

THE GRATITUDE ECONOMY



WHITEPAPER 2021



PICKLEJAR™



The digital transformation of money and the financial services landscape has created the next phase of an economic shift. As enterprises have pivoted to accommodate the “gig economy,” individuals are beginning to leverage mobile technologies, social platforms, and cloud transactions to follow their passions, share their experiences, and generate income. The circumstances surrounding the global impact of the COVID-19 pandemic merely accelerated these “social-prenuers” and content creators to embrace a new culture where the monetary value of talent, creativity, and “production” has ushered in a new paradigm:

GRATITUDE ECONOMY

The meteoric rise in the use of social, digital, and mobile technologies has changed the way artists, content creators, and brands engage with their fans and followers. Ultimately, this has also created new challenges and opportunities in the form of payment services including mobile payments that now traverse across these mediums and platforms.

This shift to a gratitude economy embraces the art of tipping not just out of habit or necessity but as a means of deliberate appreciation for a job well done. However, physical cash is slowly becoming a thing of the past, whether for simplicity’s sake or situations like the more recent coin shortage. Which means that while you may intend to leave a tip, the lack of cash in your wallet makes it inconvenient or impossible to show your appreciation for services rendered. With less people having “cash on hand,” many have resorted to using digital payment applications to send and receive funds via their smartphone, tablet or other electronic devices. With new technology making these transactions simple and frictionless, it is also providing the opportunity for tipping to occur more frequently and at a higher rate than traditional forms of payment.

The gratitude economy is founded on the simple gesture of saying “thank you” to someone for something you found unique, resonating or sincerely engaging. But “gratitude” encompasses more than just a simple form of appreciation; it implies the magnitude of recognizing the gift or service you’ve received. Think of this as the \$5 bill you hand to your valet once you get your car, the extra cash you leave on the table after your meal has been paid or the loose change you throw in the musician’s tip jar as you pass by. These tips are not only a recognition of a service rendered but demonstrates the value in which you appreciated something that someone else has done.



This white paper provides a high-level overview of the gratitude economy, the variables giving rise to a new way of tipping, and the technologies supporting mobile and digital transactions. It will also examine the trends in society regarding current mobile payment apps and tipping attitudes, including how musical artists continue to find new and creative ways to entertain fans and earn a living by sharing their art.

In this research report, we examined three immutable pillars of this emerging economic shift. We will explore how technologies must evolve to support an increasing mobile workforce, streaming performances, and appreciation of up-and-coming talent. This report provides industry leaders with actionable suggestions for:

- Empowering mobile performers to showcase their talents and feel supported by their fans;
- Fostering industry camaraderie, even between labels, venues, and brands from around the globe, and;
- Technologies addressing gaps in mobile payments, including eliminating transaction fees for artists.

As a mobile tipping app for music artists, PickleJar is a key component of this new gratitude economy. PickleJar creates the truest connection between fan and artist by empowering artists, connecting and rewarding fans, and enabling a higher visibility in the music industry.



MOBILE TRANSACTION ADOPTION

The first pillar we will examine is the overwhelming adoption of peer-to-peer payments on mobile platforms. People have been exchanging goods and services through various means of payment since humans first associated value with objects and experiences. From gold coins to hand-crafted baskets, these exchanges continue to evolve to meet the current needs and customs of society. Mobile payment apps, like that of Venmo, Snapcash and PickleJar, are simply following an age-old trend of convergence, but with accelerated, unprecedented potential.

Mobile payments are considered non-cash payments through a smartphone or tablet for goods or services. This includes transactions at stationary points of sale (such as a retail store), vending machines, through a website or through a smartphone app that has an integrated payment functionality. PayPal and Venmo are two perfect examples of a digital



platform being used as a payment replacement through cost sharing. It's the solution to "I don't have cash, but I can instantly compensate you through this app." Think of how many times recently that you've paid in actual cash or wrote a check. Odds are you've engaged in more paperless payments that you realize. Now think of how effortless and instant those digital payments have been. Wouldn't it be nice if tipping worked the same way? Wouldn't it be easy if making sure you had cash was one less thing you needed to worry about before walking out the door? In many ways, this emergence of frictionless, secure payment technologies simplifies the buy/sell/pay process for all sides in the transaction.

