From time to time we spotlight a number of equities that have had notable recent changes in the loyalty of their customer base. Since our measurements of on-line consumer loyalty to the brand names of over 500 equities are updated daily, our reviews can identify dramatic changes over just the past 60 market days -- in some cases capturing critical changes even before the corporation's insiders can fully realize what's happening at the other end of their extended distribution channels. The charts below (from our BrandLoyalties.com web site) rank each equity among its ~500 peers, giving portfolio managers a unique technology-based metric that can be a valuable addition to the suite of screens they use to improve (or protect) the alphas of their portfolios.

(For more information on our technology-based methodologies you may view a video, download a PDF brochure or visit our Frequently Asked Questions (FAQ) page on our web site)

Our featured equities for this report include five corporations (GOOG, APP, VVTV, CTXS and APOL) -- one which has been in the news a great deal recently, another two of which have had their former robust popularity start to wane, and yet another two that have begun to recover after serious slumps in their popularity.

First, the newsworthy equity:

GOOG - Google Inc.

Google Inc. has been in the news recently when its third quarter revenues and earnings came in below analyst's projections. From our perspective the softening revenues were not a surprise; indeed, in our measurements GOOG has had wildly swinging customer loyalty throughout the past year -- and in particular its customer brand loyalty was among the worst 20% of our ranked equities as recently as July 24th:
Looking back at the past year several things stand out: (1) the loyalty of customers to the Google Inc. brands has been spectacularly volatile and not particularly persistent between product announcements, (2) the relative ranking of GOOG among over 500 peer equities never quite made it into the upper 20% of the ranked universe (although it experienced two excursions into the lowest 20%, including one into the lowest 10%) and (3) the correlation between the BrandLoyalties.com rankings and equity price movements strengthened during the second quarter -- before sharply eroding when a rising equity price was not supported by corresponding consumer interest.

Our tracking of the customer brand loyalty of Google Inc. had simply indicated that the historically robust growth rates of their revenue streams may have been more volatile (and vulnerable) over the past quarter than most analysts had projected.

The remaining four corporations in our spotlight have recently completed a "round trip" into extremes of customer enthusiasm or disdain. In each report we try to include equities that have swung into (and then out of) the top or bottom rankings among our over 500 equities, and note in the table below the subsequent movement in the share prices of those equities. The table below summarizes the excursions of those equities into either the top 20% or bottom 20% within our universe of tracked corporations, along with the beginning and ending dates of those sojourns and the equity's share price movement during each round trip.

\[\text{GOOG Brand Loyalties Percentiles and Correlations Past Year}\]

Data Through October 23, 2017

- **Brand Loyalties Rank Percentile**
- **Correlation Coefficient**

<table>
<thead>
<tr>
<th>Month</th>
<th>Rank Percentile</th>
<th>Correlation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>90</td>
<td>-0.7</td>
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<tr>
<td>May</td>
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(Click here for best resolution)
Taking the recent winners first:

**APP - American Apparel Inc.**

American Apparel Inc. was in the top 20% of our BrandLoyalties.com ranked equities from July 30, 2012 through October 19, 2012:

APP is an example of an equity that saw two reversals of fortune with their brand loyalties during the year. They started the year among the elite firms (in the top 10% of our ranked equities) before falling fast and hard to the other extreme -- in fact dropping into the lowest 2% by late February. It moved in and out of the lowest 20% for the next five months before finding a way to really reconnect with their customers in July -- when they quickly rose back into our upper
quintile. For the duration of its stay in the top 20% of the BrandLoyalties.com tracked universe the equity's price appreciated by about 23%. The good news for American Apparel is that although it briefly dropped out of the top 20% on October 19th, since then its rankings have improved again -- moving it back up into the elite class.

VVTV - ValueVision Media, Inc.

ValueVision Media, Inc. was in the top quintile of our ranked equities from August 31, 2012 to October 9, 2012:

VVTV actually had two stints in the upper 20% of our ranked equities during 2012. The first extended from April 25th through July 3rd -- during which it rose as high as the top 3% of our list. After dropping precipitously mid-year, it rose again into the top 20% at the end of August. During the latter visit to the elite top 20% of the BrandLoyalties.com ranked equities its equity price appreciated by nearly 25%.

And now, the flip side of the consumer brand loyalty rankings:

CTXS - Citrix Systems, Inc.

Citrix Systems, Inc. was in the lowest quintile of our consumer loyalty rankings from August 30,
2012 to October 17, 2012:

CTXS spent most of the year drifting in the middle of our rankings before starting a more-or-less steady decline towards the end of July. After slipping into the bottom quintile of the rankings, Citrix Systems’ brand loyalties continued to erode to the point that it briefly touched the lowest 10% (towards the end of September). Although it has since improved enough to move out of the lowest 20%, the loyalty of consumers to the Citrix Systems, Inc. brands still have not risen enough to move it off of the caution list. During its sojourn in the lowest 20% the equity’s price declined about 16%.

APOL - Apollo Group Inc.

Apollo Group Inc. was in the lowest 20% of the BrandLoyalties.com universe of tracked equities from July 9, 2012 to October 16, 2012:
APOL started the year showing modest brand strength, and it even moved into the upper 20% from the third week of January through the third week of February. It then drifted steadily lower until it crept into the lowest 20% of BrandLoyalties.com equities early into the second half of the year -- and it remained there until the middle of October. During its tenure in the lowest 20% of our rankings the equity’s price saw a decline of over 22%.

As a reminder, BrandLoyalties.com has developed a technology-based, quantitative metric, available daily by subscription to select institutional investors, which signals whether the consumer's loyalty is gaining or waning for the brand names of over 500 widely traded NYSE, AMEX and NASDAQ listed equities. At BrandLoyalties.com you can tell on a daily basis whether the equities currently in your portfolios have customers flocking to them or avoiding them like the plague. Furthermore, you will know this well before earnings season or the issuance of market moving “guidance” proclamations -- and quite possibly even before the corporate insiders themselves realize what is happening at the far end of their distribution channels.

Obviously customer loyalty is only one of the many requisites for a successful corporation (or equity investment). The BrandLoyalties.com rankings should only be used as one component in a full suite of equity screens.

The brand loyalty rankings are just one of the ongoing consumer research projects of the Consumer Metrics Institute, Inc. For more information about the BrandLoyalties.com equity rankings, please visit our website or reply to this e-mail to Tony Seker at...
tony@brandloyalties.com.