

DEAR READERS,

The past 12 months have been an exciting time for us – probably the most exciting ever. During this time, the GfK Verein took a major change of direction as majority shareholder of GfK SE. According to our Articles of Association, we have of course continued our work as a think tank in advancing market research and new research methods. Yet over the last few months, we have been focusing more on our responsibility as majority shareholder of GfK SE. The fourth and last profit warning issued by GfK SE in August 2016 and a stagnant, long-term downward trend in stock price was the impetus to look for solutions, which can put GfK SE back on its customary successful path.

After several years of not being represented on the Supervisory Board, the GfK Verein returned with two persons on the Board in May 2016. At the same time, we have actively looked for ways for how GfK can find its way back to long-term profitable growth and explored intensively a wide range of options.

The decision in the relevant committees of the GfK Verein was clearly in favor of partnering with an investor. This was the only option we saw for GfK SE to quickly change course and get back on track for success. Several things were very important to us, not least with regard to the employees of GfK SE. Crucial here was to make sure that GfK SE remains an independent company based in Nuremberg and for the GfK Verein to retain the majority of the shares. Full codetermination in the Supervisory Board should also be maintained. Finally, it was also crucial that the investor does not pass the purchase price onto GfK SE. This was followed by a series of discussions with different investors with the aim of entering into an equal partnership. We are very pleased to have found an investor with KKR that goes along with these points and who also has long-standing experience in the industry and excellent networks.

During such times of change, the commitment and expertise of employees are the most important resources. I therefore want to thank everyone who contributed to the success of our work as a non-profit organization for the advancement of market research and our new focus as investor. This particularly includes all members of the GfK Verein, its Advisory Board, Members' Council, Executive Board and external advisors as well as our cooperation partners in the fields of science and business.

I hope you enjoy reading this 2016/2017 Annual Report, which will give you a comprehensive insight into our activities.

Prof. Hubert Weiler President of the GfK Verein

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CONTENTS

<u>2</u> Greetings Prof. Hubert Weiler

Activities and Objectives of the GfK Verein

<u>16</u> The team of the GfK Verein

<u>60</u> SHARING KNOWLEDGE

<u>62</u> Education

74 Publications

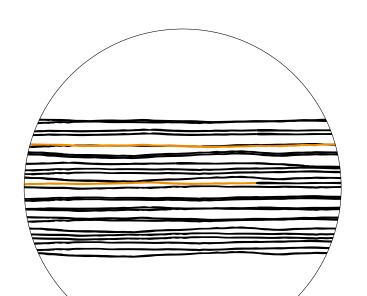
> <u>76</u> Events



22 CREATING KNOWLEDGE

<u>24</u> Research projects

> <u>40</u> Studies



94 MEETING THE ORGANIZATION

<u>98</u>

Executive Board

<u>100</u>

Members' Council

<u>101</u>

Advisory Board

102

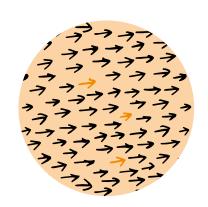
Membership in the GfK Verein

<u>104</u>

Articles of Association

<u>107</u>

Imprint



86 TAKING STOCK

88

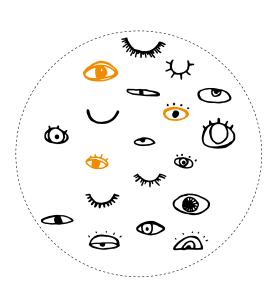
2016 Annual Financial Statements

<u>92</u>

Balance Sheet

93

Income Statement



WHAT HAPPENED IN THE LAST 12 MONTHS?

The GfK Verein has two key tasks: The first is to be a "market research think tank." Under this heading, studies are carried out, new market research methods investigated and knowledge is passed on through teaching at universities, the academy or our journal, the GfK MIR.

The second is the commitment of the GfK Verein as **majority shareholder of GfK SE.** It is not only that the approximately 20.5 million shares of GfK SE owned by the GfK Verein represent its key asset; in recent years, it has also been the Verein's by far most important source of income. And not least, the GfK Verein has also always viewed the responsibility towards the employees of GfK SE as an important task.

Unfortunately, the situation at GfK SE has not developed in a satisfactorily manner over the last few years. The GfK Verein therefore decided to once again assume greater responsibility. Both vice presidents, Ralf Klein-Bölting and Raimund Wildner, have been on the Supervisory Board of GfK SE since May 2016. After another profit warning in August 2016 and the subsequent resignation of the chairmen of the Management Board and Supervisory Board of GfK SE, the Members' Council and Executive Board of the GfK Verein unanimously decided to seek a private equity (PE) partner.

As a result, discussions with several such firms were initiated with this objective in mind. The GfK Verein developed a clear negotiating position for these talks. This excluded assigning the price of the shares to be acquired by the PE firm, to GfK SE, either in whole or in part. The codetermination of the employees was also to remain unaffected. Another very important selection criteria was what kind of experience the potential partner had in market research or similar markets.

In the discussions, KKR emerged as the company with which we had the most in common. In addition, there

was also the fact that KKR had acquired significant market research industry experience with Nielsen. Additional important points were KKR's network and the positive experiences of other companies with the investor.

The subsequent negotiations with KKR were concluded at the beginning of December. KKR submitted a purchase offer for the GfK SE shares not held by the GfK Verein, which the Management Board and Supervisory Board of GfK SE recommended be accepted. Together with the GfK Verein, KKR was able to reach the required majority of 75 % in February 2017. In the meantime, it was announced that the remaining shareholders would receive compensation following a squeeze-out process.

Peter Feld, who was brought on board by KKR, was appointed new CEO effective mid-March 2017. The cooperation with KKR is now in place and developing very positively.

The second component of the activities of the GfK Verein, namely to be a think tank, was influenced by the situation at GfK SE. The GfK Verein has observed for some time now that the growth rates in the market research industry have



been declining worldwide. Added to this is the fact that an increasing number of companies are entering the market with products that can deliver simple surveys faster and cheaper than traditional market research companies. This prompted the GfK Verein to conduct a systematic investigation of the future of market research. With the help of a "Digital Future Council," which is staffed with experienced internet entrepreneurs and professors, factors that can promote or hinder the future of market research were examined. Important questions arising from this Future Council will subsequently be analyzed more closely by means of 90-day projects.

This complements studies, which have also been able to provide important stimulus for the future shape of market research already. For example, the "Voices of the Leaders of Tomorrow" study (p. XXX) looks at the decision-making behavior of future managers. Market research as a tool to support decision-making can thereby gain important input. In fundamental research, possibilities of better data procurement and analysis in market research are being explored. This allows additional information to be derived from the analysis of facial expressions and voices: information that would otherwise have to be specifically extracted.

To this end, the GfK Verein developed something ground-breaking together with external partners. The analysis of social media photos also presents additional previously unknown possibilities. Experiments with virtual reality opens up new possibilities, e.g., with car clinics. In contrast, hierarchical Bayesian models or the brand simulator model based on household panel data are ways to leverage the analysis of existing data.

To do this, past studies carried out by the GfK Verein were also carried out in the reporting period. The studies "Challenges of the Nations" or "Global Trust Report" are two such examples.

For the first time in 20 years, the GfK Verein will not receive any dividends in 2017. The build-up of reserves in recent years is now paying off. This allows the GfK Verein to continue carrying out its work as a market research think tank in 2017, without the need for loans. Market research is changing. The GfK Verein sees shaping and accompanying this change as its task in the years to come.

CLOSELY LINKED: FUTURE, MARKETS, PEOPLE AND METHODS

GfK VEREIN

A MARKET RESEARCH THINK TANK – ESTABLISHED 1934

Creating knowledge, sharing knowledge, furthering training and education: These are the core tasks of the **GfK Verein** as a think tank and non-profit organization, working to promote market research.

KEEP UP WITH THE LATEST DEVELOPMENTS

Further information on the GfK Verein: www.gfk-verein.org







SHARING KNOWLEDGE

The GfK Verein promotes the market researchers of the future worldwide with the "University Cooperation Program."

The GfK Verein has established two endowed chairs:
The GfK Endowed Chair for Marketing Intelligence was set up at FAU Erlangen-Nuremberg (see p. 68) in 2009.
This was followed by the GfK Chair of Information & Supply Chain Management at the University of Applied

Management in Erding in 2015 (see p. 66). For the past six years, the GfK Verein has supported international university cooperations in rapidly growing markets, first in Africa and now also in China. "Prosumer Decision Labs" have been set up for handson training (see p. 64).



CREATING KNOWLEDGE

MARKETS

Researching information about markets and consumer trends is one of the areas the GfK Verein works in. It investigates trends and developments related to consumption, on a domestic and international level. One example is the "Challenges of Nations" (see p. 42) study carried out every year, which asks about which problems are considered the most urgent. It is now conducted in 24 countries.

METHODS

The GfK Verein develops market research methods in cooperation with science and industry. The new instruments boast significant improvements to existing methods. The focus of its research fields is currently on emotional analysis, social media monitoring and the use of virtual reality in market research.



SHAPING THE FUTURE

Since 2016, the "Future Programs" area of the GfK Verein has been addressing how market research will look in the future. The GfK Verein founded the Digital Future

Council for this purpose. Experts believe it will center primarily on trends, but also on the consequences of digitalization for market research.



INVESTOR WITH A FOCUS

In addition to its work as a think tank, the GfK Verein has increased its focus on its role as majority shareholder in GfK SE over the last twelve months by searching for ways to put GfK SE back on the road to success.

With its partner KKR, it has found an investor which brings with it good knowledge of the industry as well as its own networks. The investor also possesses qualities that are decisive for an equal partnership, such as keeping the headquarters in Nuremberg.



EXPANSION OF

AT GFK VEREIN

FUTURES RESEARCH

In recent years, the GfK Verein has been focusing on the question of how digitalization is changing markets, e.g., through greater transparency, easier comparability of prices and feedback. The study conducted by Dr. Fabian Buder, "Voices of the Leaders of Tomorrow," also investigates the question of what companies, markets and the market decisions will look like in the future. In the study issued together with the St. Gallen Symposium, the next generation of managers get the chance to talk about how they envision the trends, economy and society of the future, which they want to help shape.

In 2016, the GfK Verein' activities were once again expanded in the area of futures research. The addition of Fernando Galdino, a futures researcher with a "Design Thinking" background and a major international network, is positive hire for the GfK Verein in this regard. The Brazilian-born researcher has already managed future and innovation projects for large international companies in the electronics and IT industries.

DIGITAL FUTURE WORKSHOP

In October 2016, the GfK Verein started its first two-day "Digital Future" workshop in Frankfurt. Selected external experts from the areas of digitalization and market changes from several countries and disciplines came together to collaborate on identifying and prioritizing the trends that will change markets and with it market research. As a result, hypotheses, research questions and "tipping points," i.e., potential radical changes, were analyzed and prioritized. In March 2017, there was also an update via video conference. The next workshop will be held in Munich in October 2017 and conducted under the "Chatham House Rule," which encourages free discussion in a confidential setting.

FAST FACT FINDING: TESTING HYPOTHESES ON THE FUTURE OF MARKET RESEARCH

Two topics resulting from the Digital Future Workshop that were immediately included and analyzed in "fast fact finding" projects were the changing perspective and new requirements of market decision makers with regard to market research as well as the changing "data landscape" driven by new standards and open data licenses.

INSTITUTE FOR THE FUTURE, PALO ALTO

In addition, the GfK Verein is now a partner of the Institute for the Future (IFTF) in Palo Alto as part of the Technology Horizon Program. The thematic focus here is the transformation of the internet from a purely informational and communication platform to one that implements actions — and which either interprets the request of users or even makes decisions independently. This is a key issue for the future of market research not only because new data will be gathered via speech-based digital assistants but the decision-making processes as well as the power relationships between consumer, retailer and producer when making a purchase — and even in determining the "relevant set" — will change significantly.

The dialogue will take place over several expert workshops, with most of them taking place in Palo Alto. For the workshop on "Markets of the Future," the participants will visit the GfK Verein in Nuremberg.

WE ASKED DR ANDREAS NEUS, HEAD OF FUTURE AND UNIVERSITY PROGRAMS AT THE GfK VEREIN: WHAT IS HIS TEAM CURRENTLY WORKING ON?

<u>Dr Neus, you have been in charge of the topic "The Future of Market Research" in the GfK Verein for four years. How would you describe your job in two sentences?</u>

The focus here is clearly on the evolution of market research in an increasingly digital world and how it will help companies make better decisions in the future. Then again, this largely depends on how markets will operate in the future and how the increasing transparency and technological development will change the way purchasing decisions are made.

These technological developments together with progressive digitalization are bringing about wide-reaching changes in all areas of life. What consequences does this have for market research?

I see three key points in particular here: First, markets will become more transparent and transaction costs, i.e., the costs for initiating, concluding and monitoring fulfillment of the contract, will decrease. This increases market volatility on the one hand, while blurring the lines between market segments on the other.

The second aspect is the ever-growing volume and complexity of data available on the behavior and decisions of customers as a result of increasing digitalization. For market research, this means that in many areas, behavior that until recently could only be inquired about, can now be observed. As a result, the focus of the value added chain of market research is shifting from data gathering or "production" to increasingly more complex analyses, visualizations and interpretation in order to arrive at valid recommendations for action.

And finally, how data is handled will change. Topics such as data science and the interactive analysis of data will continue to become an important cultural technology, which will take on greater significance in all areas of the economy and society. Just as spreadsheets and comprehensive statistics programs found their way into companies in the 90s and 2000s and changed how data is handled, now it is program languages such as "R" or "Python" and APIs for real-time access to data that will be the new standard for the flexible handling of data.



"THE FUTURE IS ALREADY HERE - IT'S JUST NOT EVENLY DISTRIBUTED" WILLIAM GIBSON



And what new challenges will market research customers/companies see themselves faced with in the future?

Increasingly transparent and more international markets create greater price and competitive pressure, which results in the reduction of market entry barriers in many sectors. That means that companies may also have to deal with competition from niche suppliers and their own customers, such as "prosumers," who are themselves active in the market.

Digitalization, up to now often misunderstood as a "technical problem," must be tackled in companies. This not only involves a cultural transformation and the handing over of decision-making power to "digital natives" but also means questioning one's own added value and positioning as a company in a digital world. Resistance to doing this can lead to innovation blindness, i.e., that companies either fail to react to disruptive innovations or are far too hesitant to do so. These companies sometimes behave as if though they do not see the innovations, or as if they were "blind." This is often due to the fact that a company has a strong world view and self-image, which is based on previous market successes and therefore fails to adapt to the new market realities in time. In order to recognize false assump-

tions, companies should implement something like a "surely alarm." What this means is that whenever someone begins a sentence with "surely" or "naturally," one should always immediately challenge whether it is simply a matter of an assumption treated as a given fact by everyone in the company but which has never been checked in terms of its present and future validity.

How can market research help companies in their decision-making processes in the future?

Market research for client companies will generally continue evolving into a competent and trusted partner for trends and strategic market decisions. After all, the value of market research for companies does not lie in the data itself but in valuable insights to be able to make better market decisions, develop new products and choose the right forms of communication and sales channels. This is where market research can apply its special and still extremely valuable expertise with its extensive market and methodological know-how.

In my view, market research will undergo another change and shift from a product orientation to a service orienta-

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THERE REALLY IS
NO TYPICAL WORKDAY –
THAT IS WHAT MAKES
THE WORK ON FUTURE
ISSUES AND COUNTRIES
WITH FAST-GROWING
ECONOMIES SO
EXCITING.

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Dr Andreas Neus



tion. The focus up to now has often been on the "production" of data. Meanwhile, we are experiencing a veritable flood of data and digitalization is also changing the way and speed with which companies have to react in their markets. This has also led to a greater focus on the speedy delivery of results - in the past, customers had to wait weeks or months – today they are demanding data virtually in real time with a digital interface in order to perform simple analyses and profiles on their own. In addition, the questions that customers have today are much more oriented to the future and forecasting of market developments. Naturally, they use new tools from the area of predictive analytics and machine learning for this. However, content-related expertise about the respective industries such as that offered by market research, is absolutely necessary to evaluate the results obtained through data science methods. The reason for this is that projections are not just a trivial undertaking which can be automated – methodological experience and market knowledge also play a decisive role here.

In addition to future-oriented issues, you are also involved with the development of university programs in rapidly growing markets such as South Africa, Kenya as well as in China since 2013. What goals does your team have for the university collaborations for 2017/2018?

There are two main goals: One is to develop the curriculum for data science and digital market research and the second is networking the Prosumer Decision Labs in Nairobi, Beijing and Pretoria.

Further development of the curriculum takes into account the increasing importance of digital data sources and the respective standards and APIs. After replacing the previous standard SPSS software in our curriculum three years ago with the flexible statistical programming language "R," we are now one step closer to interactive visualization and the use of social media data via APIs in the courses in Beijing and Pretoria.

And through the Prosumer Decision Labs, we can now investigate cross-cultural purchasing decisions via digital media. In addition, we can also look at the hitherto often neglected interface at the end of the value added chain of market research: How consumer and market data can be used in market decisions and the limits of the rational processing power of managers.

The question of how the "user friendliness" of data and information can be improved in a way that optimally supports decision makers without exceeding their processing capacity has thus far almost exclusively been investigated

in situations of life and death. Instruments in airplane cockpits have also been thoroughly investigated and improved, such as the information flow and critical decisions of doctors in the emergency room. There are even sophisticated simulators for analyzing the impact of information overload or contradictory data on the decision-making process. Aside from business simulations of varying complexity, relatively little is known about the market-oriented decisions of managers. Through the labs, we want to take a closer look at the different forms of preparation and interaction with data and the effect of this on the quality of market decisions. Our cooperation with the Karlsruhe Decision and Design Lab at KIT as well as with the developer of the behavioral economics software "oTree" provides the ideal basis for this.

I want to close with a personal question: What does a typical workday look like for you? And what does Dr. Andreas Neus do when he's not working?

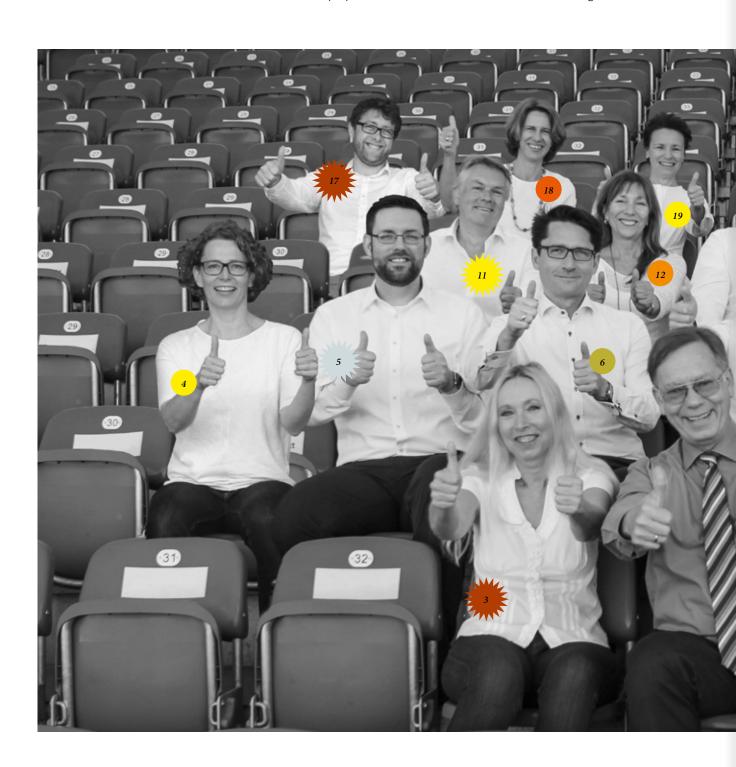
(laughs) There really is no typical workday – that is what makes the work on future issues and countries with fast-growing economies so exciting.

