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CEOs lead push to adopt **shareholder loyalty** programs

Retail investor loyalty, proxy voting & spending are growing opportunity for savvy C-suites at public companies

CEOs Lead Push to Adopt Shareholder Loyalty Programs

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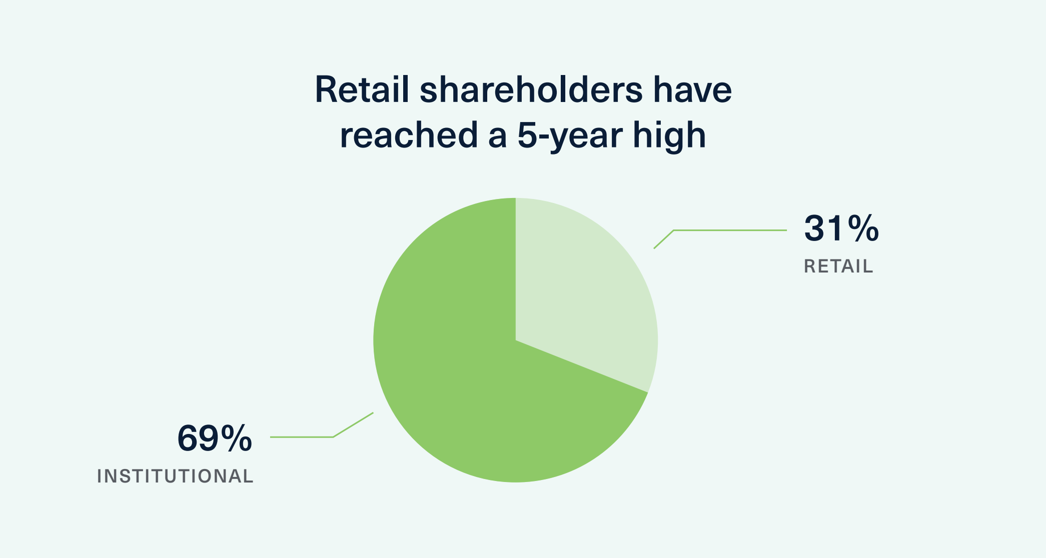
Retail Investors are a New Opportunity

Retail shareholders have become a significant part of the stock market in recent years, and their influence has continued to grow with nearly $20 trillion in holdings in 2022. Despite representing nearly one-third of trading volume, they have been ignored by CEOs and CMOs alike because they own their stock in street name—invisible to the companies they own.



The Retail Shareholder Uprising

2020 was the year of the retail investor uprising. According to a study published by Charles Schwab, 15% of U.S. stock market investors said they first began investing in 2020 as free trading became ubiquitous. The economy was healthy and COVID added fuel to the fire as live sports and activities were replaced by online life. In the past, institutional investors dominated the stock market, but now, retail investors are becoming an increasingly important force in the market. There are 130 million of them here in the U.S. alone, and they are the untapped customers CEOs often forget about. According to Jannick Malling, co-founder and co-CEO of Public.com[1], "A lot of forward-thinking companies...are really starting to care more about their retail investors because they realize that many of the most loyal customers tend to be shareholders..."

[1] Hope King, "CEOs are finding new ways to court and communicate with retail investors", Axios, April 29, 2021.

The average individual now has a growing influence, with everyday investors accounting for 52% of global assets under management, which is expected to rise to over 61% by 2030. The industry must **prioritize less conventional methods** to **reach the new generation of investors**.

World Economic Forum

2022 saw the largest number of retail investors reaching new records, and this growth will continue as retail investors gain more influence. According to the World Bank, in 1990 the stock market capitalization of the United States was about $3.1 trillion, while the population was about 250 million. That equates to about $12,400 in stock value per person. Thirty years later, that figure is over $122,000 in public stock value per person.

The incredible growth of retail investor ownership of publicly traded companies has created **significant implications for CEOs** and the businesses they lead. It means that **retail shareholders are no longer a peripheral group but a critical part of the company's mandate**.

Peter Karmanos, Jr., co-founder and former CEO of Compuware Corporation, famously said that CEO was an initialism for ownership structure: customers, employees and owners (shareholders). And for all three of these key stakeholder groups, expectations are changing, placing greater burdens on CEOs and the entire c-suite.

Every Investor is a Consumer: A New Loyalty Sector

A recent article from Deloitte[2] highlighted several of the changes seen in customer loyalty through the pandemic: exponential demands for technology capabilities, accelerated shifts toward online purchasing, hybrid online/IRL distribution models for content such as first-run films, contactless or limited-contact delivery, and many more. According to Deloitte, these consumer dynamics—and others we can't yet see or predict—mean that "...loyalty programs (and loyalty strategy more broadly) will play an even larger role in enabling brands to thrive post-pandemic."

