting customized investigative market research around the world

Resources:

- Access to thousands of consumers in more than 60 countries via targeted online consumer and business panels
- On-the-ground investigators who conduct quantitative market research among consumers
- 55+ reporters who conduct interviews with industry experts
- In-house team based in the US
- 50,000+ industry contacts worldwide from a wide range of industries, including consumer, technology, healthcare, materials, industrials, energy and financials companies

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