But to answer your question: When I'm not working, you can probably find me behind an analog camera from the 40s and 50s, or underwater looking for shipwrecks – both preferably in Italy.



THE GFK VEREIN TEAM

The GfK Verein has 20 employees. With diverse qualifications and specialist knowledge, together they make a powerful team that propels the market research think tank to new insights.



<u>1</u> Prof. Dr Raimund Wildner

<u>2</u> Sandra Lades

<u>3</u> Helen Streilein

4 Dr Anja Dieckmann

5 Dr Fabian Buder

<u>6</u> Dr Andreas Neus

<u>7</u> Dr Matthias Unfried

<u>8</u> Holger Dietrich

<u>9</u> Claudia Stürmer

<u>10</u> Claudia Gaspar

11 Ronald Frank

<u>12</u> Petra Gelsen

13 Fernando Galdino

<u>14</u> Dr Carolin Kaiser

<u>15</u> René Schallner

16 Dr Vladimir Manewitsch

<u>17</u> Dr Thomas Couronné

<u>18</u> Dr Christine Kittinger-Rosanelli

<u>19</u> Friedgard Spingler

<u>20</u> Birgit Stoltenberg



MANAGEMENT

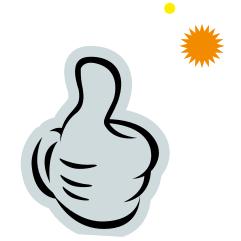
Managing Director and Vice President of the GfK Verein, *Professor Raimund Wildner (1)*, knows that only through great teamwork can truly new opportunities arise from significant challenges: "At the GfK Verein, we have an excellent team for this. The high level of personal commitment of all the employees combined with excellent specialist knowledge and a huge thirst for knowledge about trends and innovations makes us successful."

As personal assistant in the office of Prof. Raimund Wildner, *Petra Gelsen* (12) is responsible for supporting members of the GfK Verein, managing the GfK Conference, making travel arrangements as well as all organizational tasks related to the GfK Marketing Intelligence Review. With many years of experience as a foreign language correspondent in the European Parliament, she provides advice and practical support for the team.

Helen Streilein (3) has been with GfK since 1981. She started out as secretary to the Executive Board of GfK AG before moving to the GfK Verein in 2004. Since then, she has been personal assistant to Raimund Wildner in Administration as well as to Sandra Lades in the PR & Communication team. At the GfK Verein, she especially likes the collegial and friendly atmosphere that enriches her work every single day.

GfK ACADEMY

With over 30 years of professional experience, with 20 of those in marketing at renowned national and international branded goods companies, *Friedgard Spingler* (19) is more than just an expert for big brands. As managing director of the GfK Academy, she focuses on the close link between theory and practice. International top managers from diverse industries appreciate this interactive approach in the seminars on topics such as strategic brand management, innovation management and digital marketing strategies.



GfK MIR

As managing editor of the GfK MIR (GfK Marketing Intelligence Review), *Dr Christine Kittinger-Rosanelli* (18) regularly provides the marketing world with new insights and findings in market research. Twice a year, she prepares new relevant scholarly insights from the most prominent international researchers in the field of marketing science in practically oriented, themed periodicals.

As head of public relations and communication, *Sandra Lades* (2) is the spokesperson of the GfK Verein. Driven by a constant stream of new ideas and many years of experience, she is responsible for traditional public relations as well as all online and offline channels of the GfK Verein. She is also in charge of organizing events. A highlight: The Orange Hour, the exclusive lunch event for all members of the GfK Verein.

FUNDAMENTAL RESEARCH

Dr Anja Dieckmann (4) heads up the Fundamental Research department of the GfK Verein together with Holger Dietrich. Besides working towards a better understanding of consumer behavior, she is also interested in how new technologies can be used to gain knowledge for marketing research. An example of this is the GfK EMO Scan, an instrument used for the automatic analysis of facial expressions, which resulted from one of her projects. Among other things, the trained psychologist is currently focusing on the use of virtual reality in market research.

Holger Dietrich (8) leads the Fundamental Research department together with Anja Dieckmann. In times of turbulent market developments, the statistician develops new methods from data in order to make marketing decisions safer in the future. His projects include the development of agent-based models and different forecasting models of consumer purchasing behavior.

Dr Carolin Kaiser (14), who holds a doctoral degree in business informatics, deals with the area of social media within fundamental research. The focus of her research is how marketing-related knowledge can be derived from photos that are shared on social media. The "GfK PictureScan" tool developed by her for this purpose won the German Innovation Prize in 2016.

Dr Vladimir Manewitsch (16) investigates new and traditional statistical methods with regard to their application potential in market research. The focus of his work is on methods for discovering, modeling and quantifying causal relationships in market data. For example, a tool for the graphical causal modeling for driver analyses in market

research was developed with the software package BNDA (Bayesian Networks & Driver Analysis).

As a long-time software developer in various sectors, *René Schallner* (15) brings valuable IT know-how to fundamental research.

His activities mainly concentrate on the further development of algorithms for image analysis in order to gain marketing-relevant knowledge from social media photos. In addition, he brings together the very latest research with cutting-edge technologies in order to make it widely accessible for market research.

Birgit Stoltenberg (20) is a fundamental researcher at the GfK Verein with an advanced degree in business mathematics. She develops models such as the GfK BrandSimulator for analyzing and predicting the purchasing behavior of consumers. In addition, she deal with new ways of data modeling that are possible today thanks to digitalization.

Dr Matthias Unfried (2), who holds a degree in economics, does research in the area of applied behavioral economics and experimental business research as well as emotion measurement. In the joint project with Dr Anja Dieckmann, he is currently working with engineers from the University of Passau and the start-up company audEERING on developing an instrument that can automatically detect emotions using the voice.

KNOWLEDGE MANAGEMENT

As head of knowledge management, *Claudia Gaspar* (10) has been getting to the bottom of consumer behavior since 2007. Together with her team, she investigates the preferences and motives of German consumers and shares her findings via the online news service GfK Compact. Market research results are not just statistics for her but exciting narratives that often provide new and unusual insights.

Wanting to know exactly how consumers tick has been driving *Claudia Stürmer* (2) to market research since she was a business administration student. Today, she is a knowledge management specialist.

STUDIES

As head of Studies, *Ronald Frank* (11) analyzes current trends and topics revolving around consumers several times a year. He is mainly concerned with the effects of demographic changes, migration and socioeconomic changes in private consumption in Germany and Europe. In addition to his research activities, he is also in charge of organizing the annual GfK Conference.

FUTURE AND UNIVERSITY PROGRAMS

Dr Andreas Neus (6) is Deputy Managing Director and Head of the Future and University Programs of the GfK Verein. He is deeply involved with "Market Research of the Future" and the related topics of digitalization, decreasing transaction costs, disruptive market and value creation models and the already noticeable influence of "digital natives" on the markets of tomorrow.

Dr Fabian Buder (5) is project manager in the area of Future and University Programs. He looks at the future of market research and how management decisions are changing in the digital age.

In an annually published global survey of young top talents, the "Global Perspectives Barometer – Voices of the Leaders of Tomorrow," he addresses the question of how the generation of "Digital Natives" want to communicate, collaborate and make decisions. He also teaches market research methods at the Friedrich-Alexander University Erlangen-Nuremberg and as part of the international university cooperations such as at the Central University of Finance and Economics (CUFE) in Beijing, China.

The Future and University Programs team is also happy with the two new colleagues, *Fernando Galdino* (13) and *Dr Thomas Couronné* (17). Fernando is an experienced trend researcher and explores the future of market research by looking at digital trends and the development of new scenarios. Thomas, an experienced data scientist, brings with him vast experience in behavioral analytics and social computing. On the following pages you find talks with our new colleagues to get to know them better.



INTERVIEWS

DR. THOMAS COURONNÉ, PROJECT MANAGER, FUTURE AND UNIVERSITY PROGRAMS

Dr. Couronné, you are working as project manager in the Future and University Programs team of the GfK Verein since November 2016, specially for the international academic collaboration with partner universities in Beijing, Nairobi and Pretoria. What does your work focus on? What chances and challenges do you see?

I am currently focusing on updating the education curriculum which is offered by GfK Verein in collaboration with the university of Pretoria, to bring know-how about open data, open sources solutions for analytics, and digital markets insights. It's a great opportunity for us as GfK Verein to develop our network within market research practitioners and academics in South Africa, and gain visibility as market research experts in the local economy and its industries. About the data we want to work on: while the "SoLoMo" (Social Local Mobile) services usages are increasing in Africa, it is still not at the same maturity level as in Europe or USA. This offers the opportunity to nudge their development, but is also making the open/social data a more scarce resource at this point.

One of the core competences of market research is to derive relevant information from data, to derive recommendations for actions — all in order to gain a better understanding of complex developments. What fascinates you the most about this Data Science Business?

Data science for markets, products and consumer analytics is nothing new, Business Intelligence strategies have existed for decades. But we have reached a very interesting tipping point, where opportunities to develop better customer centric services, data driven decisions and new intelligent services are getting exponential due to the digitization of the

core businesses, the increase of open/shared data and the need from our clients to get insights faster (and iteratively), sometimes on real time.

You moved to Nuremberg recently. What do you do in your free time here in Nuremberg? Do you have any special hobbies?

At first, Nuremberg — and Franconia in general — sounds very different from the northern/western parts of Germany I was more used to. After the rainy winter, it became progressively more familiar, with a lot of nice spots and unexpected hidden secrets. Now the city is getting more comfortable to me. I enjoy discover the surroundings, via treks, ski sessions, or cities visits — I especially love Bamberg and Augsburg — Moreover, the geographic centrality of Nuremberg allows to alternate weekends in the area with weekends in other European cities.



FERNANDO GALDINO, SENIOR TREND RESEARCHER, FUTURE AND UNIVERSITY PROGRAMS

Mr Galdino, you are working for the GfK Verein since September 2016 and are exploring the future of market research. What kind of questions are you working on in particular?

First we need to look to the future and how the world is changing in general. Changes in social behavior, new technologies and business environment all influence the future of markets and therefore also market research. At the moment we are looking more closely on how the demands of clients are changing, the new questions they need to answer and how the whole contemporary landscape is influencing the way decisions are made inside companies. Finally, we explore the best way how market research can respond to these changes.

As Consultant for Trend Research you are concerned with the issues of tomorrow. Can you share some insights with us? Which new chances and possibilities open up for market research beyond its traditional role?

One important aspect is that digital systems are covering most aspects of people's lives, making more likely that a personal event is documented digitally and is generating some sort of data. Market research is one of many fields that is already benefiting from it, something I expect to grow. At the same time this tsunami of data can be overwhelming, so there is a need to make it more "tangible". Meaning we can expect more use of infographics, animations and interactive graphics to engage with information and generate insights.



You studied in Brazil, Scotland and Italy, you speak English, Portuguese and Italian and you have a variety of business skills. Would tell us a bit more about your outstanding way of education?

Yes, I am Brazilian and I studied industrial design before discovering the world of design thinking. I worked in Sao Paolo for a couple different design research and innovation agencies, mostly helping global companies to understand the local culture and innovate in Brazil. In Scotland, where I did my masters, I learned more about how to apply ethnographic research in the business context. Finally, I spent one year in Italy doing a post-masters course and learning the language of my ancestors.

You have just moved to Nuremburg: How do you feel in Nuremberg? Is it difficult with the German language?

I really like Nuremberg. For someone who grew up in the new continent it is impressive to live among so many historical sites. I also love the many green areas, especially the ones with cycling paths along the river. German is not easy, but I am impressed with how much of the logic of the Latin languages can be applied to German – like the use of genders for objects, something that is completely strange for English speakers.

You certainly have hobbies in your free time – would you tell us a bit more about them?

First of all I love science fiction in general, so series and movies with futuristic themes always attract me. Another thing is that with less and less time for reading I discovered a great source of information and entertainment on podcasts and audio book – basically because I can listen to them while doing other things such as commuting, exerting or doing chores.





EMOTIONS

ARE

Sparkling eyes, frowning, a shaky voice – emotions speak a clear language. They authentically convey how a person is feeling and are universally understandable. For example, small "emoticons" already give short text messages maximum expressive power. The language of emotions is intuitive, has virtually no barriers and knows no cultural boundaries. With over 7,000 different words that exist in the world to express love, often a single smile is enough to make words superfluous.

In market research, emotions also play a significant role. They contribute to the success of a campaign and immediately show in the product experience whether the product will deliver what it promises. That is the GfK Verein has devoted a primary research area to developing appropriate methods for capturing emotions automatically (i.e., unfiltered and uncomplicated in a real use case) for several years now. Apart from traditional survey methods, new technologies and communication channels, such as social photo networks, allow direct access to the emotional level of the consumer.

BERBERARG



ANSWERS

GfK PICTURESCAN: PICTURES ARE WORTH 1,000 WORDS



In the age of social media, people are subjected to permanent information overload. Generation Z is "always on." Messages only get through to them in the form of an eye-catcher. Emotional and catchy is the name of the game. Photos have become the preferred form of individual expression and above all a universal language. Photo portals such as Instagram or Snapchat, where communication takes place primarily through photos, have been enjoying ever increasing popularity.

ANALYSIS OF BRAND IMAGES

The upload of millions of pictures per day provides market research with an unparalleled source of information. "User generated content" often contains products and brands and with it marketing-relevant knowledge. A "Facebook" study carried out by the GfK Verein and the University of Michigan-Dearborn confirms that social media photos can be an expression of brand likeability, loyalty and positive word-of-mouth advertising.

In order to be able to analyze this thus far largely untapped data source, the GfK Verein and University of Augsburg jointly developed the GfK PictureScan tool. The application recognizes logos, objects, scenes, people with emotions, age and gender as well as the overall mood of photos and aggregates them to indicators. This makes it possible to measure brand popularity and customer feedback virtually in real time. Trends can be discovered and opportunities and risks assessed for image management and sales.

A case study for 41 FMCG brands in Germany conducted by the GfK Verein confirms the results of the PictureScan analysis by means of a text-based social media analysis, a representative survey and an analysis of the GfK household panel: The more photos there are of a brand on social media, the more text posts there are about this brand on social media, the greater awareness there is of the brand in the survey and the more regular buyers there are in the household panel.

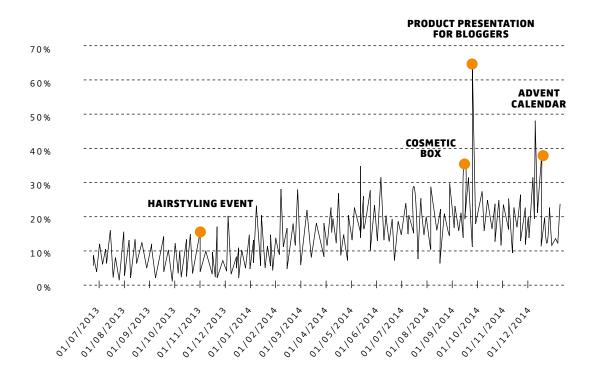
NUMEROUS APPLICATION POSSIBILITIES

However, PictureScan not only delivers consistent results for traditional market research but also provides completely new insights into the life of consumers. This is shown in numerous application studies conducted by the GfK Verein in the past year.

For example, photos reveal the real usage situations of brands. A photo comparison between two cola brands showed significant differences with respect to the location of where the beverage was consumed and the demographics of the people depicted with the beverage. This allows valuable findings to be derived for the design of target group-specific advertising.

Continuous monitoring of the mood of the photos makes it possible to readily assess opportunities and risks and take countermeasures. For example, an 18-month tracking study of a candy brand revealed that only few fan postings are generated during the times with the highest sales such as Easter and the pre-Christmas season compared to the competition. Introducing new seasonal products could remedy this situation and raise awareness around the holidays.

The success of marketing measures can also be measured with photos: Do they motivate consumers to photograph a brand more often and share it on social networks? Tracking the social media photos of a personal care brand shed light on successful marketing measures: A hairstyling campaign as well as an exclusive product presentation for bloggers



and integrating the brand in a popular cosmetics box and advent calendar had a positive effect on the number of photos posted.

In addition, new social media trends can be discovered and production planning aligned accordingly early on: For example, a photo analysis in 2015 found that in the summer months fans of a cosmetic brand mainly posted pictures of extravagantly polished nails. In the fall, however, the trend was more towards natural looking nails.

Insight into the life of consumers gained through GfK PictureScan provides more new ideas and honest feedback for advertising and product design. Marketers are thus better able to assess and manage image and sales in a profitable manner. The promising tool is not only for social media; it can also be used in all situations where image mining needs to be automated for large volumes of photos. GfK PictureScan was awarded the German Market Research Innovation Prize in 2016 and will be developed further in future studies.

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PROFILE

GfK PICTURESCAN

PROJECT DESCRIPTION

Development of a tool for extracting marketing-relevant knowledge from photos in social networks

START OF PROJECT

2012

COOPERATION PARTNERS

University of Augsburg, Prof. Rainer Lienhart; University of Michigan-Dearborn, Prof. Aaron Ahuvia



VOICE ANALYTICS: WHAT THE VOICE **SAYS ABOUT US**

Whether or not a consumer likes a product can sometimes already be gathered from their facial expression. Visual channels for capturing emotional states however are not always available. Also, not every emotion can be read from the facial expression. The voice on the other hand, is a very good indicator of the degree of emotional excitement, or "emotional arousal." In market research it can be an indicator for the assessment of personal relevance. Working together with engineers from the University of Passau and the start-up firm audEERING GmbH, the GfK Verein has developed an instrument that can capture emotions by means of the voice.



PROFILE

VOICE ANALYTICS

PROJECT DESCRIPTION

Emotion detection in the voice

START OF PROJECT

2014

COOPERATION PARTNERS

The University of Passau, audEERING, GfK SE Market Opportunities and Innovation

GFK MARKET BUILDER VOICE – VOICE ANALYSIS IN PRACTICE

Emotion voice analysis has been available for GfK customers since 2016 with the Market Builder Voice tool. GfK MarketBuilder Voice is based on the method VOICE ANALYTICS which was developed by GfK Verein together with engineers from the University of Passau and start-up firm audEERING.

The idea is to introduce the concepts of new products to study participants and then let talk freely about their impressions. Their answers will be recorded and evaluated using automatic analysis tools, including the Market Builder Voice. This product stands out because it uses emotional voice analysis to examine "how" something is being said in conjunction with "what" is being said. The combined result of both analyses reflects the degree of emotional influence.

The first market-ready version can perform voice analysis in German, English, Spanish and Chinese. The GfK Verein is currently working on adapting the software to enable the detection model to optimize by itself or with very little human support.



THE GFK EMO SCAN: INTERPRETING EMOTIONS IN REAL TIME

Whether pursing the lips or wrinkling the nose – the GfK EMO Scan detects what is written on our faces and deciphers the emotional impact of advertising directly in the facial expression of the consumer.

