

# OTC Markets Advisor Insights Podcast

Ext. Digital

Season 3 | Episode 2

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OTC Markets Group: From OTC Markets, global headquarters in New York, you are listening to Advisor Insights where we feature professionals that will address the issues that affect the small cap companies that trade on the OTC Market. Joining us today is Richard Heft, president of Ext. Digital. Richard, thanks a lot for joining us.

Richard Heft: Thank you for having me.

OTC Markets Group: Absolutely. So as always with our podcast, before we get started on the real topic today, which is just a general overview of digital media and the recent additions to it, or how it's grown over COVID, can you give us a bit of an introduction to yourself, Ext. Digital, and then we'll get right down to it?

Richard Heft: Happy to do so, Matt. Yeah, I'm Richard Heft, President of Ext. Digital. Our firm has been around for about five years and we offer pay per click programmatic advertising, coupled with a program that aggregates financial influencers or finfluencers, to generate great leads during an issuer's capital raise.

OTC Markets Group: And can you give us just a little bit of an introduction about digital media and what exactly it is when our companies are looking at it?

Richard Heft: Digital media is a pretty broad category. It can involve a lot of things. I've seen it speaking about websites, but in our case, it's really more about the distribution of good content and marketing that helps, say an issuer, get the word out and create an interest, a buzz, lead generation that in previous years, was very hard to achieve.

Richard Heft: So when you're talking about things like pay per click or programmatic advertising, it's really about the content being developed, where it's going, who it's getting in front of, and then what type of action you're hoping for these, let's say retail investors, which is our forte, what action you want them to take. So let's say you put a banner out on a website, where you know you've created avatars of individuals who an issuer might be looking... if it's a healthcare company it may be individuals who are super, highly educated. So we'll create an avatar for those individuals, find the site where they may be going and buy space, drop advertisements in there. It's usually not focused on the product or service. It's more focused on information or educating the audience, something that will really pique their interest and get them to click, and then, hopefully, they'll go to a landing page and from there, download information, provide some information about themselves to create just a great lead generation list, and then the next course of action is contacting those individuals to engage them further.

OTC Markets Group: Now, you said something interesting before, you said that retail shareholders are Ext. Digital's forte. Why should a small public company care about retail shareholders if they're trying to target the institutional community?

Richard Heft: I mean, that's a great question and I think it's an important question given what transpired in the years leading up to COVID-19 and what's transpired since COVID-19. I could tell you that in early 2021, retail investors in the US generated roughly the same equity trading volume as mutual funds and hedge funds combined. So these individuals are active online trading. They are engaged online. Six million Americans downloaded a trading app in January 2021. I mean,

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I'm throwing out a bunch of stats, obviously we've done a ton of research in this space.

- Richard Heft: Yeah, and the surge is in addition to the well over 10 million Americans who opened a new brokerage account in 2020, right? So the power of retail investors is well documented and was very well documented earlier in the pandemic when you saw the Reddit crowd push up AMC and GameStop's shares, ridiculously, to heights that these companies... their financials probably wouldn't merit it, but you had people all online, all listening to financial influencers who were saying, "let's do this" and following along.
- Richard Heft: And this is the type of crowd that if you're, let's say a nano, a micro small cap company, it's often hard to get on the radars of the big institutional investors. The BlackRock's may not notice you out of a field of all these other small cap companies, but retail investors, they will stay engaged. They do act on the stuff they read online or hear online or see online. And they can actually help generate the buzz that many, many issuers would be looking for when they're trying to raise capital, when their stocks are newly public.
- Richard Heft: This is a great place to be. The more research we've done in this area, the more we have been like, we don't know why everybody isn't looking almost exclusively at the space if you're still under, I would say sort of mid-cap.
- OTC Markets Group: You mentioned COVID before, is this all because of COVID? Why is this shift happening right now?
- Richard Heft: Even before the pandemic, retail investors were growing in size online because of a number of factors. The digital age is leading to the democratization... we like to say democratization of financial business information and news. Access to these subject matter experts in these spaces used to be limited to the large banks and institutions, asset managers, right? All of a sudden you had everybody having access to a field of information, more information than they ever had and all these easy to use trading tools that cut out a lot of the larger financial institutions, reduce the pricing. So this created this environment where younger people, maybe with less assets under... less money, because they're younger, they hadn't accumulated quite as much. And even sort of more diverse in terms of sexual orientation, race, religion.
- Richard Heft: So you had all these people going online and finding their financial news that way, trading for lower prices, and not feeling like they have to talk to somebody because a lot of them want to listen and read and see and do their own research. They don't want somebody coming to them and saying, "oh, I've done the research for you". They can go find individuals who can do that and plug and play. They tend to trust the people who they're reading a lot. Sometimes it's merited and sometimes maybe not so much the people who they're reading. The key is really, in our work, is accessing the people who are trustworthy, who are going to give them the types of good information, educational information, the stuff that they tend to learn from and act on.
- Richard Heft: But yeah, sorry all that to say that it wasn't just the pandemic, but the pandemic certainly created more people at home, younger people looking to... I say younger people, I mean, I don't want to generalize because it's everybody, but certainly the younger demographic started capitalizing on this access to information, this access to cheaper trading, and access to all this information online where they're going, "oh wow, that person says I have to invest

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in this company", whether they do enough of their own research to merit that investment is another story, but they do tend to act on the advice of these influencers.