According to McKinsey & Company[3], more than 75% of consumers have changed their buying habits since the onset of the pandemic. A 2021 Harris Poll found shareholders will also follow suit with 75% linking their shopping habits and brand loyalty to stock ownership.

82% of retail investors are **likely to buy stock** of brands and retailers they **love**

In the race for first-party data and customer acquisition, a new audience that lay dormant for decades is emerging. There are thousands to millions of shareholders in a public company that are loyal to the brand and could become shoppers and supportive proxy voters.

[2] Ramya Murali, "COVID-19 broke the orthodoxies of customer loyalty and retention", Deloitte.

[3] "Emerging consumer trends in a post COVID 19 world", McKinsey & Company.

Shareholders: The Rise of the Retail Investor

Who is the new retail investor? In general, today's individual investor is younger, more tech-savvy, trades more often and sees volatility as an opportunity. According to the Wall Street Journal[4], retail investors bought more than $2 billion of shares on a single day in 2022 and hold over $17 trillion in just the big five online trading platforms—Ameritrade, Charles Schwab, E-Trade, Fidelity and Robinhood.

Today's retail investors—from the hip Robinhood crowd to the well-heeled Fidelity set—expect more responsiveness and engagement from those companies in whom they invest. They also seek less advice and education from traditional finance professionals, instead seeking it from their peers on social platforms. They are socially and digitally skilled—able to create IR and PR headaches that will cause boards, CEOs and IR pros to regret missing the critical opportunity to engage with this audience.

75%

3 out of 4 retail investors would engage in a company's **proxy voting** if they were offered a **special perk for shareholders**

81%

81% of retail investors think brands should offer **perks**, especially during a time of **economic uncertainty**, to build **investor loyalty**

91%

91% of retail investors would **tell friends or other individual investors** about a company that offers **shareholder perks**

[4] Caitlin McCabe, "Retail Investors Power the Trading Wave With Record Cash Inflows", The Wall Street Journel, July 5, 2021.

The Quest to Find New Sources of Loyalty and Revenue

> In his seminal works on customer loyalty[5], Bain's Rob Markey showed companies that focus on loyalty—especially those at the peak of Net Promoter Scores or other customer satisfaction ratings for three or more years—grow revenues 2.5x and produce two to five times the shareholder returns as their less loyalty-focused peers. Yet, in times of intense financial pressure, companies can fall into the trap of short-term and quarterly-results-oriented thinking, cutting investments in retention and loyalty.

These dynamics present a high-leverage opportunity for CEOs. By tapping shareholders as a potential new source of loyalty and revenue, you can protect your shareholder base and your standing with the Board while also driving additional, net new revenues.

Finding Hidden Communities

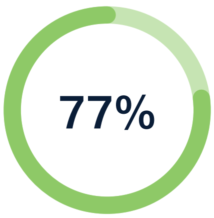
Some **brands with a strong fan base are taking advantage of previously hidden communities to build new revenue streams**. Formal and informal affinity groups already love your brand. Why not engage those communities? Disney (NYSE: DIS) has made a marked and impressive investment over the past decade in providing useful content to fan groups. The unique content Disney serves up to fans sustains its fans, manages the accurate flow of news and drives loyalty purchases. But it was movie studio and STARZ parent Lionsgate (NYSE: LGF.A) that was the star attraction in being the first to debut shareholder perks and, in the process, begin to convert their millions of fans to new shareholders and their shareholders to customers and fans of their brands.

Creating New Revenue Channels

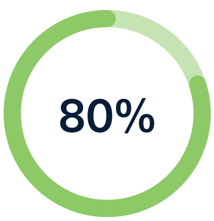
Other innovative companies are strategically leaning on their CMOs, CEOs and IROs to explore a r**evolutionary new loyalty program**—turning their millions of shareholders into lifetime consumers. Companies like Whirlpool (NYSE: WHR), Real Good Foods (NYSE: RGF), Willamette Valley Vineyards and Hagerty, Inc. (NYSE: HGTY) have launched shareholder loyalty programs connecting with the built-in audience of their retail investors to **unlock new revenue** and **more long-term shareholders**. These companies recognize the overlap in their fan and investor base and convert their loyalty and interest in the success of the companies they own into sales. They are using **TiiCKER**, a pioneer and leader in shareholder loyalty that allows easy verification of ownership and customizable capabilities for offering rewards. These companies have seen **incredibly high customer retention scores**—and extended hold periods in their stock—which is the ultimate test for a successful loyalty program.