While version 1.0 of the scan software could only register the positive and negative emotions of subjects, the GfK Verein together with its cooperation partner Fraunhofer IIS and the University of Geneva was recently able to expand the instrument by two further dimensions. In addition to valence, the dimensions of novelty value (interesting vs. boring) and controllability (understandable vs. confusing) can also now be inferred.

Through extremely precise interpretation of distance changes in individualized grid modules and the analysis of changes in the skin's surface, individual muscle movements – so-called action units (AUs) – are captured in

the face first. In the second step, emotional assessment dimensions (appraisals) are derived from these AUs using a statistical model.

After a last fine-tuning of the AU detection in the past fiscal year, the development project could be concluded in spring of 2017. We now have an integrated software solution available that offers two options for the analysis of facial recordings: Either the quick recognition of valence (EMO Scan 1.0) or the new detailed detection of AUs for inferring valence, novelty and controllability. The aim now is to apply these new dimensions in different research projects and explore them further.

















PROFILE GfK EMO SCAN

PROJECT DESCRIPTION

Automatic recognition of facial expressions for emotional analysis

 $\begin{array}{c} \textbf{START OF PROJECT} \\ 2008 \end{array}$

COOPERATION PARTNERS

Fraunhofer Institute for Integrated Circuits (FIIS); University of Geneva, Professor Klaus R. Scherer; GfK SE

GfK SMARTSCAN: MOBILE [R]EVOLUTION IN THE CONSUMER PANEL

For many people, it is impossible to imagine life without smartphones.

At work or among friends, they have long become the most important means of communication. So, why not also use the intelligent companion for market research purposes?



Participants of the GfK Consumer Panel are still reporting about their purchases by scanning the EAN bar codes of their products with handheld scanners and enter the corresponding prices manually via a keyboard. A relatively time-consuming process, which also carries the potential for errors. Since modern smartphones are now capable of reading barcodes, GfK has started – following a pilot project supported by the GfK Verein in 2015 – to shift the scanning of purchases done by handheld scanners to smartphones. This kind of capture is very attractive to the panel participants because they can use a device that is familiar to them and which they carry on their person anyway.

In addition to scanning the EAN codes, the participants also photograph their sales receipts with their mobile phones. The main goal of GfK is to significantly reduce the effort required by participants through the use of the OCR software (= optical character recognition): The aim of the software is to facilitate readout and further processing of the entire sales receipt. The difficulty is in matching the positions on the receipt to the items because the item descrip-

tions of the retailers often vary and usually do not indicate the item number (EAN). The information acquired from the photos will now be used to build a database that creates a reference between the sales receipt text, item price and EAN. This eliminates the need for the time-consuming manual entry of the prices.

PROFILE

GfK SMARTSCAN

PROJECT DESCRIPTION

Smartphone capture of purchases in the consumer panel by means of OCR recognition

START OF PROJECT

2015

COOPERATION PARTNERS

Offerista GmbH, Berlin

AGENT-BASED MODELS: SIMULATING PURCHASING DECISIONS

Making good market decisions requires having an understanding of complex and volatile markets. In addition, it is essential to find the right hypotheses and concepts to develop alternatives, plan marketing measures and implement them successfully. Experiences alone are no longer sufficient for showing future purchasing behavior. On the contrary, it is necessary to analyze and assess phenomena such as interactions in social networks or navigating the unending flood of information by simulating different possibilities and concepts



For further insight into the changing consumer behavior, the GfK Verein developed a software that can simulate purchasing decisions. Agent-based models are used to extract real situations and assess different decisions.

Agents represent market participants, e.g., persons or households who interact with each other and their environment. They have defined characteristics, are found in a specific environment, act autonomously, make decisions according to defined rules and adapt their behavior.

For practical application, the software was adapted so that the exchange relationships in markets and customer centricity can be easily shown. Additional optimizations facilitate the collaboration between method and market experts and the improved software performance makes it possible to generate more comprehensive models.

PROFILE

AGENT-BASED MODELS (ABM)

PROJECT DESCRIPTION

The potential application of agent-based models to simulate FMCG markets

START OF PROJECT

2012

BAYESIAN NETWORKS: MAKING AN EFFECTIVE IMPACT

Complex markets and growing competitive pressure require greater entrepreneurial dynamism. This means that marketing managers often have to make important strategic decisions quickly in order to gain a competitive advantage. Whether it is about increasing advertising expenditure, restructuring the budget or changing the marketing mix, each of these decisions has consequences. Causal analytical methods are therefore steadily gaining importance in market research. Due largely to the growing demand, the GfK Verein is continuously driving forward the further improvement of its tools for graphical causal modeling and driver analyses.

Bayesian Networks (BN) are used to test the effectiveness of measures planned on the basis of market and survey data. Various disciplines such as statistics, artificial intelligence and philosophy are involved in the basic principle underlying this method. In contrast to the previously used processes such as LISREL or PLS, the BN approach not only allows conventional marketing theories to be checked for validity, but also provides information on undiscovered causalities while taking previous knowledge into consideration. This way, the direction and strength of the cause and effect variables can be identified and modeled for the entire system.

The acquired and quantified information about the relationships is represented as a path diagram. The graphical causal modeling serves as valid basis for the evaluation of different what-if scenarios. The BN approach can then measure the strength of the effects between variables across different paths. This is done by determining to what extent and in which ways a change in the cause affects a specific dependent variable. For example, how the preferences of consumers affect key performance indicators such as sales and ROI can be shown.

TESTED IN PRACTICE

The BN method has already been successfully applied in various market research projects. For example, how different taste aspects and beverage characteristics affect product preference could be determined through this process.

Other market research tasks are expected to profit from this new form of causal analytical examination in the future.

PROFILE

BAYESIAN NETWORK & DRIVER ANALYSIS

PROJECT DESCRIPTION

Tool for graphical causal modeling and driver analyses

START OF PROJECT

2014

GfK BRANDSIMULATOR: PREDICTING CUSTOMER REACH



Prices, promotions, distribution and TV advertising are part of the traditional marketing mix.

Often only small adjustments are needed to influence the purchasing behavior of consumers such as a minor price reduction or a promotion at the right time. With the GfK BrandSimulator, marketers can test in advance how different marketing mix measures affect the sales of fast-moving consumer goods.

SINCE 2004, PURCHASES AND PURCHASING VOLUMES HAVE BEEN SUCCESSFULLY PREDICTED FOR PRACTICAL APPLICATION.

The software is continuously revised by the GfK Verein and developed further on the basis of intensive research. In 2015, the maintainability, memory requirements and computing time were optimized. Customer reach has been an area of intensive research since 2016. This is because the basis for the GfK BrandSimulator is the GfK household panel. With respect to the customer, however, the tool often competes with retail panel models. Therefore, the BrandSimulator is going to predict customer reach in the future, which will be a USP over retail panel models. For example, penetration is the only way to find out whether already existing customers stock up on promotional goods or if new customers can be enticed. A broad customer base is a solid foundation for successful brand management.

For the modeling of customer reach, the core model assumptions of the GfK BrandSimulator were revised and expanded. In particular, the previous assumption that each household chooses from an unchanging set of brands proved to be insufficient. At this point, it would also be counterproductive to have each household choose from all brands because the offerings in most product groups are way too varied. A solution is now being tried by way of a middle ground: Simultaneous consumption across all households is determined, i.e., what brands often land in the shopping cart together. Combined with the information on previously purchased brands, a set of new brands is recommended for each household. Depending on the observed willingness of the household to switch, the set is either rather small or large — however, always individually tailored to the preferences and needs

determined. For instance, consideration is given to which stores the respective households shop at, which brands are available there and how the range of goods within the product groups on site change. All of this information is used to construct an algorithm for predicting customer reach and the results are validated by means of different product groups. This is broken down by brand according to existing consumers and new consumers.

The selection of the product groups for the validation aims to depict a very heterogeneous spectrum. In order to also be able to predict customer reach for product range changes in the future, product groups were also selected whose ranges changed within the observation period.

The prediction of customer reach is to be integrated in the simulation program in 2017.

PROFILE

GfK BRANDSIMULATOR

PROJECT DESCRIPTION

Prediction of customer reach

START OF PROJECT

2015

COOPERATION PARTNERS

Stan Lipovetsky GfK Panel Services ABS (Advanced Business Solutions)



BRÅND GROWTH 2.0: × MAKING BRANDS × BIG



Consumers are repeatedly faced with having to decide for or against a specific product. What makes them grab for something on the supermarket shelf? In order to strengthen brands and create products that are in line demand, it is essential for marketers to shed light on the black box of purchasing decisions.



"Brand Growth 2.0" is the name of the long-term initiative between Europanel, a joint venture of GfK SE and KantarWorldpanel (KWP), and AiMark, a network of marketing researchers, brand manufacturers and the GfK Verein, which helps to measure brand growth and gain a better understanding of consumers.

The initiative, which was started four years ago, draws its findings from different information sources: The global databases of the household panels of GfK SE and KWP provide information on the purchasing decisions of 100,000 households in 37 countries over a period of three to twelve years. From this, information on brand success (growth, market share, penetration, loyalty) as well as brand building activities (e.g., innovations, price promotions, product range) can be derived. In addition, a database was built on the characteristics and successes of more than 150,000 new products as well as another database on the distribution of purchase frequency of all brands in the panel. The collaboration also benefits from the know-how of an innovative network of university researchers, Europanel experts, GfK SE, KWP and companies. Through the direct

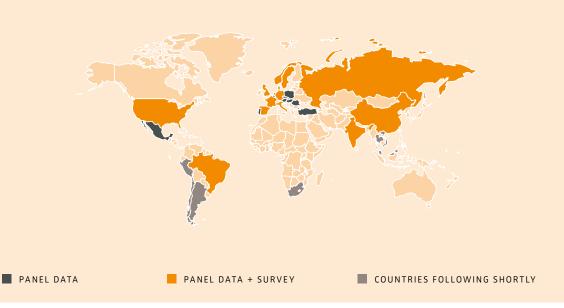
exchange and critical reflection of the results, a unique information base is created, which all stakeholders of the AiMark network can access.

Brand manufacturers as well as marketing researchers are particularly interested in the following questions:

- To what extent can strong market gains be explained by changes in reach and frequency? What is the individual contribution of new consumers and existing consumers?
- How likely is a repeat purchase of a brand if it has not been selected once, twice, three times or more in succession?
- Which factors explain why some brands are more successful than others? Are they the same factors for different regions, diverse product groups or brands of varying sizes?

BRAND GROWTH 2.0 COLLECTS THE FOLLOWING DATA:

Measurement of purchasing behavior in 37 countries; 10 brands in more than 80 categories are analyzed. Europanel is currently conducting additional consumer surveys in 14 countries (in orange) and investigating the top three brands there in 30 categories. The data available to date, depending on country, covers a time period of three to twelve years.



AiMark is the Center for Advanced Marketing
Knowledge, a non-profit initiative founded
17 years ago for the development of theory and
marketing practice. Professor Raimund Wildner
(GfK Verein) and Professor Jan-Benedict E.M.
Steenkamp (University of North Carolina) lead
the AiMark Foundation.

The last question in particular has already been discussed in various projects with the industry. For example, a cooperation between Europanel and AiMark developed into a simulation tool for increasing reach. Other research projects focused on topics such as brand trust or the reduction in the annual loss of customers.

The aim of the initiative is to enable a more in-depth look at other questions, something that has hitherto not been possible, as well as to study the developments over a longer period of time.

PROFILE

BG 20 - BRAND GROWTH 2.0

PROJECT DESCRIPTION

An initiative that derives recommendations for action for brand building and growth with the help of a global database on brands, marketing and purchasing behavior.

START OF PROJECT

2013

COOPERATION PARTNERS

GfK SE, KantarWorldpanel (KWP), Europanel, AiMark

FUTURE FASHION RETAIL:





New technologies have made unlimited shopping possible beyond pedestrian areas, shopping malls or shopping hours. The consumer is better informed than ever before and smartphones have significantly changed communication and relationships to brands and retail locations. What has allowed consumers to have freedom from local businesses and emancipation from professional staff has caused permanent retailers the greatest existential crisis to date. In 2016, 28 % of sales in the German fashion market were made online, in China this figure was already at 35 %. In contrast, the number of pure "in-store shoppers" is steadily dropping, which results in ghost towns and empty stores. The lament of permanent retailers is getting louder and louder, but only very few have an answer to the crisis.

A study by GfK Fashion & Lifestyle for the GfK Verein showed that the separation between online and offline channels is rapidly blurring. Now "noline" (= omnichannel) is seen as the future of retail. While online offers 24/7 access to a diverse product range, preferably for routine or subsequent purchases, and used as an information source for preliminary searches and price comparisons, physical stores increasingly have to serve as a communication point for brand culture and retail experience. Social experiences, humanization, individualization, event culture and exclusivity are just a few of the buzzwords to lure "connected fashionistas" back to the urban centers.

Which visionary store concepts appeal to the global fashion shoppers was investigated in the GfK "Future Fashion Retail" study: Consumers and trend scouts from Germany, Italy, France, the UK, the U.S. and China came together from the areas of fashion, retail, industry, marketing, architecture and design. Future visions of fashion retail emerged from the workshops and interdisciplinary dialogue on the moderated GfK Sociolog platform. Combined with information on global purchasing behavior, "Fashion Future Retail" is still the only study on this topic to date that combines quantitative facts and analyses with qualitative insights.

FUTURE SOLUTIONS OF THE TREND SCOUTS

Based on the facts and analysis, four solution approaches were developed for the implementation of "noline":

- >> To take responsibility and act environmentally
- >> To optimize well-being by humanizing the digital
- >> To feel like a king by means of a post-digital service offensive
- >> To make my life easier

The appeal to retail is here:

- >> Take a look at your customers: Who are they? How can I capture their imagination?
- >> Go ahead: Pursue a clear brand strategy and take a direction! Don't be everybody's darling!

Only those who adopt these messages and implement them sustainably can emerge from the existential crisis a winner in the future.

PROFILE

FUTURE FASHION RETAIL 2017

DESCRIPTION OF STUDY

The baseline study on behalf of the GfK Verein investigates purchasing behavior as well as needs and trends from the perspective of consumers and experts for fashion retail in Germany, Italy, France, the UK, the U.S. and China.

METHODS AND SAMPLES

The research approach includes three areas:

- > Meta-Panel Analysis / Ad Hoc Analysis and Desk Research
- > Qualitative Workshops with Consumers
- > Idea Development with Experts and Trend Scouts

START OF PROJECT

2016/2017

NEW RESEARCH PROJECTS OF THE GfK VEREIN

Technological progress is continuously changing our everyday lives. That means that market research also needs to change the way it thinks all the time. Critical self-examination, and recognizing new possibilities within this change and knowing how to use them profitably has always been one of the key tasks of market research. It therefore sees the challenges of new methodological possibilities first and foremost as an opportunity to surpass oneself. That is why future technologies like virtual and augmented reality play a decisive role in the GfK Verein's new research projects.



VIRTUAL CAR CLINICS

In the "Virtual Car Clinics" project, the GfK Verein looks at the potential applications of VR technologies in the context of the automobile industry. Up to now, selected test vehicles and corresponding competitor vehicles are presented to test persons at so-called car clinics. The logistic effort involved is extremely time and cost intensive: Prototypes have to be produced, competitor vehicles rented and transported to the test location. Enormous facilities are rented for this. By using VR technologies, the logistic effort can be significantly reduced. Car clinics can take place in different countries at the same time and the manufacturer can receive early feedback on design options before a real prototype can even go into production. The car clinics would then be more cost-efficient and flexible, and the results would be available sooner. But is the technology really ready for practical application or still a long way off? The feasibility also depends on the willingness of the automobile manufacturer to make the CAD data of their vehicles available. In addition, the rendering of 3D models is still relatively costly. Significant cost savings can therefore only be expected in the future.

Together with the Automotive Research Team of GfK SE, the GfK Verein is trying to ascertain whether the virtual representation of car models in the test situation as an alternative to real vehicles will deliver comparable results. The planned pilot study will be used to derive information about consumer needs, measure the acceptance level of the technology for surveys and determine the degree of distraction of various VR technologies.

SHOPPING IN VIRTUAL REALITY

Product representations with virtual reality/augmented reality technologies can be controlled on an experimental basis and are therefore suitable for market research studies. In addition to the automobile area, the new technologies can also be used for analyzing purchasing decisions. The question is how does the purchasing decision process in a virtual environment differ from online and in-store shopping? And how can the unique possibilities offered by the new technologies be used even more effectively? The GfK Verein will be looking for answers to this and other questions together with an interdisciplinary group consisting of scientists from the areas of informatics, engineering and marketing at KIT in Karlsruhe.

GLOBAL TRUST REPORT 2017 -TRUST IN LAW ENFORCEMENT CONTINUES TO GROW

How much trust do people place in industries, institutions and professions in Germany and other countries? Since 2011, the GfK Verein has been delving into this question with the Global Trust Report and alternately examining the trust of the population in professions or institutions and industries on an annual basis. This year's study investigated the question of trust with regard to institutions and industries and surveyed over 28,000 people in Germany and 24 other countries. The result for Germany: Trust among the population towards law enforcement continues to grow, whereas trust in the automobile industry has eroded significantly.

The German population is evidently very satisfied with the work of national law enforcement. In the list of the most trusted institutions, the police is again in first place in Germany with 85 % and even went up by 5 percentage points compared to the results of 2015. In Spain, the Netherlands, Austria, Sweden and Iran, the police is at the very top of the trust ranking. In Mexico, which was newly included in the 2017 study, the population is far more distrustful of the police. Confidence in the police force is only expressed by 12 % of citizens. With regard to German institutions, the Bundeswehr registered the greatest increase in trust. At 64 %, it currently holds fourth place in the ranking. Positions two and three are also occupied by the justice system and administrative government institutions. Political parties are in last place of this year's survey with 18 %.

AUTOMOBILE INDUSTRY DOWN CONSIDERABLY

In addition to institutions, the GfK Verein also investigated trust in industries in the "Global Trust Report 2017." This year, detergent manufacturers (70 %, fifth place), clothing and shoe manufacturers (74 %, second place) and toy manufacturers (64 %, eighth place) were included in the study for the first time. Trade ranked as the most trustworthy sector in Germany as well as in seven other countries. Confidence in the German automobile industry on the other hand fell significantly by 17 percentage points compared to

the last survey in 2015. This is probably due in large part to the emissions scandal of September 2015. Trust in the automobile industry in Japan, Italy, Sweden and the U.S. has also diminished greatly. Only the telecommunications industry, banks and insurance companies fare worse in Germany.