Mobile and digital payments are only expected to grow. A recent study conducted by PricewaterhouseCoopers found that currently, mobile payments are most often used in restaurants, clothing, and accessory stores. Almost all of these are places where tipping is the custom. Additionally, in terms of commute payments, ridesharing is starting to become the more popular form of transportation in major cities, surpassing cheaper transportation such as buses or subways. Over the past year, the average rideshare user spent over \$500 between the Uber and Lyft apps (with an average of \$50 to \$200 per month) and this ever-growing service is expected to increase consumer spending more and more. These examples demonstrate a growing sentiment of security, convenience, and comfortability with these types of mobile and digital payment options.

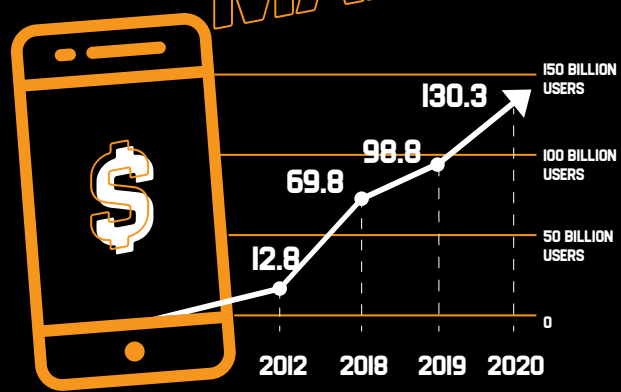


PAYPAL 346
APPLEPAY 441

MILLION USERS
WORLDWIDE

Within the United States, mobile wallets comprise 42% of the total e-commerce transaction volume, with an estimated 64 million mobile payment users in the country. As of August 2020, PayPal is the most used online payment service with 346 million users worldwide and ApplePay is the most used mobile payment app with 441 million users worldwide. According to an article published by eMarketer, the U.S. mobile payment market increased from \$12.8 billion in 2012 to \$69.8 billion in 2018 to \$98.8 billion in 2019 and is projected to reach \$130.3 billion by the end of 2020. Mobile payments are increasing in use by shoppers as they become more comfortable with the technology, positioning them to be a catalyst for higher mobile-commerce sales. By the year 2026, "digital natives" (the population that has always grown up using technology) will make up 59% of consumers in the U.S. This population will only continue to grow and act as a contributing factor to an increase in popularity of mobile payment.

THE U.S. MOBILE PAYMENT MARKET



In an additional study, participants stated that mobile payment apps enabled them to make purchases more quickly and created a less complicated system for buying, paying, and tipping. In fact, 27% of American consumers would prefer to pay with their smartphones for all transactions, if given the option. That same study showed that over 50% of the Netherlands and over 65% of Turkey already use mobile payments where it is accepted, with 80% of Europeans under 40 stating that they intend to use mobile payments as their primary form of payment within the next five years. Mobile payment services have proven to be effective, especially among the young and underbanked generation, and could evolve into a \$3 trillion payment volume opportunity. Many believe that capturing the attention of those who aren't the most enthusiastic on moving into a cashless society begins with mobile.

The current state of the Internet of Things (IoT), the network of physical objects that helps users connect and exchange data, increases the potential for future contribution by the wireless industry. IoT, which has already invoked significant economic impact through the large number of connected devices, is likely to be the next noteworthy area of value generation, according to a report by Accenture. Right now, 84% of the U.S. population owns a smartphone. By 2022, the number of devices is estimated to reach 29 billion, 18 billion of which will be implemented into the IoT and the average use is expected to grow to 22GB per month per device. That substantial increase in connectivity will further drive those who are not currently using mobile/digital payment apps to do so, if only for the ease of having all important tasks streamlined into one device.

SOCIAL PROOF



The second pillar associated with this economic shift is the social change into a population with recognition of personal contribution, effort, and service. There are perhaps few customs more traditionally American than tipping. In fact, tipping is much more common in the United States than anywhere else in the world, and while not generally mandatory, it is common practice to leave behind some sort of gratuity. The fundamentals of tipping are so strong that if restaurants were to replace tipping with higher menu prices and an overall service charge, many patrons would still tip on top of those additional charges. Why? Some genuinely want to help the struggling server regardless of service quality, a few just want to show off, and many want to show appreciation for exceptional service. For the majority of the service and entertainment industries, these tips make up a generous part of their overall income.

Moreover, tipping encourages tipping because it produces social pressure down the line for everyone else to tip. Some won't succumb to the pressure, but the ones that do only increase the positive social force, creating cyclical feedback and increasing the amount of people who decide to leave a tip. As we enter a post-COVID world, where it seems like the ability to get dressed and go out to dinner is cause for celebration, we as a population are feeling more inclined to tip.