[5] Rob Markey.

National Harris Poll Survey Finds More Than 75% of Individual Investors Would Link Their Shopping Habits and Brand Loyalty to Stock Ownership, and They Desire Stock Perks



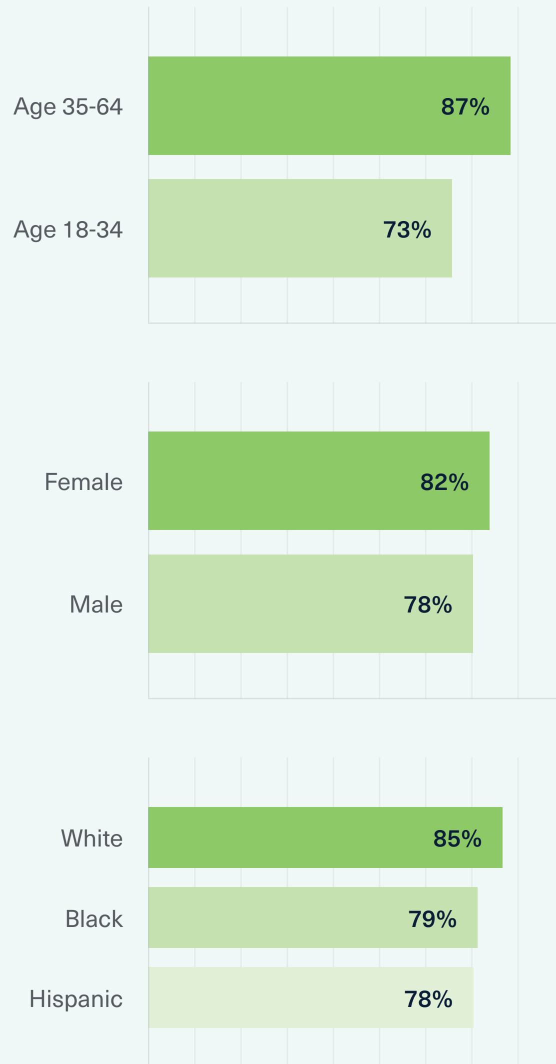
77% of investors would be **more likely to buy stock** if the company offered a **shareholder perk**, **reward** or **product discount**.



80% of investors said **being a shareholder** in a consumer company or brand would make them more likely to be a customer and **buy their products**.

88% of investors would buy shares of a publicly traded company if they were offered **exclusive perks**, **rewards**, **discounts** or **special access** to events/experiences only to their shareholders

Demographic Breakdown of Those Who Would Link Their Shopping Habits and Brand Loyalty to Stock Ownership



Conclusion: Extend Customer Loyalty and Lifetime Value by Reaching Untapped Audiences

According to research from *Chief Executive* magazine[6], 41% of CEOs have recently prioritized customer loyalty and retention, their biggest expressed priority. And it's no surprise—consumers who have a long-term relationship with your brand are less expensive to keep than to acquire or re-acquire, and they bring more revenue over their lifetime than first-time customers.

With shareholder loyalty programs, CEOs and CFOs get rapid ROI through a mutually reinforcing dynamic. There are over 130 million retail shareholders in the United States, and TiiCKER research shows that nearly 90% of them are looking for shareholder perks. Your shareholders are among your biggest fans already, and innovative companies are taking notice. Since TiiCKER launched the shareholder perk industry three years ago, the number of companies offering such benefits to their shareholders has more than tripled.

> **Contact TiiCKER today to learn how you can partner with us and with complementary brands on our platform to reach, build and sustain shareholders as a new and predictable channel for revenue.**

Visit **TiiCKER.com/partner** for more information

[6] Dale Buss, "Customer Retention: CEOs Share Strategies", Chief Executive.

Brought to you by TiiCKER

A growing number of public companies are engaging their retail shareholders as a valuable and receptive new demographic for loyalty and sales. Among retail investors, 80% are more likely to purchase products of the brands they own. In the last three years alone, the number of companies offering shareholder perks has grown 350%, and every shareholder is a consumer.

Shareholder rewards systems—like the platform provided by TiiCKER—provide a measurable and direct return on investment and create an innovative way for public companies to connect to their most loyal fans. As the world's first verified shareholder loyalty and engagement platform, TiiCKER posted a 119% increase in members in 2022 and a 140% increase in total retail stock holdings connected on the TiiCKER platform, which is now more than $600 million.

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300% increase

in companies and brands launching perks with TiiCKER this past year

TiiCKER's experts can help companies design the perfect shareholder rewards program to find, verify and connect with retail shareholders. To learn more, visit **tiicker.com/partner**.

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for more information