PROFILE

GfK GLOBAL TRUST REPORT 2017

DESCRIPTION OF STUDY

International study in 25 countries on people's trust in selected institutions and industries

METHOD

GfK GLOBO BUS

SAMPLE SIZE

28,273 respondents

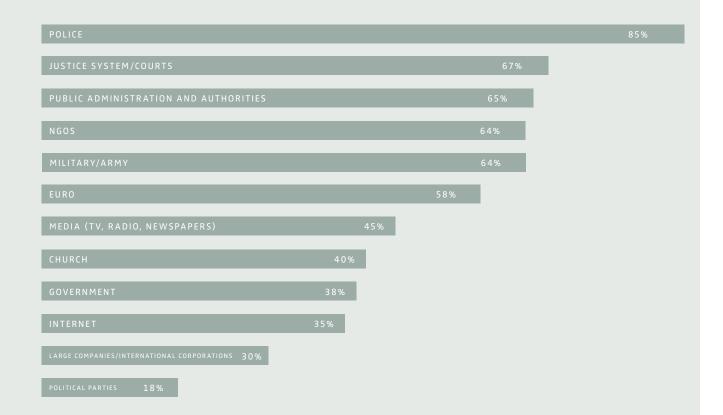
STUDY CONDUCTED

Beginning of 2017 (conducted every two years)





GERMANY: TRUST IN INSTITUTIONS



SOURCE: GLOBAL TRUST REPORT 2017 - A STUDY OF GFK VEREIN

CHALLENGES OF NATIONS 2016: MIGRATION STILL BIGGEST CONCERN

What are the most urgent issues that need to be resolved today? For the "Challenges of Nations" study, the GfK Verein annually surveys citizens from 24 countries about the most pressing challenges facing their country. The number one challenge in Germany in 2016 was the refugee crisis.

CONCERN ABOUT MIGRATION AND INTEGRATION GROWS

In view of the refugee crisis, Germans are increasingly worried about the issue of migration and integration. With an increase of 48 percentage points to a record high of 83 %, more than twice as many citizens have admitted to this concern in the last 12 months. Also in large parts of Europe, such as in Austria, Sweden and Belgium, there is also concern about migration. Much less, but nevertheless occupying second place in the survey results, is the issue of unemployment among Germans. At 13 % and thus 9 percentage points below the previous year's figure, this issue has steadily been losing relevance in Germany since 2014. In countries affected by the financial crisis, like France, Italy and Spain, unemployment continues to be a major concern.

CONFIDENCE IN PENSIONS, SOCIAL SECURITY AND FINANCIAL SITUATION

In the ranking of the greatest challenges in Germany, places three to five are occupied by poverty, criminality and the situation of politics and the government with 10 % in each case. For all countries, the development of prices, unemployment, criminality and corruption ranked at the top of the greatest challenges.

The issues of pensions, provisions for old age, social security and the development of prices and purchasing power are perceived as challenging by 8 % of the German population and represents the lowest value reached in 11 years. At the

same time, concern about pensions and financial stability has decreased by half within a year.

Explanatory note about the results: The study was carried out in July 201

The study was carried out in July 2016, i.e., prior to the elections in the US.

PROFILE

CHALLENGES OF NATIONS

DESCRIPTION OF STUDY

International study to determine the most urgent issues to be resolved in the respective countries. In the first years, the study was carried out in European countries; it now encompasses 24 countries worldwide, including Mexico and the Philippines for the first time.

METHOD

GfK GLOBO BUS

SAMPLE SIZE

Germany: 2,104 respondents; Total (all countries): 27,675 respondents

STUDY CONDUCTED

The study has been carried out annually since September 2001. The next issue comes out in July 2017





THE TOP 10 ISSUES URGENTLY NEED TO BE RESOLVED IN GERMANY



IN %.

BASE 2016: 2,016 RESPONDENTS BASE 2015: 1,960 RESPONDENTS

CONSUMPTION TREND SENSOR 2016 NOW INCLUDING

THE U.S.



THE ECONOMY'S IMPACT ON PERSONAL LIFE

How do consumers see their personal financial situation in the medium term? Do they look towards the future with worry or with optimism? According to a current study of the GfK Verein, private consumer behavior correlates strongly with the economic situation of the consumer's country of origin. In view of the possible and controversial TTIP EU-US deal currently being discussed, the GfK included the U.S. in the current analysis for the first time. The "Consumer Trend Sensor 2016" study provides information on 705 million people in eight EU countries, Russia and the U.S. An important finding of the study was that the British, French and Americans are currently optimistic about their financial future. And this is despite the fact that their financial situation tells a very different story. More than four out of ten consumers in the respective countries currently find themselves in a strained living situation that is characterized by holding back. In other words, they are generally getting by, but are on the brink of a financial crisis.

GERMANY: MORE THAN EVERY SECOND CONSUMER IS FINANCIALLY STABLE

Consumers in Germany as well as those in neighboring Austria and the Netherlands, however, are considered to be crisis resistant. The majority of private households in these countries are not threatened by unemployment and enjoy a stable financial situation. More than every second respondent said they are doing well financially and have a positive view of the future.

For the most part, even Spaniards expect a stable financial situation again. While tourism and the private construction industry boom, the 36 % share of crisis-affected consumers in the country (Consumer Trend Sensor 2014) decreased to the current 28 %.

The Russian respondents on the other hand are pessimistic about their financial future. Nearly every third person expects a deterioration of their own purchasing power.



DUE TO THE BACKGROUND
OF A POSSIBLE FREE TRADE
AGREEMENT BETWEEN THE EU
AND THE USA, THE STUDY'S
CONTENT IS EXTENDED TO
INCLUDE THE USA.



EFFECTS OF BREXIT STILL UNCERTAIN

What is difficult to gauge in the medium term are the consequences of the Brexit vote for companies and consumers in the UK as well as their business partners. Experts currently expect that the British economy will be more seriously affected than the EU countries (see Süddeutsche Zeitung of June 24, 2016); this still remains to be seen. A picture of the economic trends and their financial consequences for the consumer will be made available to members of the GfK Verein in the "Consumer Trend Sensor 2018" report.

PROFILE

TRENDSENSOR CONSUMPTION

DESCRIPTION OF STUDY

The GfK TRENDSENSOR Consumption published by the GfK Verein delivers information on the development of values in the context of private consumption in eight European Union countries, Russia and the USA.

METHOD

CAPI, Paper & Pencil (Russia), GfK Knowledge Panel (USA)

SAMPLE SIZE

Total (all countries): 11,384 respondents

STUDY CONDUCTED

Since 2001 the study has been conducted every two years. Study 2016 conducted in winter 2016/2017

GLOBAL PERSPECTIVES BAROMETER 2017 VOICES OF THE LEADERS OF TOMORROW: A LIFESTYLE OF CONTROLLED TRANSPARENCY

What makes the managers of tomorrow tick? The "Global Perspectives Barometer – Voices of the Leaders of Tomorrow" gives insight into their world. Every year, the GfK Verein and St. Gallen Symposium carries out a survey of young top talent under the age of 35 from the global network of the St. Gallen Symposium. In 2017, around 1,000 academics and young professionals from over 80 countries participated in the study.

The results provide insights into what young top talents envision for the workplace of the future. As so-called "Digital Natives," the managers of tomorrow have grown up with the increasing complexity and dynamism of digitalization. The focus of the survey in 2017 was the issue of "transparency." People often believe that the generation posts everything online for everyone to see. But is that a true reflection of the reality? What do the digital talents make visible? Where do they expect transparency? Are there limits to this and if so, where? In the current "Global Perspectives Barometer 2017 – Voices of the Leaders of Tomorrow," the GfK Verein looks at four key findings about digital talents in relation to "transparency":

FINDING 1

<u>Leaders of Tomorrow live a lifestyle of controlled transparency</u>

The young generation is often called naive when it comes to disclosing personal data on the Internet. But the Global Perspectives Barometer shows a different picture of the Leaders of Tomorrow: Although almost all of the individuals surveyed share and disseminate personal information online, this is not something they do carelessly. Rather, they make a conscious decision as to which details to publish and which details they want to keep to themselves. The type

of information shared suggests that they want to control the professional image that they cultivate online. In addition to (at least) one photo, which is more or less a must and is published by 93 percent of the individuals surveyed, the focus is on professional information: 87 percent share their educational background online, with 76 percent supplying information on their current position and 71 percent sharing details of their career. They are much less likely to share more personal information – for example on their religious or political beliefs – with the online community. The Leaders of Tomorrow are keen to maintain control over their data. 81 percent actively manage the privacy settings for their online profiles, with 74 percent making a distinction between personal and professional online profiles.

FINDING 2:

<u>Leaders of Tomorrow drive the power shift from employers</u> to employees

The Leaders of Tomorrow share their experiences as employees just as they would share their product or service ratings as customers. More than half of the people surveyed are prepared to comment on their employer online: 35 percent of those with professional experience have actually already written a publicly visible statement about one of their employers, and a further 24 percent would be prepared to do so.



The way in which they seek information on a potential employer is changing as well: In order to find out more about how a company they are not familiar with is rated as an employer, the Leaders of Tomorrow tend to look primarily at the opinions of other employees. Almost two-thirds (64 percent) of the Leaders of Tomorrow would contact current or former employees or use employer rating platforms like Kununu or Glassdoor to obtain information.

FINDING 3:

<u>Leaders of Tomorrow call for transparency as the foundation for future business success</u>

The Leaders of Tomorrow value a transparent working environment with free access to information. In order to achieve this sort of transparency, they are also prepared to share information about themselves and their team. More than three-quarters (77 percent) say that companies that share information and knowledge internally as the default and only keep information secret that is explicitly marked as confidential are more successful in the long run. Only one in five survey participants (22 percent), on the other hand, believe that confidentiality should be the default.

FINDING 4:

<u>Leaders of Tomorrow are acting as whistleblowers: Be transparent or be exposed</u>

Despite the calls for transparency, the transparent lifestyle that they already live and the wide range of communication tools available to expose companies to the public, the majority (59 percent) would only raise issues relating to unethical

behavior within the company internally, at least initially. Just over half of the survey participants (53 percent), however, would certainly be prepared to publish information on their own experiences of a bad working environment, at least anonymously.

PROFILE

GLOBAL PERSPECTIVES

BAROMETER - VOICES OF
THE LEADERS OF TOMORROW

DESCRIPTION OF STUDY

Survey of talented young people under the age of 35 from the St. Gallen Symposium network and outstanding universities

SAMPLE

1,017 young talents under the age of 35 from 83 countries The participants in the online survey were generated from the worldwide network of the St. Gallen Symposium and personally invited to take part in the study (the selection is not representative).

STUDY PERIOD

October 2016 to February 2017

STUDY CONDUCTED

Every year since 2014

ADDITIONAL INFORMATION

This report is available for download on our homepage www.gfk-verein.org

MYTHS

1.

Leaders of Tomorrow live a lifestyle of controlled transparency

1000+
"LEADERS OF TOMORROW"

YOUNG TOP TALENT FROM THE GENERATION OF "DIGITAL NATIVES"

FROM MORE THAN 80 COUNTRIES

STUDENTS AND YOUNG
PROFESSIONALS FROM DIVERSE
DISCIPLINES

2.

Leaders of Tomorrow drive the power shift from employers to employees

<u>3.</u>

Leaders of Tomorrow call for transparency as the foundation for future business success



4.

Leaders of Tomorrow as whistleblowers – be transparent or be exposed





GfK INVESTMENTBAROMETER 2017: SAVING TODAY WHAT IS PROVEN, WHAT IS ATTRACTIVE?

Every two years, the GfK Verein investigates data on the behavior of private investors with the GfK investment barometer. This time, around 5,000 private investors over the age of 14 in Germany, Great Britain, France and Italy were surveyed. The Investment Barometer 2017 shows: The opinion expressed and actual behavior regarding investments differs in Germany.

The traditional savings account is still the most frequently used form of investment, but fares the worst in terms of attractiveness. Company pension plans, gold and building loan agreements continue to occupy the second to fourth places among Germans on the attractiveness list. In fact, however, at the time of the survey only 18 % of the respondents invested in a company pension plan, 6 % in gold and just under one-third in a building loan agreement.

The Europeans interviewed all agree on the front-runner in the attractiveness ranking: Around 76 % of the Germans and the majority of the French, British and Italian respondents consider property ownership as the most attractive form of all investments.

In 2016, shares and investment funds come in at number seven and eight of the German top list with 20 % and are therefore slowly becoming more attractive. Somewhat more averse to risk are the private savers in other countries: Only 7 % of Italians, 13 % of the French and 19 % of the British see shares as attractive. One possible reason for this according to Raimund Wildner, Managing Director of the GfK Verein, is the current economic and political situation in the respective countries.

PROFILE

INVESTMENT BAROMETER 2017

DESCRIPTION OF STUDY

Survey on the behavior of private

financial decision makers in Germany, the UK, France and Italy

METHOD

GfK GLOBO BUS

SAMPLE SIZE

5,000 men and women over the age of 14

STUDY CONDUCTED

October/November 2016

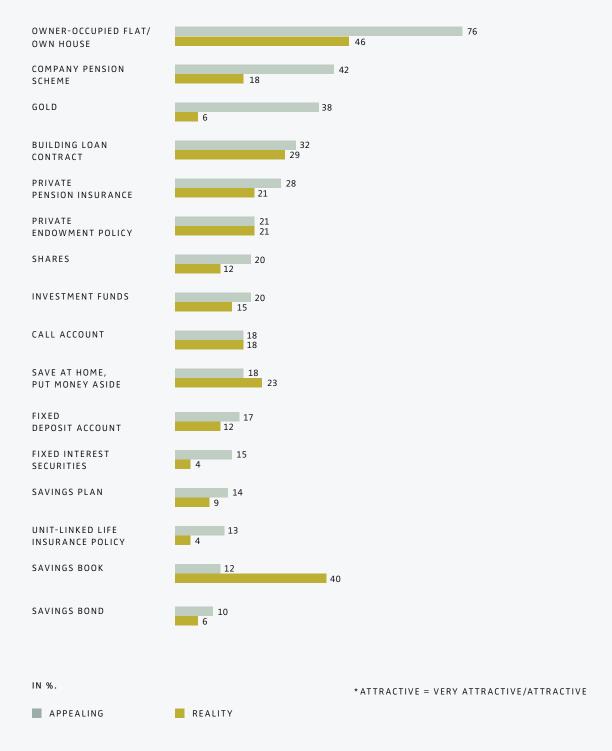
GERMANY:

GOLD IS APPEALING – BUT THE PRIVATE INVESTORS STILL HAVE SAVINGS BOOKS

QUESTIONS:

Considering your current financial Investments, please tell me in which forms of savings, investments or asset you have invested?

Regardless of how you save at present – how appealing \star do you see each of the products, investment types or saving options?



SOURCE: GfK VEREIN, INVESTMENTBAROMETER 2016/2017

G f K B E N C H M A R K F I G U R E S

Once a year, the members of the GfK Verein receive a comprehensive set of figures: The GfK benchmark figures. These key metrics for both city and county level are collected by GfK GeoMarketing and are available in print form as well as on CD-ROM. They provide companies with the basis for calculating key regional sales figures. For example, they enable an initial estimate of regional potential and help with site planning and assessment. The GfK base data figures are therefore an important basis for managing sales and marketing.

1,154

cars per 1,000 residents – Wolfsburg once again had the highest car density in Germany in 2016 (as of January 1, 2016). Wolfsburg is also at the top of the rankings in the number of industrial employees per 1,000 residents.

16.7%

of the residents in the district of Cloppenburg are children, which is around 27% above the German average and thus occupies first place in Germany. The urban district of Dessau-Roßlau has the highest percentage of senior citizens with a share of 29%.

€18.4 BILLION

in sales expected in 2017 for the permanent retail sector in the urban district of Berlin. This is followed by Hamburg in second place with €11.2 billion. Based on the number of people living in Berlin, this corresponds to a GfK retail sales index of 103.2; Hamburg's index rating is 124.2 (average for Germany = 100). The lowest retail sales are expected in the district of Lüchow-Dannenberg with €189 million.

€32,194

GfK forecast of average purchasing power of the residents of the rural district of Starnberg in 2017. That is around 45% more than the German national average. This puts Starnberg at the top of the ranking for Germany, followed by Hochtaunuskreis in Hesse and Munich and its surrounding area. The average purchasing power per resident in Germany is €22,239. In last place of the 402 districts is the district of Görlitz with €17,496 per capita.

2,886

construction projects in residential and nonresidential buildings were approved in the urban
district of Berlin in 2015. It therefore occupies first
place in the number of building permits. However,
the urban district of Munich still overtakes Berlin in
terms of estimated building costs as the Bavarian
capital is the clear leader when it comes to
non-residential construction costs.

335

cars per 1,000 residents is the lowest car density in all of Germany. This can be found in the urban district of Kiel. The urban district of Wolfsburg accounts for more than three times as many. Wolfsburg occupies first place in the number of industrial employees per 1,000 residents, followed by Schweinfurt and Ingolstadt.

€1.827,5 BILLION

GfK forecast of total purchasing power for Germany as a whole for the current year. That represents a nominal increase of 2.9% over the previous year. Per capita, this comes to an average purchasing power of €22,239 available to Germans in 2017 for consumption spending, housing, recreation and saving.

€415.5 BILLION

in sales expected for the German permanent retail sector in 2017.

The most populous districts continue to show the highest sales volumes. Major cities like Berlin, Hamburg, Munich and Cologne are way ahead in the ranking according to sales volume.

The top ten districts together make up 17.8% of all permanent retail sales in Germany. This represents a further percentage increase compared to previous years. Retail locations that are already strong thus exert a more powerful pull on consumers.

72.3 %

of all people living in the urban district of
Heidelberg are of working age (15–65 years). In
this ranking, it is predominantly the urban districts
that record a high share – among the top 25, there are
only 5 rural districts. The district of Dessau-Roßlau in
Saxony-Anhalt has the lowest share of working age
persons; it also has the highest share of senior
citizens with nearly 30 % (over the
age of 65).

9.6%

is the share of children under the age of 15 in the urban district of Suhl. That is the lowest share of all urban and rural districts in Germany. The highest share on the other hand, can be found in the district of Cloppenburg with 16.7%. The share of senior citizens over the age of 65 is highest in Dessau-Roßlau in Saxony-Anhalt with close to 30%, whereas in Vechta in Lower Saxony it is only 15.4%.

16.0%

was the unemployment rate for the urban district of Gelsenkirchen in September 2016, followed by Bremerhaven with 15.6% and the district of Uckermark with 14.3%. At only 1.7%, the rural district of Eichstätt is in the lead with the lowest unemployment rate. Only 4 non-Bavarian districts made it to the top 40 (or even top 45).

BRIEF SUM-STUDIES MARY

GfK CONSUMER STUDY - EXCERPT

"For me, losing my cell phone/smartphone would be worse than losing my wallet." Just a few years ago, hardly anyone would have thought that one day around 17 % of 50 to 59-year olds would agree with this statement. According to "Consumer Study 2016," even 11 % of 60 to 69-year olds as well as 7 % of women and men over the age of 70 would rather have their cell phone as opposed to cash or credit cards in their pocket.

For the third time in a row, the GfK Verein surveyed around 2,000 Germans on mobile communication and reaffirms that smartphone and with it mobile internet usage is growing and knows no age limit. This becomes apparent when we compare the results from 2012 and 2014: The percentage of smartphone owners has almost tripled since the 2012 survey. Especially with the older generation, the small multitalents are gaining ever more acceptance. Internet usage in general is increasingly becoming an integral part of their everyday life, including when they are outside of the home, and is especially growing in the 70+ group.

PROFILE

GFK CONSUMER STUDY

DESCRIPTION OF STUDY

The European Consumer Study provides information on the fundamental trends in selected private consumer markets in eight countries in the European Union and Russia.

