

# EMBRACE DIGITAL STRATEGIES TO IMPROVE SHAREHOLDER ENGAGEMENT

WITH RICH BABINEAU

## What impact does the growth in retail investments have on costs for issuers?

The growth of smaller retail investors over the past couple of years has been significant, and the cost increases around that. Specifically to an annual meeting or regulatory distribution, some issuers have seen significant cost increases around that. I think that's certainly interesting that a new influx of smaller investors is primarily investing through digital brokers. The good news is they're digital and receiving communications via email mostly, which helps issuers mitigate any costs surrounding print or postage. But some ways that we've seen these issuers communicate with retail investors, particularly if they're held through a digital brokerage platform, they're using things like an app with push notifications, they're using other digital tools like SMS texting, and certainly other more creative things like Alexa, Vote My Proxy skill.

## How can companies better engage with the influx of retail investors?

These new investors, they're a different breed. They're more tech savvy. They listen to their friends, they're on social media platforms and they want to hear directly from companies about who they are and what they stand for. And these new investors are, I would say, more loyal. If we compared the new investors to those back in the '50s potentially, folks back then purchased stock because they were loyal to the brand. And we're starting to see some of those same behaviors here with these new investors.

But perks have been around since the '90s over in Japan. And they're just starting to pick up here in the US and there are a few issuers that I know of that offer perks, like SmileDirectClub, iRobot, Vintage Wine Estates. It's just becoming another way to put something in front of investors that's important to them.

## How are you seeing companies use new tools and other technologies to support engagement and prompt shareholders to take action around things like annual meetings?

When I think about shareholder engagement around an annual meeting, it's all about if I can call it an omni-channel communication strategy. So having all of the avenues, whether it be paper, email, SMS texting, Alexa, that we mentioned, in-app push notifications, all of those things in an omni-channel approach, there will be investors that utilize everything within that strategy. But thinking about that and being thoughtful and even creating tools like Alexa, Vote My Proxy that might not be adopted by the masses, but having something that works for everyone and it meets each investor where they are so that they can participate at their time, where they are, and in their own communication channel.