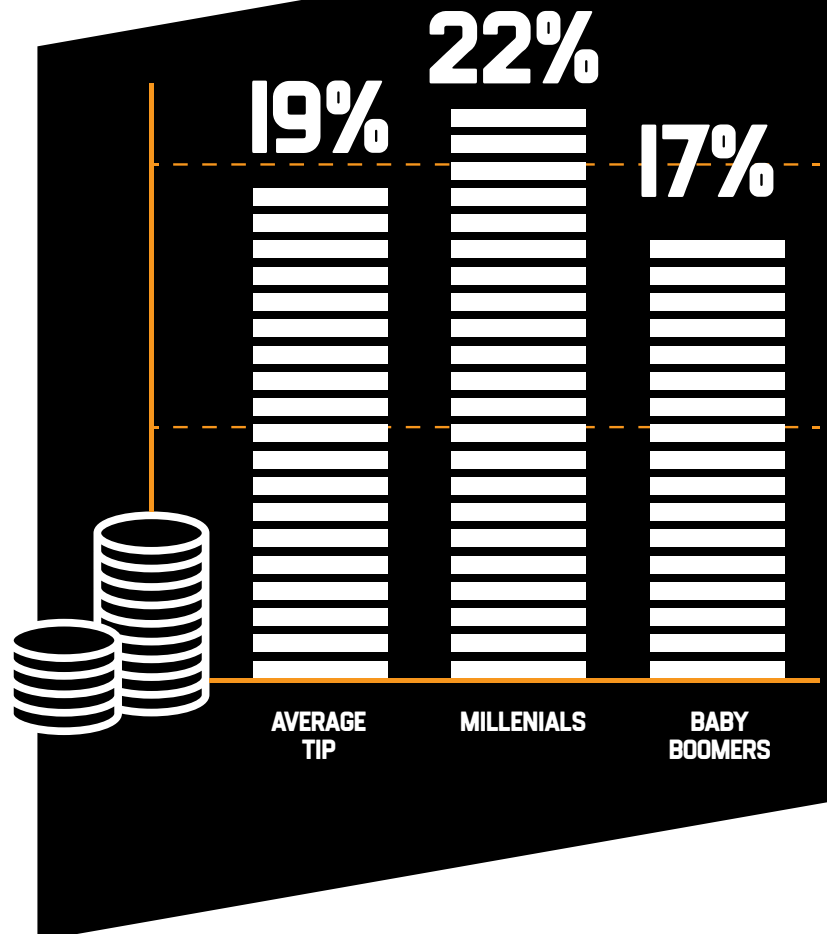
Whether we encounter valets, servers, musicians, store clerks, etc. throughout our night, there is an increase in tipping to acknowledge good service, especially among the millennial and Gen Z generation. Studies show that these trends were already in place prior to the global pandemic, meaning they aren't going away anytime soon and will only continue to gain attractiveness.

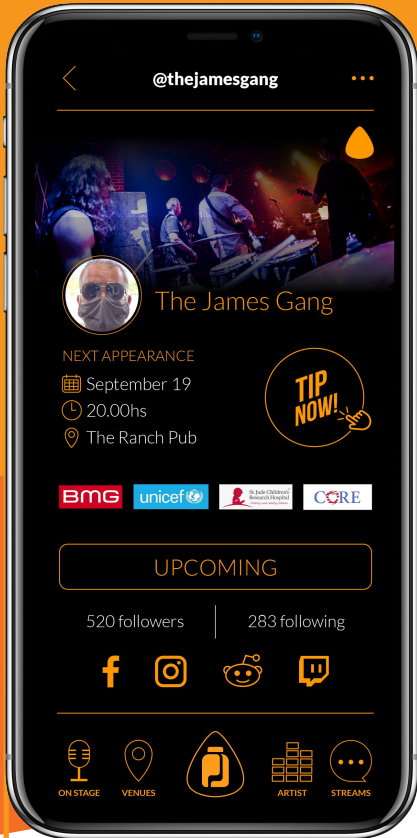
Good tip “etiquette” is usually considered leaving 15% to 20% of your bill, with the average tip coming in at 19%. Though millennials typically tip on the higher end at around 22% and baby boomers tip closer to 17%, the boomer generation tends to tip more consistently. Montana, Wyoming, Colorado, Alabama, and West Virginia topped off as some of the highest tipping states while Utah, Delaware, Hawaii, New Jersey, and New York are among the lowest.