METHOD

CAPI/PAPI survey

SAMPLE SIZE

around 2,000 people in Germany

STUDY CONDUCTED

2016

"CASH" STUDY: THE END OF CASH?

You are at the bakery about to pay when you suddenly realize you have no cash in your wallet. This situation probably sounds familiar to some people and they may wonder whether paying with cash is even in tune with the times. Or is its abolishment in favor of electronic payment methods long overdue? Scandinavian countries, for example, have been relying on cashless payments for some time now – even buying bread at the bakery is done with an electronic card.

For the "Cash" study, the GfK Verein surveyed around 2,000 Germans on the subject of cash in July 2016. The results show that payment transactions in Germany still differ greatly from Scandinavian countries. Only 10 % of Germans make payments exclusively by card or with their smartphone. The rest always have change or bills on them. The affinity for cash, however, is related to age: 92 % of senior citizens surveyed (65 and older) would prefer to pay in cash despite having other payment options. For the 14 to 34-year old respondents, however, 37 % prefer card payments. If there were to be a referendum today on abolishing cash, the respondents are pretty much in agreement. The majority of Germans (64 %) would be against doing away with cash. Only 12 % would probably (8 %) or even definitely be in favor (4 %) of abolishing it completely.

LET'S GET STARTED – HOW LOCAL INITIATIVES CAN CONTRIBUTE TO THE INTEGRATION OF REFUGEES IN THE JOB MARKET

The influx of refugees has created great challenges in terms of the formal registration process, housing and support. In 2015 alone, around 800,000 people came to Germany seeking asylum. The majority of them are of working age. These people must now be successfully integrated into the job market. At this point, local initiatives that act as a liaison between refugees and companies are becoming more important. This is because refugees often do not know how to go about the application process or what to expect in the German workplace. In addition, language barriers make it even more difficult to get a job.

This is where local initiatives provide support. To date, however, little is known about their work. In order to change this, the Berlin Institute for Population and Development together with the support of the GfK Verein asked ten initiatives about the challenges of their everyday work and how they handle them. For example, volunteers assist refugees with resume preparation, help them during the application phase and also provide support at the beginning of a new job. In order to provide training on how to behave appropriately in the German workplace, some initiatives offer preventive hands-on workshops. Important skills and rules such as being on time as well as how to deal with supervisors are practiced through role playing.

PROFILE

CASH 2016

DESCRIPTION OF STUDY

For the "Cash" study, the GfK Verein surveyed around 2,000 Germans in July 2016 on the subject of cash

METHOD

GfK Classic Bus, Face-to-face survey

SAMPLE SIZE

around 2,000 Germans

STUDY CONDUCTED

July 2016

PROFILE

DISCUSSION PAPER BY THE BERLIN INSTITUTE

PUBLICATION DATE

August 2016



MARKETING CHALLENGES: STAYING COMPETITIVE

In view of the new communication channels, globalized markets and diverse customer demands, companies are having a tougher time getting noticed with products or services. According to the "Marketing Challenges 2016" study, sales and marketing managers from Germany and Great Britain see themselves confronted by numerous challenges – and especially remaining competitive. The survey also investigates major concerns with regard to economic and demographic conditions – the catchphrase is "shortage of skilled personnel." Year after year, it will become more difficult for companies to find suitable employees. The internet represents another challenge. One out of every five marketing managers still see the need for catching up in the area of data security and online communication, especially with regard to customer approach. Added to this are political factors: Virtually none of the respondents expect Brexit to have positive effects for their own company - either in Germany or the UK. In the UK, 31 % even expect clear negative consequences, especially for imports and the domestic sales markets.

PROFILE

MARKETING CHALLENGES: STAYING COMPETITIVE

DESCRIPTION OF STUDY

Survey of the greatest challenges from the perspective of marketing in Germany and the UK in the next five to ten years.

METHOD

Telephone interviews (CATI)

SAMPLE SIZE

600 marketing managers in Germany and 474 marketing managers in the UK

STUDY CONDUCTED

September/October 2016

SHIFTING VALUES

Terrorist attacks, refugee crises, acts of war that take a toll on human lives – events that stay in the minds of people and continue to have an effect. These events leave an impression that even affect the values of society. A current study by the GfK Verein surveyed around 2,000 people in Germany on 13 concepts of value and their relevance for the future.

For 83 % of the respondents, the most important by far is security, which is first place in the survey findings. Compared to the previous year, the share of those who attribute increasing importance to the issue of security, rose again by 7 percentage points. It is closely followed by the values of performance and trust, each with 58 %, as well as the home (57 %) and responsibility (55 %).

The level of importance attributed to a specific value varies greatly depending on the age of the respondents. After all, personal values always depend on the stage of life a person is at. With respect to the value of performance for example, there are significant differences: The 14 to 24-year olds rate the increased importance of performance the highest (59 %). Among 50 to 64-year olds, only one-fourth attach increasing importance to this value. Related topics such as innovation and competition are also seen as more important by the younger respondents (39 and 23 %, respectively) compared to other age groups. At the same time, the value of adventure among young people – compared to other age groups – is rated highest on the relevance scale at 27 %.

PROFILE

SHIFTING VALUES

DESCRIPTION OF STUDY

Survey of future importance of values

METHOD

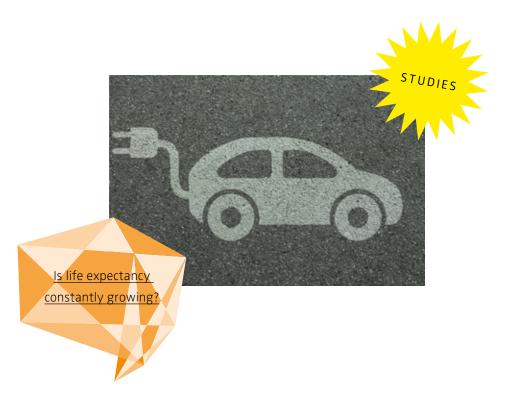
GfK Classic Bus, Face-to-face survey

SAMPLE SIZE

1,998 people over the age of 14 in Germany

STUDY CONDUCTED

December 2016



LIFE EXPECTANCY – A BERLIN INSTITUTE DISCUSSION PAPER

Is life expectancy continuously growing? Or is the trend already showing signs of weakening? What factors can counteract the demographic change? And how does the trend in developing countries differ from that in developed countries? Can the social divide resulting from the different life expectancies of the countries be mitigated through better education? Answers to these questions can be found in the Berlin Institute for Population and Development's discussion paper supported by the GfK Verein.

GLOBAL GREEN INDEX GERMANY – FOCUS ON E-MOBILITY

The Global Green Index is a cooperation between the GfK Verein and GfK SE established in 2011. It measures the basic attitudes of consumers towards environmental awareness as well as their willingness to bear the costs involved for environmentally responsible behavior. The Global Green Index comprises seven areas — consumption, production, energy in the home, energy supply, waste and recycling, mobility, tourism and personal commitment to environmental protection. The study, which was published in February 2017, looks at the opportunities and risks of e-mobility from the consumer's perspective.

PROFILE

DISCUSSION PAPER BY THE BERLIN INSTITUTE FOR POPULATION AND DEVELOPMENT

PUBLICATION DATE

June 2017

PROFILE

GLOBAL GREEN INDEX GERMANY

DESCRIPTION OF STUDY

Survey of consumers on their main attitudes towards environmental awareness and their willingness to bear the costs involved for environmentally responsible behavior

METHOD

GfK CAPI-BUS

SAMPLE SIZE

1,006 interviewees over the age of 14 in Germany

STUDY CONDUCTED

November 2016

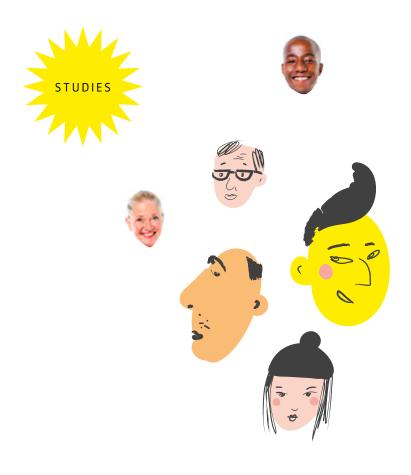
PREVIEW: STUDIES 2017/18

SOURCE: CHALLENGES OF NATIONS 2017 – A STUDY BY THE GFK VEREIN

The international study investigates the most urgent challenges in what is now 24 countries worldwide. The study was started in the 1970s in Germany under the title "The Concerns of the Nation." In 2001, the study was first internationalized in Europe and renamed "Challenges of Europe." Since 2014, the citizens in several countries in America, Africa and Asia are also asked about the most important problems to be resolved in the respective country. The 2017 issue of the "Challenges of Nations" study, as it is called today, comes out in July 2017.

THE DEMOGRAPHIC AND ECONOMIC FUTURE OF THE EUROPEAN UNION

The population of the European Union is continuously growing. While in 2015 the population of the 28 EU countries was 508 million, it will be 525 million residents by mid-century according to the latest projections (without taking Brexit into account). In view of this, the GfK Verein is carrying out a comprehensive study on the demographic and economic future of the continent. In addition to a general inventory of the demographic processes, the study also investigates the changes that are taking place as a result to derive solution approaches for the future. The study is therefore aimed at political and economic decision makers as well as the interested public. The study is a cooperation with the Berlin Institute for Population and Development and will be published in August 2017.



GLOBAL GREEN INDEX FOR GERMANY 2017

How green is Germany's consumption? The Global Green Index investigates the environmental awareness of German consumers. The Eco-Index is used for measuring the willingness of consumers to bear the costs for environmentally responsible behavior. The study looks at seven areas of everyday life: consumption and production, energy in the home, energy supply, waste and recycling, mobility, tourism and personal commitment to environmental protection. This joint study of the GfK Verein and GfK SE has been carried since 2011. Publication of the current issue is planned for fall 2017.

GLOBAL TRUST REPORT 2018 -A STUDY BY THE GFK VEREIN

The GfK Global Trust Report has been published annually since 2011 and alternately examines trust in professions or in institutions and industries. The 2018 issue looks at trust in selected professions in around 20 different countries. Publication: Spring 2018

MOBILE COMMUNICATION IN EUROPE AND THE U.S. IN 2018 – A STUDY BY THE GFK VEREIN

Smart technologies are increasingly penetrating all areas of life and connecting people both professionally and privately. In the "Mobile Communication" study, carried out every two years in nine European countries and the U.S., the GfK Verein looks at the specific usage behavior of consumers in relation to the internet, mobile devices like cell phones/smartphones and telephoning via landlines and mobile phones. The next issue in 2018 comes out in spring 2018.

CONSUMPTION TREND SENSOR 2018 – A STUDY BY THE GFK VEREIN

The Consumption Trend Sensor study by the GfK Verein has been conducted internationally since 2001. Every two years, it provides information on fundamental trends in private consumer behavior in eight EU countries and Russia and also includes the U.S. Since 2016. The study focuses on the extent to which societal changes influence consumption. The 2018 issue will come out in summer





UNIVERSITY PROGRAMS: TRAINING OF MARKET RESEARCHERS IN RAPIDLY GROWING MARKETS

In order to train and educate the next generation of market researchers, the GfK Verein has been developing university programs in rapidly growing markets for the past six years — first in Africa and now in China, too. The university programs of the GfK Verein focus on two main areas: Further development of the training programs following the end of DEG (German Investment and Development Corporation) funding and setting up "Prosumer Decision Labs." These labs make it possible to study how increasingly transparent and fragmented markets affect the decisions of market participants.



The GfK Verein's involvement with the university cooperation programs started in 2010 in South Africa, Kenya, Nigeria and Ghana – first as a PPP project (Public Private Partnership Project) with financial support from DEG, which ended in 2014. The GfK Verein continued its work in South Africa and Kenya independently and expanded it even further: The teaching content was revised to reflect the increasing focus of digital and mobile market research on data science. In addition to the content-related realignment, the programs were also developed further by incorporating more handson workshops and mini-projects. This entailed an even greater emphasis on the combination of theory and practice as well as the increased involvement of local markets.

AFRICA: UPDATED COURSE OFFERINGS

In order to make the curriculum of the master's program in South Africa more flexible, it was revised together with the department of marketing at the University of Pretoria: It is now organized as a modular certificate course in collaboration with the Enterprises University of Pretoria and the continuing education department of the University of Pretoria. An important focus of the course are the digital market research methods, including the use of open data, modern visualization technologies and interactive analyses. Starting from the third quarter of 2017, the former two-year master's program will consist of modules lasting four months each. Each module has a specific focus, which is coordinated with the local market research industry. Experts from GfK SE, and especially those from the area of data and technology, contribute their knowledge as guest lecturers. The first module of 2017 deals with "Digital Market Insights."

CHINA: SUMMER SCHOOL IS NOW FIRMLY ESTABLISHED

The GfK Verein cooperates with the Business School of the Central University of Finance and Economics (CUFE) in Beijing. In July 2016, the two-week summer school on "International Market Research and Innovation," which was taught by instructors from the GfK Verein and GfK SE, was held for the third time. The summer school is part of the educational program of the university. The credits earned by the students can be fully accredited. The latest summer school was held in July 2017 and focus on data science and new data sources. The emphasis here is also a stronger interrelationship between theory, methods and practical application.

PROFIL

UNIVERSITY PROGRAMS

PROJECT DESCRIPTION

Future-oriented training and knowledge transfer on market research in rapidly growing markets

START OF PROJECT

2010

COOPERATION PARTNERS

GfK SE;

Central University of Finance and Economics (CUFE), Beijing

Kenya;

University of Pretoria (UoP), South Africa; German Institute for International Educational Research (DIPF), Frankfurt; German Investment and Development Corporation (DEG), Cologne (2010–2014)

PROSUMER DECISION LABS: STUDYING THE CONSUMERS OF TODAY AND TOMORROW

The consumer is developing more and more into a prosumer. The term prosumer stems from the 80s – at the time, Alvin Toffler predicted the merging of the originally separate roles of producer and consumer. This development was especially intensified by the internet: New online offerings such as sharing economy platforms have diluted the once clear separation between passive consumers and active producers. This transformation has an impact of marketing, market research and market decision making, which is investigated in the so-called prosumer decision labs of the Gfk Verein.

LABS FOR MASTERING THE NEWEST MARKET RESEARCH METHODS

Since it is crucial for the market researcher of tomorrow to know and master the newest methods of their industry, the GfK Verein designed and installed the prosumer decision labs. This allows the training and education carried out in collaboration with partner universities to be as hands-on as possible. Of particular interest is the fact that behavioral economic research for explaining the changing behavior of consumers is becoming increasingly relevant. The first lab was opened on April 12, 2016, at the Central University of Finance and Economics (CUFE) in Beijing. The extensive renovation of the lab at the University of Nairobi was completed in April 2017. The lab at the University of Pretoria will also be opened in 2017.

TOOLS FOR THE MARKET RESEARCH OF THE FUTURE

Digital, mobile and interactive tools in market research are playing an increasingly prominent role in the collection, analysis and visualization of data, including having access to data sources in real time. Project-based interactive learning is necessary in order to professionally use the new tools of the trade of market research as well as program applications for the data collection and analysis.

Each lab is equipped with ten workstations, where the students can perform experiments in the area of behavioral economics. Whiteboards, projectors and 3D printers make it possible to offer workshops on topics such as innovation and design thinking and allow new avenues to be explored in the development of prototypes and gathering customer feedback. The labs will be equipped with hardware and software with financial support from the GfK Verein. In addition, the GfK Verein provides training for instructors and students. In the future, intercultural studies will also be possible with a network of prosumer labs.



UNIVERSITY COOPERATIONS



<u>Central University for Finance and Economics (CUFE)</u>
<u>Business School, Beijing</u>

Fraunhofer IIS

University of Applied Management, Erding

INSEE Business School, France

Karlsruhe Decision & Design Lab (KD2 Lab), Karlsruhe Institute of Technology (KIT)

<u>LMU Munich and The University of Geneva</u> (Swiss Center for Affective Sciences)



Prof. Klaus Scherer, LMU Munich and University of Geneva (CISA)

Shanghai University

St. Gallen Foundation for International Studies

University of Augsburg

University of Dresden

University of Duisburg



FAU Erlangen-Nuremberg

<u>University of Passau, Prof. Björn Schuller</u>

University of Michigan-Dearborn, Prof. Ahuvia

<u>University of Nairobi, Department of Business Administration</u>

University of Pretoria, Department of Marketing

University of Potsdam

Tilburg University, Marketing Department

GfK ENDOWED CHAIR FOR INFORMATION & SUPPLY CHAIN MANAGEMENT: DOING A DUAL STUDY AND MAKING A MARK IN BUSINESS

Since October 2015, the GfK Endowed Chair for Information & Supply Chain Management at the University of Applied Management in Erding has been offering an industry-focused study program in commercial management. Under the direction of Prof. Dr. Rudolf Aunkofer, young professionals learn the strategic and operational foundation of a modern, customer-focused information and supply chain management in an instructive mix of research and management practice. Joint projects between the university and companies as well as the very close cooperation of the chair with the GfK Verein ensure unique course offerings with a high level of practical relevance, especially for the technology industry.

In addition to the practice-based teaching on "Commercial Management," the issue of "Disruptive Technology & Innovation" is another current focus: In an international research project, the effects of the digital transformation on the networked information and supply chain for technology products such as TVs, computers and smartphones are being investigated in ten countries. Over 150 experts from industry and trade were asked about their opinions and expectations regarding this issue in structured interviews. In addition to traditional interview analysis tools, digital forms of analysis such as social media listening, emotion scanning and multivariate processes such as predictive analytics are also used.

On the one hand, the digital transformation is a subject of investigation. On the other hand, however, the use of analog

as well as digital market research instruments also reflects the digital transformation in the study design. The goal of the project is to give both manufacturers and retailers recommendations for action for the digital transformation. At the same time, fundamental research should be conducted to find out to what extent qualitative and digitally quantitative research methods together can be combined for new customer-oriented market research solutions.

Prof. Rudolf Aunkofer, Professor for Information & Supply Chain Management and holder of the GfK chair in Erding, illustrated the first findings from this research project to over 500 representatives of the start-up community at the YEAR OF THE ROOSTER Innovation Festival in Munich.



ABOUT THE UNIVERSITY

The GfK Endowed Chair of Marketing Intelligence is part of the Faculty for Business Administration at the University for Applied Management in Erding. It gives students the option of a dual work-study program with a bachelor's and master's degree in business administration. The university, which was founded in 2004, is state-approved as well as institutionally and system accredited.

Today it is the largest private university in Bavaria and stands out due to its innovative semi-virtual study concept, which combines in-person phases with a digital learning platform.



PROFILE

GFK ENDOWED CHAIR
"INFORMATION & SUPPLY
CHAIN MANAGEMENT"

DESCRIPTION

The GfK chair as well as the associated institute at the University for Applied Management in Erding combines research and management practice

FOUNDED

2015

MORE INFORMATION

http://iscm.iun-world.com

20 15



GFK CHAIR AT FAU ERLANGEN-NUREMBERG: TALK WITH CHAIR HOLDER PROF. KOSCHATE-FISCHER ON TEN YEARS OF RESEARCH WORK AND TEACHING

Ten years ago, the GfK Chair for Marketing Intelligence at FAU Erlangen-Nuremberg was established with support from the GfK Verein. The aim of the GfK Verein is to pass on knowledge, including to young academics. Both the bachelor's and master's programs are theory driven but also very hands-on and geared to the important strategic and operational decision-making problems and methods in marketing.