OTC Markets Group: So you said demographic before and you kind of touched on this new demographic, this new class of investors, younger, just all over the place, right? Now, let's talk specifically about the marketing. You Ext. Digital, you do digital marketing. It's a two part question and let's start with, what should you not do when you're marketing to these new investors?

Richard Heft: You don't want pander to them. You don't want to treat them like, because they may be younger, maybe slightly less experienced in trading activity, they may be newer to the game, you don't want pander to them. You also have to be careful, I mean, from a regulatory standpoint, it's important that you don't lead them too strongly to a specific opportunity. You can't say, "well, this one's going to be through the roof".

Richard Heft: You really do, to me, you shouldn't just say, "buy this, buy that". It's not fair. They may not do the research involved. You may get your hand slapped by the regulator. So really, you should not just go out with peer recommendations. Some of the influencers out there... if you're working with financial influencers to disseminate your company's news, there's good actors and bad actors. You do want to research those individuals. You don't want to just glom on to all of them or anybody you find on there who's willing to sort of disseminate your news or talk about your company.

OTC Markets Group: Right. We're not looking for anyone promotional in that kind of perspective, right?

Richard Heft: Promotional or worse, right? You could have people who have a very bad digital footprint where they've said things that don't reflect your company. Remember, I meant to mention in this demographic you do have individuals... these younger people are very environmentally and socially conscious, right? Again, more than say my generation, which I'm approximately 120 years old, so a little more don't of an- [crosstalk 00:10:20]

OTC Markets Group: Don't sell yourself short. You're about a hundred, all right?

Richard Heft: Exactly, exactly. I just look good for my age. Yeah. So if the influencer doesn't reflect their beliefs or your corporate beliefs, you could be putting yourself in a bit of jeopardy if you just sort of allow them to disseminate your news, because oftentimes your news is lumped in with that person's profile. It's hard to monitor every single thing that person's ever done online, through any of their channels, but you certainly want to know if their views, their content generally reflects your company's philosophy.

OTC Markets Group: Well, now the second part to that, what do companies, not just what they should do, what do they need to do when they're marketing to these new investors?

Richard Heft: It's important to know is that the digital landscape is ever changing. I mean, this is not a static area. The things that work yesterday, may not work today, so we do say that you have to really do a little research on what's working and what isn't working today. We do have a couple of recommendations. I have a list it's like, it's important to have a formal relationship with any of the influencers you're talking to. You don't want to just go out and, like I said, compile a bunch of people. You want to know the basics about the influencer and audit their past content, how often they post, make sure their numbers are legitimate. People can buy

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lists of individuals. You want to check out their discussion board, not just look at the likes, but look at the numbers of shares on the influencers' posts.

Richard Heft: Like I said, the dialogue, the comments that are happening, the types of people, followers they may have. Again, you are trying to target a specific investor base so it's often best to look at who they are targeting, who tends to be their followers, because sometimes they may skew too young. They may skew overeducated. They more undereducated or not in a geographic region where you may be sort of targeting for your capital raise.

Richard Heft: So you want to look at all of those types of things. You can always request some key measurements, and you should request some key measurements about how a piece of content... Like if they share a piece of content, they can definitely give you information about how that content performed with your target audience, meaning impressions, clicks, shares, comments. And that could inform whether you decide to go with this influencer or not the next time.

Richard Heft: As a blatant plug, I could say that Ext. Digital would be happy to help any issuers source the right influencers. We do have globally, just a ton of issuers and millions and millions of followers. So when we create this type of content and we disseminated through our influencer platform, we have seen very good results. Again, it's a blend of good content. You can't just be plugging product and services, you do have to inform and educate through the right people.

Richard Heft: And then when it comes to sort of the programmatic or paper click, if you're advertising, it's always important to monitor how you're doing. A campaign is only as good as your metrics. So A/B testing, we usually start with two campaigns, running with two different pieces of content on different platforms, and see where things are performing, how things are performing, and then you test and adjust. And that's why often campaigns can be three to six to nine months because you do want to make sure that the stuff you're producing is getting in front of the right people and they're acting on it, and if not, you can always adjust either the content, the platforms, anything, the messaging. All of it.

OTC Markets Group: Absolutely. Well, Richard, you said it yourself, informed and educated. I think you informed and educated our listeners today on digital marketing. I always like to end with a bit of a self plug. Are there any ways for... well, actually for one, you can find Ext. Digital in Media and Communications category on our Premium Provider Directory, but if a company wants to reach out to you directly, after listening to this, what are the ways they can do that? Social media, emails, your website?

Richard Heft: All the above. We're ext-digital.media online. You can call me directly, (647) 286-3059. You can email me at rheft@ext-marketing.com. And I'm on LinkedIn, that's my main presence. So you could find me on LinkedIn, Richard Heft, and just punch in Ext. Digital or Ext. Marketing. That's where I am. And Matt, like I said, I sincerely appreciate you having me on today. The partnership with OTC Markets has been exceptional and I know OTC is the best in the business, and we think Ext. Digital is the best in the business, and love this partnership. So thank you for having me on today.

OTC Markets Group: Absolutely. Well, it was a pleasure to have you on too. Richard, thanks a lot, again.

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Richard Heft: Thank you. Good seeing you.

*\*This is an autogenerated transcript and may contain typos.*