One of the most confusing and controversial aspects of tipping is knowing exactly where the money is going. In many cases, a “tip pool” is established in a restaurant, meaning that employees must divide all of their tips amongst other members of the establishment who may not receive tips upfront, such as busboys, service bartenders or chefs. Furthermore, according to the Fair Labor Standards Act, if an employer sets the amount of gratuity,

the money is considered corporate income and not a tip for employees. A tip is deemed to be a “gift” from the customer and is at that customer’s discretion. Once a tip amount is set by a business, customer discretion no longer comes into play and employers may choose to do whatever they wish with the added gratuity.

In an investigation by the Department of Labor, nearly 1200 violations were found on bringing tipped workers’ wages up to the minimum wage. Among these investigated restaurants, workers had been cheated out of more than \$5 million. These facts only further emphasize the importance of tipping, as it not only shows gratitude for service, but is also supplemental to the income of those in the service and entertainment industries. With the landscape of tipping in mind, mobile tipping apps can sufficiently aid in making sure you are able to tip, even without having cash on hand, and can ensure that the full amount of your tip is going directly to who you intended it for.





AN EMPOWERED MOBILE WORKFORCE

The third and final pillar associated with the shift into an economy of gratitude is the increase in freelance employment, i.e. the “Gig Economy.” The Gig Economy is defined as the “free market system in which temporary positions are common and organizations hire independent workers for short-term positions.” While the term “gig” is often associated with musicians, in this case it refers to any short term or contract job. Many people thrive off of this workflow and prefer it to more structured employment, even if that means having a less stable income. Work becomes more adaptable to the needs of the moment and flexible with the lifestyle of the individual. Gig workers trade in the security of a steady job for a little more freedom and less rigidity. Musicians are a basic example of this. Most musicians earn income from performances and have the choice to decide what shows to play.

There are over 53 million independent workers or freelancers estimated to be in the United States today and this number is only expected to increase as those who were laid-off during COVID-19 took to this type of employment to make ends meet. Unfortunately, these types of jobs are often supplemental to full-time employment and do not provide adequate income on their own. Thus, the importance of tipping these “gig workers” is further emphasized. When it comes to the music industry, common knowledge is that unless you’re picked up by a major label, many musicians heavily rely on the tips they incur each night, most notably tips that are dropped in a bucket near the stage. As the population moves into a more cashless society, this overall nightly takeaway is getting smaller and smaller. Furthermore, there is an apparent shift in how the consumer is spending their attention resources. Consumers are becoming more deliberate in how they spend money and while they are more inclined to physically tip at a live concert than they are to purchase a song on iTunes, they can’t do so without carrying cash around.

After a very unprecedented year and a prediction of live concerts not returning back to “normal” until the end of 2021, livestreaming is going to continue to replace live performances as a way for musicians to earn income. Twitch saw a 524% increase in viewership during March 2020 and is the current leader in livestreaming with 9.3 billion hours watched. Additionally, 67% of audiences who watched a livestream purchased a ticket to a similar event the next time it occurred. A “BandsInTown” survey of 6,000 artists and fans gave some more insight into where livestreaming is headed, with 80% of surveyed consumers admitting they were willing to pay for a livestream event right now and 60% saying they will continue to pay for livestreams even once live concerts resume. Since the onset of COVID-19 (roughly March 2020), the BandsInTown platform has broadcasted over 43,000 livestreams from 14,000 different artists, averaging about three livestreams per artist during a five-month period. And that number is expected to grow, as 70% of artists say they plan to increase the number of livestreams they do over the next year.

The increased adoption and accessibility to both consume and produce entertainment via livestreams empower musicians to earn through digital payment apps at any time of the day and without the need of an organized venue. Essentially, livestreaming allows musicians to work whenever and from wherever they want. Perhaps one of the most attractive qualities of livestreaming is that fans from all over the world can watch artists they never imagined seeing. While streaming is not a substitute for playing live performances in venues, artists say that it opens up new opportunities, especially during this time, and has been a good way to strengthen their connection with fans, earn some revenue, and build a global audience. Some artists have even used livestreaming as a way to earn revenue that they then donate to a charity of their choosing.

This study indicates the use of mobile tipping apps aligns with the increase in mobile/digital payment apps, the shift into the economy of gratitude, and the increase in unique entertainment platforms from artists, like livestreaming. Gratitude embodies more than just a “thank you.” It implies a much deeper state of mind: one that is the main ingredient of this economic shift.

PickleJar’s mission is to bridge the gap between those moments of opportunity to show gratitude through a tip and the growing market reality of the cashless consumer. As a leading force in the emerging “economy of gratitude,” we are making it effortless for fans to personally tip without even reaching into their wallet, while at the same time considering the entire ecosystem of performance art.

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