In the past ten years, the department has become exceedingly well established. Its academic core is the "Master in Marketing" study program, which has been offered since 2009. Many students apply for this master's program: In 2016, there were around 560 applicants for the 60 places available. In the last six years, 310 have successfully completed the master's degree.

Prof. Nicole Koschate-Fischer, holder of the GfK Chair for Marketing Intelligence at FAU Erlangen-Nuremberg and member of the Executive Board of the GfK Verein, looks back at ten successful years of research and teaching.



Prof. Koschate-Fischer, you have been holder of the GfK Chair for Marketing Intelligence for ten years. Surely, the department's offerings have also evolved since then. What key research areas were in vogue in your department back then? What are they today and in what direction is research heading?

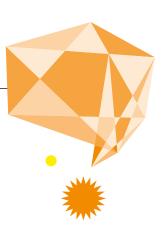
The key research areas today are price management, product and innovation management and market research as well as customer behavior and customer relationship management. In this regard, we have carried out many research projects very successfully and published the results in the leading international scientific journals, such as the Journal of Marketing, the Journal of Marketing Research and the Journal of the Academy of Marketing Science.

Over time, other subject areas such as advertising effectiveness research and corporate social responsibility have been added. In a current research project, we are looking at how emotions within the context of advertising can best be measured. For this, we also use the GfK EMO Scan. In another research project funded by the German Research Fund (DFG), we are analyzing different presentation formats of numerical variables (e.g., prices, discounts or incentives) and their impact on consumer behavior.

In addition, the digital transformation is giving rise to many new and interesting questions in the fields mentioned. In a current research project for example, we are looking at dynamic pricing, i.e., a pricing strategy that allows companies to calculate and continuously adjust their product prices based on automatic algorithms. In another project, we are investigating the impact of emoji (i.e., small colorful symbols, which are increasingly replacing text) in online communication on consumer behavior.

I was delighted to be appointed as an ordinary member of the Bavarian Academy of Sciences and Humanities based on my research achievements at the beginning of 2017. According to the Articles of Association, only scientists whose work represents "a considerable expansion of the body of knowledge" within their subject may be elected members. The Bavarian Academy of Sciences and Humanities is the largest and one of the oldest of the eight academies in Germany as well as the most active in terms of research. In accordance with the articles of association, the academy carries out innovative long-term research, networks scholars across disciplines and national borders, contributes to politics and society with its scientific expertise, furthers young scientists and is a forum for the dialogue between the scientific community and the public.





Students today also expect other areas of specialization than in the past. The focus areas of your department range from market research and price management to product and innovation management. What study tracks are most popular with your students today and why? How important is internationality in this context? What are their current dream jobs?

In the Master in Marketing, the broad range of course offerings allow students to individualize their academic program. Right now, there is a high demand for topics/offerings in the fields of both digitalization as well as data science. Our courses are continuously updated to include these important topics and their impact on marketing. The curriculum for the Master in Marketing program was also expanded through the addition of new courses such as "Digital Marketing & Sales" and "Social Media Marketing" as well as a new junior professorship for digital marketing.

Starting with the winter semester 2017/2018, students will be able to choose the new specialization option "Marketing Research with a Focus on Data Science" in the Master in Marketing program. This area of concentration combines informatics and statistics expertise with important core disciplines of marketing. Students acquire extensive knowledge, ranging from how to work with database systems and data analysis to data processing and presentation.

Also rated highly by students is the strong practical approach and international focus. I would like to point out that renowned experts from the corporate world enhance

the curriculum, such as Prof. Raimund Wildner and Dr. Fabian Buder from the GfK Verein, who regularly teach the data collection and data analysis courses in the "Master in Marketing."

The Master in Marketing also stands out for its strong international dimension. This can already be seen with the numerous applications that come from over 30 countries and five continents. We have also integrated renowned international guest professors in the program. For example, Prof. Hoyer (University of Texas at Austin, USA) regularly offers the "Advanced Topics in Marketing: Consumer Behavior" course. Prof. Borah (University of Washington, USA) teaches the course "Social Media Marketing." Many of our students also do a semester abroad at one of the over 120 partner universities. In addition, we offer students the opportunity of doing a dual master's program with EM Strasbourg.

The dream jobs of our students are extremely varied. While many students would prefer to start at a market research company or in the marketing department of an international company, others see themselves at a start-up or launching one themselves. And then there are others who go on to pursue doctoral studies.

Digitalization is continuously permeating all areas of life — big data is everywhere. How has research and teaching in your department changed as a result? How strongly will these developments affect the work in your department in the future?



"IN THE PAST YEAR,
OVER 1,800 STUDENTS
PARTICIPATED IN EXPERIMENTAL
INVESTIGATIONS AT ELAN AND
ALSO GAINED VALUABLE
INSIGHTS INTO MARKET
RESEARCH."

Digitalization raises many new and exciting research questions. We address these questions in our projects. There are also a multitude of new data sources, such as social media platforms, which can provide very interesting insights, especially in combination with other data sources such as panel data.

These topics are also integrated in the teaching content. The course materials are made available to the students through digital learning platforms, which provide personal support as well as online discussion forums. These developments will also have a significant impact on the work of the department in the future.

In our last annual report, we talked about the new experimental lab that was also installed with the support of the GfK Verein. What was the feedback from the students on the new lab? For which applications and operations has it mainly been used so far?

The Experimental Lab for Business Insights Nürnberg (ELAN) was opened in summer 2016 and has met with a very positive response from the students. The experimental lab is used for both teaching and research. One example is the marketing seminar that we have held on a regular basis since the lab was opened. The students here work in small groups, where they design their own experiments on practice-related issues, carry them out in the experimental lab, evaluate them and then present the results. They receive hands-on supervision and support throughout this process. The course feedback from the students has been very positive.

The experimental lab has also been used extensively in many research projects. In the past year, over 1,800 students participated in experimental investigations at ELAN and also gained valuable insights into market research. In addition, the experimental lab is also open to partner companies. In this way, we support companies by providing answers to their specific questions and carry out empirical studies. Companies can thus benefit from our many years of expertise in the area of experimental research.

If you had one wish with respect to your role as professor, what would it be?

I am extremely grateful to look back at ten years of very successful research and teaching work. Looking to the future, my goal is to ensure the continued success of the department. At the same time, I would like to encourage young scientists to take the step towards becoming professors because the work is very exciting, diverse and also challenging, and one I look forward to every single day.



GfK ACADEMY: HANDS-ON CONTINUING EDUCATION

The interrelationship between theory and practical application – that is what the GfK Academy stands for. The seminars are characterized by the interdisciplinary dialogue between the participating managers from marketing and market research and renowned lecturers from all over the world. What can the participants expect? The GfK Academy considers itself a knowledge center for current issues and challenges in marketing. In line with its claim, the Academy is always looking at the developments and trends that are shaping the marketing of tomorrow. Seminar participants benefit from the excellent know-how of high-level instructors from universities and business schools in the U.S., Asia and Europe. Besides sound marketing and market research knowledge, the instructors are also known for their extensive practical experience, which they have gained through their work with international companies.

THE TOPICS ARE IN SYNC WITH THE TIMES

The topics and focus areas of the seminars are continuously adapted to meet the current needs and market requirements. All courses are characterized by an optimal mix of theory and practice: Participants find the use of example cases to impart a better understanding of complex issues extremely helpful. In addition, discussion groups enable direct exchange as part of the sessions.

For example, the focus of the two-day workshop, "Designing New Growth – The Art of Opportunity," was the discovery of new growth strategies for one's own company and the development of profitable business models for the future. Dr. Marc Sniukas, global expert for strategic innovation and corporate entrepreneurship as well as the author of "The Art of Opportunity" showed the participants ways to increase their innovation potential.

Since it was established in October 2005, more than 860 participants from over 400 different companies have taken part in over 55 seminars at the GfK Academy. The participants work in different sectors such as consumer goods, financial services, the automotive industry and health care and come from over 30 European countries. And former participants like to come back, as shown by the following two testimonials: "I remember the workshops at the GfK Acad-

emy were some of the most interesting sessions I've been to..." and "...thank you so much for keeping me in the loop, I can say that these were the best sessions I have been to, and would be happy to join again..."

More information about the current seminar program and speakers of the GfK Academy can be found at www.gfk-academy.com

PROFILE

GfK ACADEMY

DESCRIPTION

Internationally renowned lecturers share their knowledge in personal and professional exchanges on all relevant marketing topics. The seminars are held in English. The seminars are geared to marketing decision makers from all sectors.

FOUNDED

2005

GfK COMPACT: WELL-INFORMED



GfK Compact – the name says it all: Since 2009, the free online information service of the GfK Verein has been providing news from the market research of GfK SE and the GfK Verein in a clear, factual way. Interested users will find a handy reference guide on www.gfk-compact.de, divided into the sections "FocusTopics," "Headlines," "BlitzInterviews" and "OutlineData."

The "FocusTopics" are at the core of GfK Compact. Once a month, they present new findings from surveys and analyses from the consumer panel of GfK SE in exclusive compact articles. For example, the top topics last year were societal trends such as mobile payment and sustainability. As soon as a new focus topic comes out, registered users receive an automatic email notification and that way always remain up to date. Under "Headlines," visitors find links to press releases and published results of GfK SE studies. For further information, the "OutlineData"

section includes a collection of links of key websites with current facts and figures about society and consumption. Under the fourth section "BlitzInterviews," current topics in market and opinion research are expanded further by interviews with experts.

In 2016, GfK Compact received an average of 4,000 site visits per month. The most popular were the focus topics, with 3,000 hits per month.



PROFILE

GfK COMPACT

PROJECT DESCRIPTION

An information service provided by the GfK Verein on current market research findings.

START OF PROJECT

2009

MORE INFORMATION

www.gfk-compact.de

GfK MIR: PRACTITIONERS ALSO VALUE THEORY



The GfK Marketing Intelligence Review (GfK MIR) is the marketing journal of the GfK Verein. The journal presents research findings from marketing science in a practical context. Twice a year, a new issue featuring a current key topic is published in both German and English. The GfK MIR print edition is available by subscription or freely accessible online at www.gfkmir.com and also via other sites. The two latest issues are dedicated to the changing conditions of an increasingly digitalized and data-driven world.

NEW FROM THE FIELD OF MARKETING RESEARCH

Decision makers and managers like to broaden their marketing horizons with the latest findings from market research. At the same time, they rarely have time to read long scientific articles. The GfK MIR provides them with current scientific developments in a concise and unique format – adapted exactly to their needs. An advisory board of top-level, international members first selects the key topics of the individual issues and recommends the respective guest editors. These marketing researchers, who are very well established in the respective field, then invite renowned scientists from all over the world as authors. Besides the individual articles from science, each issue also features a talk with a practitioner. Also included in every issue is an article related to the research of GfK SE or the GfK Verein.

MARKETING IN THE DIGITAL WORLD

Both of the latest issues are dedicated to the topic of digitalization. In the 2/2016 issue, Professor Bernd Skiera from Goethe University in Frankfurt deals with the topic of "Marketing and Data Science." Increasing amounts of data are available to marketing managers and often in "real time."

What at first sounds like a wishful dream, however, often poses major challenges for companies. Poor data quality, the necessary methodological knowledge, technical requirements for the processing and linking of data as well as the right interpretation of results are the key words often mentioned in this context. All of these topics are discussed in different articles. In addition, an interview on the topic provides interesting insights into the world of direct banks and shows how algorithms can take the place of traditional bankers. A sensitive issue that not only affects the financial services sector.

The change processes brought about by digitalization are also the focus of the latest issue of the GfK MIR, which came out in May 2017. Guest editors Professor Werner Reinartz from the University of Cologne and Professor Srinivas Reddy from Singapore Management University have put together an issue on the topic of "Digital Transformation" that is certainly worth reading. As a matter of fact, social and economic processes change at an unbelievably fast pace as well as quite radically: Entire business models become obsolete, new players enter the market, consumers and pro-



The GfK MIR is accessible to everyone online. The latest issues with mobile-optimized full texts as well as an overview of all previous issues can be found at www.gfkmir.com.

All issues are also available as a readable PDF document free of charge at www.issuu.com/gfkmir. Individual articles in English can be downloaded from the website of the DeGruyter publishing house at www.degruyter. Com/view/j/gfkmir. The site also offers additional services such as keyword searches.

ducers switch roles and form platforms that are constantly expanding. What that means for traditional commerce or how crowdfunding has revolutionized the financial services sector can be found in this themed issue. Established companies also find tips and tricks on how to successfully master current developments.

A PREVIEW OF FUTURE ISSUES

Future issues of the GfK MIR will also be devoted to exciting topics. The networked consumer is at the center of the November 2017 issue. Professor Steven Andrews from Oxford University has already selected interesting research projects on the behavior of the "Connected Consumer" and the preparation of the articles is in full swing. The 1/2018 issue will focus on brands and the risks that are relevant for brand management. For this topic, we were able to sign on Professor Susan Fournier from Boston University as a guest editor. Together with her colleague Shuba Srinivasan, she will examine this important but surprisingly often neglected aspect of brand management in an interdisciplinary approach.

PROFILE

GfK MIR MARKETING INTELLIGENCE REVIEW

PROJECT DESCRIPTION

Marketing magazine that summarizes articles from scholarly publications for marketing decision makers in practically oriented, themed periodicals.

START OF PROJECT

2009

PUBLISHED

Twice a year



TRENDS THAT STAY:

THE KRONBERGER ENTREPRENEURIAL TALKS LOOK AT WHERE THE MARKETS ARE HEADING

At the end of January 2017, management board members and CEOs of fast-moving consumer goods (FMCG) companies gathered for the 36th time at Schlosshotel Kronberg for the entrepreneurial talks. After the welcome address by GfK board spokesperson Gerhard Hausruckinger, GfK Manager Thomas Bachl presented an optimistic picture of the situation in Germany compared to most of the other European countries: The continuing upward trend in consumer climate and steadily improving financial situation of consumers translates to volume and sales growth in the food retail sector.

GfK manager Stephan Knäble also took a look at additional factors that determine the situation in the food retail industry. For example, the trend of consumers shopping less frequently but spending more per purchase is continuing. The growing focus on quality means that lowend store brands (e.g., ja!) are being purchased less frequently. However, due to the increase in high-end store brands (e.g., Rewe Feine Welt), store brands as a whole were able to gain market shares again in 2016 following a decrease in 2015.

The share for discounters on the other hand was stagnant in 2016. This is mainly due to the declining number of younger consumers who want to shop at Aldi. The largely successful brand listings at Aldi were able to weaken this trend but still not reverse it.

Organic specialty retailers on the other hand saw double-digit growth. This was due to the higher than average sales share taken from specialty stores. e-commerce also saw slight growth of only around 5 %. With a share of 1.2 % of the food retail industry, there was no breakthrough in 2016 either.

GfK manager Robert Kecskes identified the 28 most important trends of the past four years in his presentation. These include extremely dynamic trends on a very small scale, such as activated carbon, which only generated sales of 8 million in 2016 but has grown by around 450 % on average in the last few years. In addition, there are the mature trends, such as the 6 billion market for organic products, which only saw average growth of 5.9 %.

He sees a total of five consumer trends behind these product trends. The trend of "sustainability" represents an attempt to take responsibility for oneself and others. "Organic," "vegan" or "aluminum free" are trends which can be explained in this way. Convenience and speed mainly represent time savings. "Wash convenience" and "all-in-one personal care" realize this need. The desire for "distinction" and "lifestyle/presentation" is satisfied through "life style beverages" or "whitening" and "authenticity" through modern and traditional superfoods. And finally, "homing" has replaced the former "cocooning" trend. While cocooning meant insulating oneself from the outside world, homing is about consciously inviting friends and family over to eat, cook or play games together. Since



The trend of "sustainability"
represents an attempt to take responsibility
for oneself and others.



the home has to be clean and tidy in order to do this, the trend towards "hygiene in the household" goes hand in hand with this.

Robert Kecskes also showed that innovative spirit is mostly found in young trainees and professionals, which is not that surprising. Once they have children, this tendency diminishes significantly at first. Then we see a paradox: In middle-class families, there is renewed enthusiasm for innovation, whereas in working class families it diminishes even more.

Managing Director of the GfK Verein, Raimund Wildner, set out in search of 16 trends, which at this point are still too small to be captured in the household panel. In short, people can imagine taking up new trends if it does not require having to make too many lifestyle changes at once and if there are no high cultural hurdles. A flexitarian diet in which meat is reduced but not fully eliminated is the trend that met with the highest approval among 22 % of heads of households when asked whether they would follow this trend right now or possibly in the future. A vegan diet on the other hand, which requires a significantly greater adjustment, garnered only 5.2 % approval. And only 2.5 or 1.2 % can imagine consuming insect food or cultured meat grown in a test tube. In this case, the cultural barriers all the way to disgust are far too high.

In another step, future heads of households (i.e., young people still living with their parents or a parent but who plan to set up their own household within the next 12

months) were surveyed. What wishes and expectations do they have? Since a quantitative survey was not feasible due to the small size of the target group, a qualitative survey of 43 future heads of households was conducted over several days with the GfK tool Sociolog.dx.

The result was that these people want to reconcile apparent contradictions. A primary example is "innovative tradition." On the one hand, these people admire their parents and see their household management as a role model. There were no signs of a generational conflict. On the other hand, they like to use the internet as well as television for helpful tips, especially when it comes to nutrition. Another apparent paradox is the heading, "Let someone else do it without giving up control." Future household heads like to use simple and often digital solutions such as digital household management. At the same time, they want to ensure data protection and maintain decision-making power. A button on the washing machine for ordering detergent is only good if I can select which detergent I want. A third apparent contradiction is "acceleration for deceleration." Young people want to have unpleasant activities either done by means of technology (e.g., robot vacuum cleaner) or to delegate them (e.g., delivery service, household help) in order to have more time to enjoy cooking and eating, preferably together with friends as a co-organized "social campfire."

A presentation by the futures researcher Eike Wenzel rounded off the talks, which were lively continued with a dinner until the late evening.



REFLECTION: GfK CONFERENCE 2016: MARKETS IN FOCUS

"Focus on Markets" was the theme of the 66th GfK Conference that took place on July 7, 2016, in which market experts from GfK SE and company representatives came together to discuss economic, societal and scientific (consumption) trends. The main topic of discussion:

The developments from different markets – from fast-moving and technical consumer goods to do-it-yourself (DIY).

The annual GfK Conference has taken place since 1950 following the General Assembly of the GfK Verein — and in 2016 with a new concept: The event was changed from Friday to Thursday and all the presentations related to the overarching theme of "Focus on Markets." In the future, this theme will include presentations on fast-moving consumer goods (FMCG) and technical consumer goods every year. The focus of the presentations is always on combining theoretical findings from market research and the experiences of practitioners. And the new concept was well received: Close to 500 guests at the NürnbergConvention Center with an interest in marketing and market research followed the discussions on communication, commerce and market research in the age of digital transformation.

The digital transformation affects many markets. However, the fact that society is not only facing new possibilities but also challenges was illustrated by media scientist and author Prof. Norbert Bolz in his introductory presentation: Mobile communication is increasingly blurring the boundaries between work and leisure, flexible working and constant availability go hand in hand and attention is becoming a rare commodity in times of "information overload." In short: The rules of human communication are being rewritten.

