

Grassroots Research®

Market Monitor

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Generative AI impact on smartphone and PC demand in the US

Grassroots commissioned interviews with US consumers over the age of 18 to gauge the impact generative AI has on smartphone and PC sales. 32% of sources are extremely or very familiar with generative AI technology, while 58% are moderately or slightly familiar, and 12% are not familiar at all. Meanwhile, 53% of sources said a smart assistant was the generative AI application they find most appealing when it comes to PC or smartphone technology, followed by 37% said AI-driven photography enhancements, 27% mentioned AI-generated content creation, while 23% said they do not use generative AI applications or features.

Of sources that use generative AI applications, 86% have noticed an increase in the use of generative AI applications in recent years. In terms

of satisfaction, 60% of sources said they are satisfied with the generative AI technology in their devices, while 32% are neutral, and 5% dissatisfied. Of those sources that use generative AI applications, 32% said generative AI has influenced their decision to purchase a new PC, while 41% said it has impacted their decision to purchase a new smartphone. Furthermore, 45% of sources said they are likely to pay a slightly higher price for a PC that has more generative AI features, while 49% said they are likely to pay more for a smartphone with those features.

In terms of upgrade trends, 42% of sources said they are likely to upgrade their current PC to take more advantage of generative AI features, while 37% of sources said they plan to upgrade their current smartphone to take more advantage of generative AI features.



According to sources, 58% have not specifically sought out products that highlight the use of generative AI in their features or capabilities when purchasing a PC or smartphone, while 19% have, and 18% said occasionally.

Cybersecurity spending—US

To gauge cybersecurity spending trends, durability and preferred vendors in the US, Grassroots commissioned interviews with sources from cybersecurity valued-added resellers and distributors who work with a variety of vendors. Sixty-five percent of sources said their average client's security spending was flat over the past 12 months vs. the same period a year ago, while 30% said it was up and 4% said down.

Looking ahead, 65% sources expect their average client's security spending to increase in the next 12 months, while 35% expect spending to remain flat. One said, "I think we will see an increase in cybersecurity spending from our clients this year. It is kind of a strange time right now from a geopolitical sense. The overall picture is a little muddy, but security spending is already up a little; last year was not a strong year. We are seeing an increase in security spending and expect that to continue, but the challenge is the background noise; what is happening is causing a lot

more caution and folks taking a more pragmatic approach."

According to sources, the top security vendors in the past six months in terms of innovation, technology, and overall offering were CrowdStrike (CrowdStrike Holdings, Inc.), Microsoft, and SentinelOne (SentinelOne, Inc.). One source said, "There are a hundred different solutions out there, but among the top ones are CrowdStrike and Sentinel One. The higher budget companies will traditionally go with CrowdStrike, and the smaller companies will look at Sentinel One. The products themselves are both really innovative and effective; they just have different marketing angles. CrowdStrike goes after the larger companies, and Sentinel One goes after the mid-tier customer. Microsoft itself has become a bigger player in cybersecurity. They have solutions that can be added onto Microsoft Defender, and these are gaining traction."

Athletic shoe trends—US

Grassroots commissioned interviews with representatives of athletic shoe retailers in the US to gauge current inventory level of athletic shoes and market share trends. Regarding inventory, 48% of sources said Q4 2023 vs. Q4 2022 inventory levels were similar, 48% said lower and 4% said higher. Looking ahead, 48% of sources said inventories are on plan, while 28% expect more deliveries by the end of Q1 2024, and 20% expect more deliveries by the end of Q2 2024. One source said, "We expect to get new inventory shipments at the end of the second quarter of 2024, that's when tax returns will put more money in customers' pockets."

Regarding promotions, 50% of sources have no plans to increase promotions throughout the rest of 2024, while 37% expect levels to be slightly higher, and 12% expect them to be much higher. One

source commented, "I expect promotions to be slightly higher throughout the rest of 2024. I plan to do more promoting at the store level compared to what our corporate stores are doing. They are doing the same as last year."

Meanwhile, 56% of sources said customers are willing to pay full price for athletic shoes, while 44% said they wait for a sale to purchase. One source said, "Especially with all the tech coming out, customers are trying to prioritize comfort over low prices." When asked about brand preferences, 56% of sources said Nike is the brand selling the most pairs of athletic shoes at full price; 24% said HOKA, 4% said Adidas, and 16% mentioned other brands.