Markus Wittmann, Head of POS Measurement Germany at GfK SE and Bernd Müller, Robert Bosch GmbH also mentioned similar changes in the second presentation. Presenting findings from a GfK study on the user journey of hobbyists, they showed how the offline and online worlds in the DIY market

are increasingly merging together. The do-it-yourselfers of today get information on their power tools both on site and online at the same time.

While the digital change in the DIY sector has already started, Germans still usually purchase their food and drugstore items offline. That fast-moving consumer goods nevertheless offer possibilities in the digital world was illustrated by Thomas Bachl, Regional COO and CEE Meta at GfK and Dominique Locher, CEO of LeShop.ch, a leading online food shop in Switzerland.

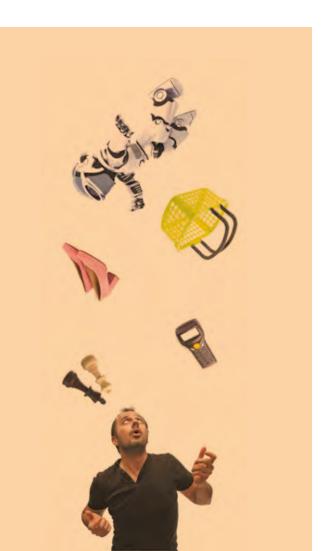
And market research also does not remain unaffected by digitalization in times of omnipresent amounts of data. Norbert Wirth, Global Head of Data and Science at GfK SE thus examined the question of who has control of market data today and what that means for the future of market research.

At the close of the GfK conference 2016, Dr. Reinhold Bauer talked about (failed) innovations. The Chair of the History of the Effects of Technology at Stuttgart University provided insights into the "Typology of Failure" with a few examples and explained what "Failure Research" can contribute to the understanding of technical development and technological change in the future.

With exciting impressions and new ideas, the 66th GfK Conference then closed with a get-together.

PREVIEW: GfK Conference 2017 "Focus on Markets" The Next Step

At the 67th GfK Conference on Thursday, June 29, 2017, the theme will again be "Focus on Markets." Market experts from GfK SE will come together with industry representatives in NCC Nürnberg this year as well to talk about current trends and developments – and to continue the discussion of the previous year. The market analysis will range from fast-moving consumer goods to technical consumer durables and fashion retail.



This year's conference will be opened by Prof. Gerd Gigerenzer, Director of the Harding Center for Risk Literacy and Founder of Simply Rational – Das Institut für Entscheidung [The Institute of Decisions]. He addresses the question of how managers can improve their decision making in an increasingly complex environment. Prof. Rudolf Aunkofer, Global Director Business Development Technology at GfK SE and Ulrich Müller-Albring, Managing Director of AVM will follow with a look at the role of the digital transformation in the supply chain management and day-to-day work at AVM.

The future of the digitally networked household will be explored by Dr. Robert Kecskes, Senior Insights Director, Strategic Customer Development at GfK SE and Jürgen Griebsch, Global Head of Marketing BSH. The presentation by Simone Cornelsen, Account Director Fashion & Lifestyle at GfK SE, will focus on another important market – the fashion market. Cornelsen will discuss the opportunities and risks for fashion retail and address the question of whether its future lies in online or physical stores – or perhaps even both. The presentation by Thomas Hahn, Corporate Technology Siemens AG will look at Industry 4.0 and its effects on the production of (consumer) goods. He will show how digitalization is changing business models, value added chains and products – and giving rise to something new.

ORANGE HOUR: A GLIMPSE AT THE THINK TANK

The GfK Verein has been holding the Orange Hour event for its members since 2015. Employees of member companies from the respective metropolitan region are invited to this luncheon prepared by a renowned chef, where they are given insight into the market research workshop and current research projects of the GfK Verein.

OVER LUNCH

For the luncheon in 2015, the GfK Verein invited the guests to Munich and Hamburg; on April 19, 2016, it was held in Frankfurt and on November 15, 2016, the Orange Hour took place in Essen.

The Orange Hour events are usually booked out within a few days. This was also the case in Essen. Around 50 guests gathered together at the Food & Flavour cooking school of celebrity chef Nelson Müller. While starting off with small appetizers, the expert team consisting of Prof. Björn Schuller, University of Passau and Dr. Anja Dieckmann, Head of Fundamental Research at the GfK Verein presented which methods for the automatic measurement of emotions the GfK Verein is currently working on. The focus here was on GfK Market Builder Voice, the new tool for the automatic measurement of emotions based on the voice. This was followed by the main course and dessert, where the guests engaged in a lively discussion on the topic with each other and the speakers.

THE NEXT
ORANGE HOUR
IS PLANNED
FOR FALL 2017 IN
NUREMBERG.







More impressions on:
www.gfk-verein.org/veranstaltungen/orange-hour



CREATING VALUE IN A PROSUMER WORLD THE NEW LECTURE SERIES OF THE GFK VEREIN

In 2016, the GfK Verein started a new lecture series focusing on the subject of prosumers. The impetus for the series was the fact that consumers and their relationships to providers of products and services have changed due to the new digital information and communication possibilities. They have evolved from "passive" consumers to active "co-creators." Prosumers have thus achieved the power to change established markets – such as through reviews, direct feedback to companies or even by creating their own products and services.

In May 2016, the GfK Verein held the event at JOSEPHS The Service Manufactory for the first time in Nuremberg: Bernd Kreissig, Managing Consultant of MediaSupervision provided insight into his insider's view of the previous years at the Brockhaus publishing company, whose closure was preceded by a decade-long intensive and commercially successful electronic publishing business.

The second event, which took place at JOSEPHS on April 27, 2017, focused on how companies and consumers can create a new economy together by means of crowdfunding. Markus Sauerhammer from Startnext, the largest crowdfunding community for ideas, projects and start-ups in the Germany-speaking world, explained how crowdfunding works and by means of concrete examples also showed how companies and founders can use crowdfunding for a demand-driven innovation policy.







GFK VEREIN – OUR PRESENCE AT CONVENTIONS AND IN PROFESSIONAL CIRCLES

Each year, the GfK Verein supports selected professional events and conventions in its role as a non-profit organization for the promotion of market research. As in the previous years, it was once again a gold sponsor of the German Market Research Congress, which took place for the 52nd time on June 19 and 20 in Berlin under the theme of "Understanding and developing brands further – new ways in brand research." Hundreds of marketing experts and market and media researchers come together for this event every year. Brand experts from GfK SE, Dr. Oliver Hupp, Global Director Brand Strategy & Tracking, and Harald Schuster, Senior Director Insights & Consulting, contributed to the theme of the congress with their presentation on the new generation of brand research/measurement.



Prof. Rudolf Aunkofer, GfK Chair Erding, Professor for Information & Supply Chain Management at the University for Applied Management in Erding, at the YEAR OF THE ROOSTER

The GfK Verein also supports the Bayreuth Congress of Economics on May 18 and 19, 2017, as a gold sponsor. During the congress, Dr. Carolin Kaiser gave a talk entitled, "A picture is worth more than a thousand words — new marketing knowledge from social media photos," in which she presented what photos posted on social media can say about the use of and attitudes towards brands. The basis of these findings is the photo and logo recognition software GfK PictureScan developed by the GfK Verein to facilitate automatic analysis of brand awareness, brand use and brand popularity. Carolin Kaiser was awarded the German Market Innovation Prize for this new tool on April 26, 2016. Up to 1,400 participants visit the Bayreuth Congress of Economics every year, making it one of the largest conferences on economics in Europe.

The increasingly popular **Ludwig Erhard Symposium** can now claim almost as many visitors. It took place for the fourth time on December 1 and 2, 2016, under the theme of "Project Future." More than 1,300 visitors came to the trade fair in Nuremberg, exchanged ideas and attended the presentations. The GfK Verein was a gold sponsor and with its BrainFoodBar on site also a popular contact point. At this event, Dr. Carolin Kaiser also talked about the possible uses of the new GfK PictureScan tool in her presentation, "A picture is worth more than a thousand words — new marketing knowledge from social media photos."

On March 23, the GfK Verein was the presenting partner of the **11**. Effizienztags der Deutschen Werbewissenschaftlichen Gesellschaft [11th Efficiency Day of the German Society for Advertising Science]. Around 150 experts came together in Berlin to get food for thought and discussion

from high-level speakers on "Paid, owned, earned, created media. Convergence and divergence in media planning."

In addition to traditional conferences and conventions, the GfK Verein is becoming more involved in events that deal with the topic of digitalization and innovation. In May 2016, it was a first-time sponsor of **Web Week**, the festival for the digital society in the Nuremberg metropolitan region. Due to the great popularity and relevance of the topics, the GfK Verein also continued its support of Web Week this year as well: On May 16, Bernd Preuschoff, VP Digital Transformation at Schwan-STABILO Cosmetics and Andreas Kelz, VP GSA & Nordic Territories and Managing Director PHEG (Germany) at Paramount Pictures spoke at JOSEPHS The Service Manufactory in Nuremberg about digitalization strategies and the transformation of successful business models.

In Munich, there was also an event on the future of digital business on April 27 – **THE YEAR OF THE ROOSTER:** Over 700 visitors gathered information on start-ups and their innovations in presentations, workshops and talks. Since the theme corresponded to the Chinese horoscope of the rooster this year, the festival (and its visitors) sported a farmer look. Prof. Rudolf Aunkofer, Holder of the GfK Chair and Professor for Information & Supply Chain Management at the University for Applied Management in Erding, provided insight into IoT, Smart Home & Wearables – and showed how disruptive innovations change our lives.

THE GFK VEREIN IN PROFESSIONAL CIRCLES

The GfK Verein is not only present at conventions but also involved in professional associations and organizations. For example, it is a member of the Federal Association of German Market and Social Researchers (BVM) and a supporting member of the Market and Social Research Initiative (IMSF). The GfK Verein is also active internationally as a member of ESOMAR, the Marketing Science Institute (MSI) and the American Marketing Association (AMA) – the latter two are US organizations that support the global exchange of marketing and market research knowledge.

Managing Director of the GfK Verein Prof. Raimund Wildner himself serves on the Management Board of both the BVM and IMSF. In addition, he is a member of the German Market Research Council and the Professional Standards Committee at ESOMAR, where he contributes his many years of expertise.





ANALYZED AND EXPLAINED

FIGURI 2016

THE BALANCE SHEET: ASSETS

Total assets increased by €3.0 million year-over-year to €64.7 million. The main item on the assets side are the financial assets of the GfK Verein in the amount of €39.2 million, which relate to the shareholding in GfK SE, Nuremberg. The shareholding of 20.61 million shares is unchanged from the previous year. The shares are valued at €1.90 per share; based on share price, the financial assets therefore contain significant hidden reserves.

The item "land and buildings" relates to the property in Nuremberg at Schnieglinger Straße 57, which belongs to the GfK Verein. The ground floor and part of the basement are leased to the Sparkasse Nürnberg and the other floors to GfK SE, from which the GfK Verein leased back approximately two floors. The amount of €133 thousand for the property remains virtually unchanged in the balance sheet. Here too it can be assumed that the current market value clearly exceeds the book value.

The book value of business and office equipment is €172 thousand. Smaller alterations – including for two new employees – resulted in an increase here.

Other assets increased by €4.0 million to €25.0 million. This primarily involves a loan granted by the GfK Verein to GfK SE. The interest charged is 0.3 or 0.4 percentage points above the EURIBOR and EONIA interest rate, depending on maturity. A negative interest rate is excluded. Over the course of the past few years, this loan was created from the dividends of the GfK Verein. Since the GfK Verein does not expect to receive any dividends in 2017, the loan volume will decrease in order to finance the ongoing business operations.

THE BALANCE SHEET: EQUITY AND LIABILITIES

The most significant item on the liabilities side is equity, which increased by €2.3 million to €62.4 million as a result of the prior-year earnings. The equity ratio is 96.3%. Other provisions increased due to unpaid fees related to financial and legal advisory services.

INCOME STATEMENT

Like the balance sheet, the income statement is dominated by the shareholding in GfK SE. As in the previous year, a dividend of \le 0.65 per share was paid in the past fiscal year, which resulted in investment income of \le 13.4 million.

Since it can be expected that the Annual General Meeting will decide against a dividend payout for 2016, there will be no financial or income inflow in 2017. It is therefore expected that the GfK Verein will show a loss of around €10 million in 2017.

Revenue primarily consists of two items. First, the income from the GfK Academy is shown here, which was down in 2016. The concept was changed in 2017 to shorter and less expensive seminars. The first seminar in this new form was completely filled. The second item under revenue is rental income from the property on Schnieglinger Straße 57 in Nuremberg.

Expenses are dominated by the costs for purchased services in the amount of €4.9 million, which decreased by €600 thousand compared to the previous year. These include studies for the member newsletters, the remuneration of

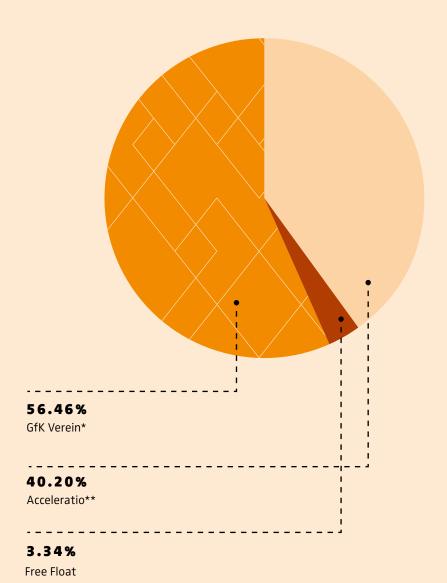
the cooperation partners for research projects, the remuneration of GfK SE for the administrative work it carried out, payments for instructors of the GfK Academy as well as for the authors and agency for our journal, the GfK Marketing Intelligence Review (GfK MIR).

Other operating expenses increased significantly by around €900 thousand to €3.8 million. This is largely attributable to the financial and legal advisory services in connection with the future structure of the shareholding in GfK SE, as well as the related negotiations with different private equity firms and the ultimate selection of KKR as a partner. The expenses for the Members' Council and Executive Board also rose due to the additional meetings required in 2016.

Personnel expenses increased by €153 thousand to €2.0 million. This increase is mainly due to the hiring of two employees for the future of market research and university contacts areas.

As a whole, the GfK Verein could close the 2016 fiscal year with a profit of around €2.2 million, which was allocated to other retained earnings.

SHAREHOLDER STRUCTURE OF GfK SE IN %



* WITH ITS 56.46 PERCENT STAKE, THE GFK VEREIN IS GFK SE'S MAJORITY SHAREHOLDER. CURRENTLY ACCELERATIO CAPITAL N.V., A HOLDING COMPANY WITH FUNDS FROM KOHLBERG KRAVIS ROBERTS & CO. L.P. (TOGETHER WITH THE CONNECTED COMPANY KKR) IS HOLDING THE SHARES – ACCORDING TO THE ANNOUNCEMENT OF MARCH 30, 2017, WHERE THE EXCLUSION OF MINORITY SHAREHOLDERS FROM THE PROVISION OF CASH COMPENSATION (A SQUEEZE-OUT) HAD BEEN INTRODUCED. ALL SHARES WERE TEMPORARILY TRANSFERRED TO ACCELERATIO CAPITAL N.V. THIS MEANS THAT GFK VEREIN DID NOT SELL ITS SHARES BUT RATHER MADE THEM AVAILABLE FOR A FIXED PERIOD THROUGH THE SHARES BEING LOANED OUT.

ACCELERATIO CURRENTLY HOLDS 35,285,787 SHARES IN GFK, WHICH REPRESENTS 96.7 PERCENT OF SHARE CAPITAL AND OF VOTING RIGHTS.

Source: Own research

Date: 5 June 2017

^{**} Acceleratio Capital N.V. and Acceleratio Topco S. à r. l.

2016 BALANCE SHEET

| In € thousand (rounding differences possible) | 31,12,2015 | 31,12,2016 |
|--|------------|------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | | |
| and and buildings | 134 | 133 |
| Other equipment, business and office equipment | 161 | 172 |
| | 295 | 305 |
| Financial assets | | |
| Investments | 39,201 | 39,201 |
| | 39,496 | 39,506 |
| CURRENT ASSETS | | |
| Receivables and other assets | | |
| Trade receivables | 35 | 14 |
| Other assets | 21,006 | 25,004 |
| | 21,041 | 25,018 |
| ash on hand, bank balances 1,077 | 1,077 | 35 |
| | 22,118 | 25,053 |
| PREPAID EXPENSES | 134 | 179 |
| | 61,748 | 64,739 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Other retained earnings | 60,174 | 62,357 |
| PROVISIONS | | |
| Other provisions | 466 | 1,312 |
| | 466 | 1,312 |
| IABILITIES | | |
| Bank borrowings | 1 | 1 |
| rade payables | 996 | 1,009 |
| Other liabilities | 111 | 59 |
| | 1,108 | 1,070 |
| | 61,748 | 64,739 |

2016 INCOME STATEMENT

| | | •••••••••••• |
|--|---------|--------------|
| In € thousand (rounding differences possible) | 2015 | 2016 |
| Sales | 356 | 265 |
| Membership dues | 215 | 213 |
| Other operating income | 14 | 29 |
| | 585 | 507 |
| Expenses for services procured | | -4,866 |
| Personnel expenses | - 1,831 | - 1,984 |
| Amortization and depreciation on intangible assets and property, plant and equipment | -12 | -12 |
| Other operating expenses | - 2,943 | - 3,845 |
| | -10,278 | - 10,707 |
| Income from investments | 13,384 | 13,397 |
| Other interest and similar income | 158 | 68 |
| Interest and similar expenses | -1 | -11 |
| | 13,541 | 13,454 |
| Taxes | - 1,043 | -1,072 |
| Net income | 2,805 | 2,182 |





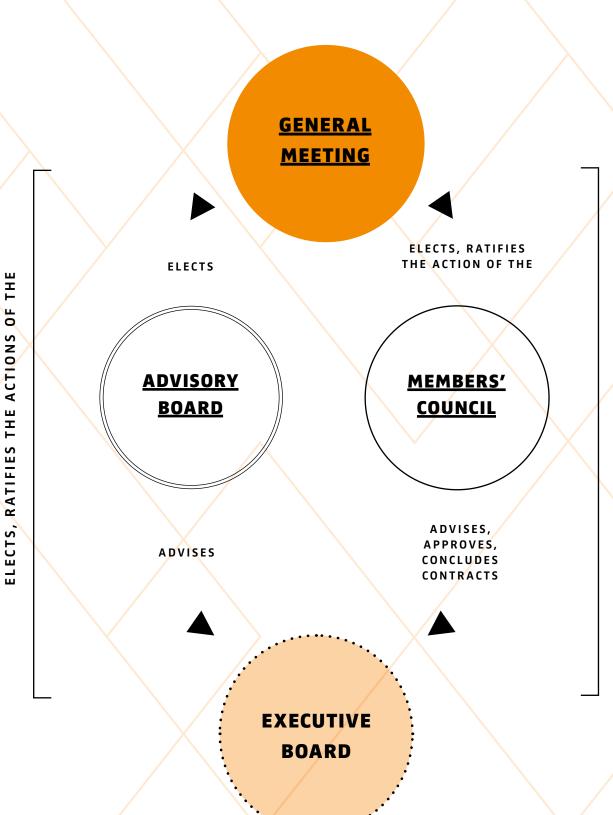
STRUCTURE OF THE GFK VEREIN

Four committees determine the direction and activities of the GfK Verein: The General Assembly, the Executive Board, the Members' Council and the Advisory Board. The General Assembly is the highest of these committees and meets once a year. It elects the members of the Executive Board, the Members' Council and the Advisory Board. In addition, the actions of those serving on the Members' Council and Executive Board are exonerated on an annual basis.









THE EXECUTIVE BOARD

Four notable personalities from the world of business and science, who were elected by the General Assembly for a term of five years, make up the Executive Board and Management Board of the GfK Verein. As members of the Executive Board, they are responsible for the day-to-day business as well as the public image of the GfK Verein. Each Executive Board member has specific duties: In his capacity as president, Prof. Hubert Weiler is responsible for the overall strategy, finances and the participation in GfK SE. In charge of the area of public relations is Ralf Klein-Bölting, Vice President of the GfK Verein. Prof. Raimund Wildner is responsible for the day-to-day management as well as fundamental research and Prof. Nicole Koschate-Fischer handles the collaboration with scientific institutions. In addition, there are two honorary presidents of the GfK Verein – Peter Zühlsdorff and Helga Haub.

Decisions on the annual financial planning, the strategy of the GfK Verein and the recommendation of candidates for the Members' Council or Advisory Board are made in the meetings of the Executive Board several times a year.



RALF KLEIN-BÖLTING

Vice President

The marketing expert and owner of NEXTBRAND, a consultancy for digital brand management, has over 25 years of experience in the areas of branded goods, services and retail. Ralf Klein-Bölting has been Vice President of the GfK Verein since 2009 and Chairman of the Supervisory Board of GfK SE since September 13, 2016.

PROF. NICOLE KOSCHATE-FISCHER

<u>Vice President</u>

She has been the GfK Endowed Chair for Marketing Intelligence at the FAU Erlangen-Nuremberg since 2007. Professor Koschate-Fischer has been a member of the Executive Board of the GfK Verein since 2009.

PROF. RAIMUND WILDNER

Vice President

Professor Raimund Wildner has been with the GfK Group since 1984. In 1995, he became Managing Director of the GfK Verein and was elected Vice President in 2005. Since May 2016, he is a member of the Supervisory Board of GfK SE.

PROF. HUBERT WEILER

President

Prof. Weiler was CEO of the Sparkasse Nürnberg until his retirement and is Chairman of the Supervisory Board at uniVersa Versicherungen Nürnberg. As a member of the GfK Verein, Professor Hubert Weiler was appointed to the Advisory Board in 1996 and elected to the Executive Board in 2009. He chaired the Executive Board from January to July 2013 and has been President of the GfK Verein since July 2013.

THE MEMBERS' COUNCIL

The main function of the Members' Council is to advise the Executive Board on all matters related to the shareholding in GfK SE. In this respect, the Members' Council exercises extensive veto rights. That means its approval is required before the Executive Board can sell shares of GfK SE. The Executive Board must also obtain approval from the Members' Council in order to approve resolutions at the Annual General Meeting of GfK SE, which requires a 75 % majority. These measures seek to protect the GfK Verein's stake in GfK SE from becoming diluted. In addition, the Members' Council has right of control over the Executive Board by inspecting the financial reporting. The Members' Council, chaired by Claus-P. Rach, usually meets twice a year. If necessary, the chairman can also call extraordinary telephone conferences or meetings. Due to the events in connection with GfK SE, the Members' Council met a total of five times in the reporting period July 2016 to June 2017.

CLAUS-P. RACH

<u>Chairman</u> <u>Rach-Consult, Wiesbaden</u>

MANFRED SCHESKE

<u>Deputy Chairman</u> <u>CEO infirst Healthcare Ltd., London</u>

DR STEPHANIE MAIR-HUYDTS

Publisher, Mair-Dumont GmbH & Co. KG, Ostfildern

DR ULRICH MALY

Mayor of the City of Nuremberg, Nuremberg

DR MANFRED STACH

Chairman of the Supervisory Board of Unilever Deutschland GmbH, Hamburg

DR STEFFEN STREMME

Former CEO of Media Saturn Holding GmbH, Erlangen

DR HUBERTINE UNDERBERG-RUDER

Advisory Board President of Underberg AG Schweiz, Dietlikon, Switzerland

PROF. HANNS-JÜRGEN WEIGEL

Member of the Supervisory Board of Generali Deutschland

Pensor Pensionsfonds AG, Usingen/Taunus

THE ADVISORY BOARD

The Advisory Board meets twice a year and advises the Executive Board on all matters not related to the GfK Verein's shareholding in GfK SE. This mainly includes fundamental research, the content focus of the GfK Verein, PR work and the annual GfK Conference.

ECKHARDT FENNER

Owner of KKK Kosten-, Konditions- und Kooperationsmanagement,

Gevelsberg

CLEMENS R.P. GÜTERMANN

Former Member of the Management Board of Gütermann AG, Gutach-Breisgau

PROF. HOLGER JUNG

Jung von Matt AG, Hamburg

PROF. MANFRED KIRCHGEORG

SVI Endowed Chair for Marketing, HHL, Leipzig

MARTIN KÖLSCH

Management Board, FIDOR Bank AG, Munich

DR STEPHANIE MAIR-HUYDTS

Publisher, Mair-Dumont GmbH & Co. KG, Ostfildern

DR ULRICH MALY

Mayor of the City of Nuremberg, Nuremberg

CLAUS-P. RACH

Rach-Consult, Wiesbaden

MANFRED SCHESKE

CEO infirst Healthcare Ltd., London

PROF. HANS-WILLI SCHROIFF

Marketing Chair RWTH Aachen, Aachen

WERNER SPINNER

Former Member of Group Executive Board, BAYER AG, Cologne

DR MANFRED STACH

Chairman of the Supervisory Board of Unilever Deutschland GmbH, Hamburg

DR STEFFEN STREMME

Former CEO of Media Saturn Holding GmbH, Erlangen

DR HUBERTINE UNDERBERG-RUDER

Advisory Board President of Underberg AG Schweiz,

Dietlikon, Switzerland

PROF. HANNS-JÜRGEN WEIGEL

Member of the Supervisory Board of Generali Deutschland Pensor Pensionsfonds AG, Usingen/Taunus

PROF. KLAUS L. WÜBBENHORST

WB Consult GmbH, Nuremberg

HONORARY MEMBER ADVISORY BOARD

KLAUS HEHL

MEMBERSHIP IN THE GFK VEREIN

The GfK Verein's members include 550 companies from different sectors. Each member of the GfK Verein receives a number of exclusive benefits.

Studies: Knowledge on Trends and Developments

Members have exclusive access to numerous studies of the GfK Verein. Several times a year, they also receive current insights from surveys and analyses on consumers in Germany and throughout the world.

The findings of the study are analyzed in detail for the members and arranged in a graph. Non-members pay up to €950 plus VAT, depending on the study.

Members also receive a host of other studies on a regular basis, such as:

- >> Challenges of Nations: The GfK Verein has been investigating which challenges urgently need to be resolved in a large number of countries since 2001. Starting as "Challenges of Europe," the study has also been carried out in America, Africa and Asia since 2014.
- Solobal Trust Report: Which professions, industries and institutions do people trust? The GfK Verein has been investigating the question of trust in around 20 countries since 2011.
- Sconsumer Trend Sensor: Every two years, the study shows fundamental value trends in private consumer behavior. Since 2011, the study has been carried out in eight EU countries plus Russia and in the US since 2016. In addition, it looks at the dimensions of societal changes that are relevant to consumption.
- >> European Consumer Study: This study investigates the trends within selected private consumption markets.

For example, it focuses on basic areas such as nutrition, media usage and tourism in eight countries of the European Union and Russia.

>> Investment Barometer: This is a survey on the behavior of private financial decision-makers in Germany as well as other countries.

In addition, members of the GfK Verein receive the "base data figures for calculating regional sales figures." This report contains important key figures at the urban and rural district level and is therefore an important source for the strategic orientation of sales and marketing. For nonmembers, the price is €1,000 plus VAT.

Events: Information and Exchange

Regular events offer the ideal platform for exchange among member companies and with experts of the GfK Verein.

The GfK Conference, which is free* for members, addresses the latest topics in marketing and market research each year. In addition to experts from GfK, speakers also include high-level representatives from industry, science and society.

(*Complimentary conference admission for two people; the fee for non-members per participant is €200 plus VAT)

With the Orange Hour, the GfK Verein has established a new event series that takes place in different metropolitan regions. In a relaxed setting during lunch, which is prepared by a renowned chef, the GfK Verein gives its members insight into current research projects of its market research.



Publications on Market Research That Are Well Worth Reading

The GfK MIR (Marketing Intelligence Review) is a scientific journal by the GfK Verein. Twice a year, members receive a complimentary copy of the print version (non-members: €75 plus VAT) with research articles on a key topic in a practical context.

At the annual Kronberger Entrepreneurial Talks, top managers of major companies engage in discussions with GfK experts. Subject of the meeting: A previously selected marketing topic of current relevance. The GfK Verein summarizes the most important findings of this exclusive event in a book for its members.

Internet: Accessing Knowledge

The website of the GfK Verein offers a protected membership area with exclusive content. After logging in, members have access to all the study findings as well as the electronic version of the GfK MIR for download. The content is also optimized for mobile use and can be accessed from anywhere.

You can apply for membership in the GfK Verein online at www.gfk-verein.org. After reviewing the application, the GfK Verein usually makes a decision regarding acceptance within ten working days.

>>

The annual fee for corporate members is €500.

>>

Individual membership for one year is €150; this membership is only open to full-time, salaried university professors.

>>

The membership may be canceled with a notice period of three months prior to the end of a calendar year.

>>

You can find complete information on membership and the current member directory at

www.gfk-verein.org/en/about-us/membership

ARTICLES OF ASSOCIATION

I. GENERAL PROVISIONS

§ 1 Purpose of Association

- The purpose of the association is to engage in domestic and international consumer, market and sales research of both a specific and general nature in all areas of business, and to analyze the results for academic and practical purposes.
- 2. The association may utilize funds for the purposes of research benefiting the general public.
- The association shall seek close cooperation with all relevant domestic and international research institutions, and in particular, with the Friedrich-Alexander-University Erlangen-Nürnberg.
- 4. The association shall make available to students its library and generally accessible databases.
- 5. The association shall support the education of consumer, market and sales researchers, and the training of management personnel.
- 6. In line with the purpose of the Articles, the association may acquire for profit businesses in order to gain practical knowledge for market research fundamentals.

§ 2 Legal Status

- 1. The name of the association is GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V. (the 'GfK Verein').
- 2. The association registered address is in Nuremberg, where it is entered in the Nuremberg Commercial Register.
- 3. The association fiscal year is the calendar year.

§ 3 Membership

- Private individuals, companies, business and other associations, including any type of associations which regulate markets and governmental agencies may become regular members of the association. Applications for membership must be submitted in writing to the Executive Board of the association, which will make the final decision.
- 2. Upon the Advisory Board's and Executive Board's proposal, the General Assembly may grant an associate membership. Prerequisite for an associate membership is shared interest in the association's purpose and exceptional accomplishments on the academic level and in practice.

- 3. Upon the joint request of the Advisory Board and the Executive Board, the General Assembly may grant honorary membership to individuals for outstanding services to the association.
- 4. The membership shall be terminated as a result of death or written notice of resignation. The Executive Board may terminate a membership for cause. The notice period for the resignation shall be three months to the end of the calendar year. A member loses all rights with respect to the association as of the date the resignation becomes effective.

§ 4 Membership Subscriptions

Regular members shall pay the minimum subscription fee as determined by the Ordinary General Assembly. This amount shall be payable to the association within the first month of the fiscal year.

§ 5 Utilization of Funds

Any profits made shall be used solely for purposes that correspond with the Articles. Members shall not receive any profit participation, nor shall their membership entitle them to any financial benefit from the association's funds.

II. PROVISIONS PERTAINING TO THE VEREIN'S BOARDS

§ 6 Directors and Officers

The association shall have the following boards:

- > the Executive Board
- > the Members' Council
- > the Advisory Board
- > the General Assembly

§ 7 Executive Board

- 1. The Executive Board of the association consists of a presiding Chair and a minimum of two and maximum of four Vice-Chairpersons. The Executive Board and the Advisory Board shall jointly propose members for election to the Executive Board, with the candidates nominated to be submitted to the Executive Board at least one month prior to the General Assembly.
- 2. The Chair and other members of the Executive Board shall be elected by the General Assembly for five-year terms. Upon

expiration of their term, officers of the Executive Board shall continue to hold their office until the date of the next General Assembly.

- 3. The Executive Board shall be responsible for all matters that are not explicitly assigned to another board of the association. It manages the affairs of the association in pursuit of its purpose.
- 4. The Executive Board shall establish and comply with its own internal regulations which will provide for the particular areas of responsibility of each Executive Board member, the internal information and cooperation obligations, and its decision-making procedures. Management of the association's business may be assigned to one member of the Executive Board (Managing Director of the Executive Board). The Members' Council is authorized to offer an employment agreement to the Managing Director of the Executive Board.
- 5. The Executive Board shall represent the association both in court proceedings and all other matters as the association's legal representative. In each instance, the association shall be represented by two members of the Executive Board. The Managing Director of the Executive Board shall be duly authorized by the other members of the Executive Board to manage those aspects of the association's business affairs which are set forth in the association's internal regulations.

Any transaction that does not fall within the area of responsibility of the Managing Director of the Executive Board will be decided by the Executive Board by a majority vote. In the event of a deadlock, the Chairperson shall have the deciding vote. The Chairperson or two members of the Executive Board shall also be entitled at any time to request that matters which do not normally fall within the area of responsibility of the Executive Board shall be resolved by the Executive Board in this manner.

- 6. The consent of the Members' Council is required for the following actions by the Executive Board:
- a) the sale of GfK SE shares;
- b) the approval of resolutions passed by the General Assembly of GfK SE for which, under the German Stock Corporation Act, a 3/4 majority or 3/4 of the vote or a greater majority is required;
- c) all other actions which require approval as specified by the bylaws of the Executive Board.

§ 8 The Advisory Board

- 1. The Advisory Board shall consist of a minimum of ten and a maximum of thirty members to be elected by the General Assembly for five-year terms. The General Assembly shall also determine the number of members. Members of the Advisory Board shall be individuals with experience in managing companies or in the area of consumer, market and sales research. At least two members of the Members' Council shall be elected to the Advisory Board. The Executive Board shall propose candidates for the Advisory Board and the Advisory Board shall be heard with respect to this proposal. Upon expiration of their term, members of the Advisory Board shall continue to hold their office until the date of the next General Assembly.
- 2. The Advisory Board shall advise the Executive Board and the Members' Council with respect to the conduct of their business.
- 3. The Advisory Board may define its own internal regulations, including those pertaining to the preparation and conduct of any negotiations and decisions to be resolved.

§ 9 Members' Council

- 1. The Members' Council shall consist of a minimum of four and a maximum of ten members to be elected by the General Assembly for five-year terms. The General Assembly shall also determine the number of members. Members of the Members' Council shall be individuals with experience in managing companies. The Executive Board shall nominate candidates for the Members' Council. If a Members' Council member's term in office is due to end, it is automatically extended until the end of the next General Assembly.
- 2. The Members' Council shall advise the Executive Board on exercising its rights and the preservation of its interests that arise from its stake in GfK SE.
- 3. The Members' Council shall be responsible for issuing formal approval of business transactions and resolutions passed by the Executive Board to the extent required by the Articles or the internal regulations of the Executive Board.
- 4. The annual financial report of the Association is prepared by the Executive Board and shall be submitted to the Members' Council upon completion thereof. The Members' Council may request an audit of the annual financial report by certified public accountants and that an audit report be prepared according to the terms of applicable general accounting principles. The Members' Council shall select and engage the au-

- ditors. If no external audit is conducted, the annual financial statements shall be audited by the Members' Council and the written results of the audit submitted to the General Assembly.
- 5. The Members' Council is entitled to review and inspect all books and records of the association having the same rights of information and disclosure as an Advisory board (Aufsichtsrat) of a German corporation (Aktiengesellschaft).
- 6. The Members' Council may define its own internal organizational rules and regulations regarding the preparation and execution of negotiating and passing resolutions.

§ 10 General Assembly

- Every member of the General Assembly has one vote. Members can appoint another member in writing to participate and vote by proxy in the General Assembly. Evidence of such proxy must be provided.
- 2. The General Assembly may:
- a) determine the membership subscription fee,
- b) elect and terminate members of the Executive Board, the Advisory Board and the Members' Council,
- c) ratify the actions of the Executive Board and the Members' Council.
- d) amend the Articles and the purpose of the association,
- e) appoint honorary Chairpersons and grant honorary memberships,
- f) dissolve and merge the association.
- 3. Upon the request of the Executive Board or the Members' Council, the General Assembly may resolve matters which are within the responsibility of the Executive Board or the Members' Council.

§ 11 General Assembly: Calling of Meetings and Resolutions

- An Ordinary General Assembly shall be held once every calendar year, at which the association's annual report and financial statements prepared by the Executive Board shall be submitted, and a resolution ratifying the actions of the Executive Board and the Members' Council shall be passed.
- 2. In the interest of the association, special General Assemblies may be called at any time by the Chairperson or two Vice-Chairpersons. Special General Assemblies shall be called by the Chairperson or two Vice-Chairpersons if the Members' Council or at least 20 % of the members of the association requested this in writing, stating their purpose and reasons.

- 3. The invitation shall be issued in written form with at least two weeks' notice. The notice period shall run from the date after mailing the invitation. The invitation shall provide for the time and place, as well as the agenda. The letter of invitation shall be considered formally received if it is sent to the members' most recent address, as provided by them in writing to the association.
- 4. The Executive Board shall decide on the agenda of the General Assembly. Proposals from members shall be submitted in writing to the Executive Board at least one week prior to the date of the General Assembly, together with a brief explanation of the reason for the proposal.
- 5. The General Assembly shall be chaired by the Chairperson or other individual appointed by the Executive Board. The presiding Chair of the General Assembly shall appoint a secretary to record and keep minutes and shall determine the method of voting.
- 6. The resolutions of the General Assembly shall be passed by simple majority of the votes. ¾ of the vote is necessary in order to pass resolutions on amendments to the Articles of Association.
- 7. Minutes of the resolutions passed by the General Assembly must be signed by the presiding Chair of the General Assembly and the secretary and shall be filed by the secretary.

§ 12 Honorary Chairpersons

The General Assembly shall be authorized to appoint honorary Chairpersons as jointly proposed by the Executive Board and the Members' Council.

III. MISCELLANEOUS

§ 13 Dissolution and Merger

- 1. In order for the association to be dissolved or merged, a resolution must be passed by a $^2/_3$ majority vote of all the members of the General Assembly, failing which, a new General Assembly may be called, which shall be resolved by simple majority.
- 2. In the event of the dissolution of the association, the assets shall be transferred and assigned to the city of Nuremberg, which shall be obliged to use all of these assets to the extent possible, to achieve the prior purpose of the association.

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