Global IT—US, Europe, Asia



To assess the current spending environment for IT, Grassroots commissioned interviews with IT decision makers at companies in the US, Europe and Asia. Fifty percent of sources expect their 2024 IT budget to increase 6% or more vs. their 2023 IT budget, while 28% expect a 1%–5% increase, 18% expect it to remain flat, and 4% expect a 1%–10% decrease. As to specific categories, in 1H 2024 vs. 2H 2023, 77% of sources expect their company's IT security spending to increase, 72% expect spending on cloud computing to increase, and 67% expect spending on Machine Learning/AI to increase. Indeed, the top IT spending priority in 2024 reportedly is security, followed by cloud optimization and cloud computing.

In the next five years, the technology that sources expect to have the greatest impact on their company is AI/machine learning/generative AI at 55%, followed by security, and automation technologies. In fact, 35% have one or more AI projects currently ongoing, while 32% have AI already incorporated in some processes or offerings, 10% said AI is extensively incorporated in their organization, 20% have none but plan to in the future, and 3% have no plans to adopt AI.

Spending trends for pets–US

Among sources who have one or more ongoing AI projects currently, 95% said results from big data and AI are measurable or very measurable; 87% started at least some last year, and 95% plan to start at least some this year; and the top objective of investment is advanced analytics/better decisions, followed by improved customer service. When asked whether their company uses generative AI for work purposes, 63% said they do, 24% are looking for ways to do so but are not using it yet, and 13% have not used it at all for work purposes. Among sources who have used it, 64% use it for analyzing data and information, 51% for brainstorming and developing new ideas, and 43% each for writing content and customer support.

Sources reported that the current mix of cloud workloads is 38% private, 30% hybrid, and 32% public, and the expected mix in five years is 38% private, 32% hybrid, and 30% public. As to their current top cloud computing goals, 73% of sources said increased security, 57% said cloud optimization, and 55% said reduced costs. In addition, 92% have started or expect to start public cloud optimization initiatives. Among these sources, 54% expect their initiatives to take less than 9 months, 33% said 10–12 months, and 9% said 13 months or more.

In the next 12 months, the top security priorities are network security and cloud security, followed by data security. As to the top security vendors that sources plan the largest percentage spending increase within 2024 vs. 2023, they are Cisco (Cisco Systems), Microsoft, and Amazon (Amazon.com).

Grassroots surveyed consumers in the US who own dogs, cats, or both to gauge overall pet spending. In terms of pet ownership, 76% of sources own a dog, and 52% a cat, while 72% own one to two pets, 19% own three to four, and 9% own five or more. When asked about spending trends, on average, 36% of sources spend \$50–\$70 per month on their pets, 32% spend \$71–\$110, 18% spend less than \$50, and 14% spend \$111 or more.

Over the past 12 months, 58% of sources have spent the same on their pet, while 39% have spent more and 3% have spent less. In terms of where sources usually buy pet food and other pet supplies, 52% of sources buy pet food and other supplies at a traditional retailer, 40% at a pet specialty store, and 35% at an online pet specialist.

In addition, 42% of sources said Walmart is the place they shop the most for their pet's food, followed by PetSmart (30%) and Chewy (28%). In terms of where sources usually buy medicine for their pets, 59% buys from their veterinarian's office, 15% at PetSmart, and 13% each at Chewy and Walmart.



Post surgery pain drug market–US

Grassroots interviewed medical professionals in the US to get a better understanding of the acute post-surgical pain market and potential for the use case of a novel phase 3 drug. Seventy nine percent of sources cited safety profile/side effects as the most important aspect of a pain drug for a surgeon when discharging an ambulatory post-surgery patient, while 16% cited onset of action and 5% cited longer lasting.

One source said, "Onset of action is most important. We want to be sure the patient leaves our facility with immediate pain relief so we don't receive a phone call from a patient in pain, who will start taking everything under the sun in an effort to control the pain. The longer a medication takes to work, the more medications they risk taking because they believe that the pain meds are not working."

Eighty four percent of sources feel comfortable sending patients home with opioids post surgery, with an average course of 6 days, while 16% do not. One said, "I am comfortable giving an initial dose of 3-4 days of opioids. An often-quoted study indicates addiction is more likely if opioids are prescribed for a week vs. less than a week. So if I give Percocet for three days, the patient is less likely to become addicted than if I prescribe the medication for 7 days or more. In general, pain peaks at 72 hours, so if the patient can get past that they should be okay."

Among the sources who commented, 65% said more invasive, painful, or orthopedic vs soft tissue surgeries may be more suitable to try a novel medication post-operative surgical pain, while 35% gave various other reasons.

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 50 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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