

## Marketing and Patient Acquisition

### Jason Greenwood, Vice President of Marketing

Thanks, David. That was awesome.

So my name is Jason Greenwood. I'm the Vice President of Marketing here at The Joint. We've heard a lot about real estate, talked to some brilliant people, heard from some brilliant people this morning that comprise our development and the real estate machine. And it's really impressive. But we're going to shift gears a little bit now, and talk about consumer because after all, we are a consumer brand. And that's where my head is all the time, is building a consumer brand. So a little bit about my background. I have had a 20-plus year career, and that's what I do. I build brands.

And when I say we build brands, I don't just mean the advertising or working and positioning statements, but I mean build, build a company that resonates with consumers in an emotional way where it resonates with our identity and it resonates with the consumer need and it is a fulfilling and rewarding and emotional and enriching entity. It becomes – it's a strong relationship. And those are the situations where the whole is greater than the sum of the parts. So that's what I do, it's what I specialize in. And that's not an overnight thing. That's a brick by brick kind of the thing. That's what I told Peter when I interviewed. And I had been with The Joint since January 2018, I said, "Peter, I'm a builder. I only know how to build things brick by brick." And that's the sustaining thing. Those are the types of things that are enduring, the brands that can go on for decades.

And that's what I'm interested in building. I have done it. Like Eric, I have done a franchising myself. So that's always interesting because sometimes, when you work for franchise businesses and you're a marketer, they don't think that you understand what it means to be a franchisee or they think you're disconnected from profitability or the operations. And that's not the case with me. I've actually run my own franchise business for five years, and I know what it's like. I know what it's like to take somebody else's model and run with it and execute it, and I was a darn good franchisee.

Things just changed in my life, and I decided to go back into the corporate world, but – so I know what's that's like, I think it makes me a well-rounded marketer. I've also been in advertising. So heavily steeped in automotive, which is a huge industry, and very sophisticated and very much in the strategy. And the things working for Y&R advertising, consumer trends, consumer research, brand positioning, portfolio positioning, that kind of the thing, I was just that guy. And then most recently, headquartered in Phoenix at a company called Peter Piper Pizza. It has restaurants – it's a food and entertainment chain with restaurants in the U.S. and Mexico. It's up for 10 years. And we pretty much – we built every part of that company. So I have long stints, and now I'm at The Joint. And it's my first bite at health and wellness, and I absolutely love it. I will never go back to restaurants, because the skies are blue in this category. It's nothing but growth and opportunity, whereas restaurants are cutthroat and you scratch and claw for a 10% of the traffic growth, and I'm just not interested in doing that anymore. I love The Joint.

This is – every marketing team is built differently. I'm not going to get into the details. But functionally that you need to take away from this slide is what is marketing do for The Joint? And really, it's four things. Obviously, I just talked about – do I have that little arrow? I don't know if I have that arrow. I do. We talked about strategy, and that drives everything. You have to have vision, and that's one of the

ways that I can contribute to the leadership team and to serve, and Peter and myself, senior executives, that I should be one of those people that are really plotting and making sure that we're on course, we know where we're going from a vision standpoint, that we're recalibrating that everything is in alignment. I'm a big believer in alignment. And that's what I do.

Underneath me, you have three basic disciplines, some are core competencies, some are growing competencies for The Joint. So for example, we're a really good digital marketer. And we'll talk a little bit about that in a minute, particularly with what we call lower funnel digital marketing. If you don't know what a funnel is, I'll talk about that in a minute. So it's a very good competency for us.

We're also really good at promotions. So Peter has spoken multiple times on his calls about our holiday promotions, where we actually just started one over the weekend. It's our summer sale where we target lapsed patients. So we're really good and really dialed in terms of promotions in this category, and yes, they do exist. We're not a heavily – we don't discount heavily, but every promotion doesn't have to be a discount. In this case, our summer sale we're targeting lapsed patients. And that's one of the things we can do with the data that we have. We know everybody is coming, we know how long they've been in and we can do mass market promotions and then we can do highly targeted promotions towards our own patient base.

So I would say those are our competency spreads that are established and we have some growing competencies. One of them is content. We are a good blogger. We produce more chiropractic content than any entity in the entire world in the public domain. The Joint has produced, I think, in the last seven or eight years, 40,000 articles about chiropractics, so we are a prolific blogger. But there's more to content than blogging. And that something that we're learning how to be better at and that helps you – it gives you stuff to promote that doesn't have to be an advertisement or a sale or a discount. Creative and communications. We're learning how to position our brand better, and that's going to be very important because we want to build a great consumer brand. We don't want to just be a referral machine, we want to lead.

So creative and communications, I would say, an ongoing competency. And then David Glover, just set me up really nice because he talked about co-ops. And he talked about the clustering and the benefits of clustering. And that allows us to play in the traditional marketing space. And just because digital is hip and cool doesn't mean there is no room for traditional marketing channels in your marketing plans, it's the exact opposite. There's a great opportunity there. It's – TV still the number one brand-building entity in the world. And we would love to be on TV all over the country, we just can't afford to do it yet, not in every market, but we can in some of them. And so these are all things that are – that would be a growing competency. So we're going to talk about all this stuff.

But let me start off by saying – so when we talk to franchise prospects, and we're in there and we're marketing, everybody gets a slot, so we go in there, we get our 45 minutes. And how do we sell them on The Joint? I don't really feel like I have to sell them that much. There's really just two things that I talked about, and I won't read all of these, maybe three. One is it's just beautiful, it's the right brand at the right time. That's what I think of The Joint. When you think about all the juicy things that are happening in the marketplace right now, it's self-care. And what Amazon has done to the brick-and-mortar retail for products, but services have taken their place. And more and more people are investing more of their

personal dollars in the brands that help them live better, feel better, look better. That's the space that The Joint plays in.

So we're in this – not only is chiropractic growing, but wellness is growing and health is growing, and this is just an emerging part of the market. And we're right in the middle of that. And we're a category leader. The other category of chiropractic is \$15 billion, it's not as big as the other industries, but we're in a leadership position. It's the first time in my career that I have ever been able to help launch or grow a brand and a leadership position.

Peter mentioned this statistics before, it's huge, 26% of people new to chiropractics that walk through our doors. 25% comp growth. That's freebie. I've never experienced that in my career. So obviously, there is just a lot of great stuff here, and I talked about that all the time. What's great about in terms of timing, you're not coming in, you're not going to be a guinea pig. We've kind of work that a lot of the kinks, so that's huge. And then something that's someone mentioned earlier, it's franchising. There's a lot of franchising experience. It's what Peter prioritizes on his senior team is that you have to understand franchising. It's not intuitive, it's a skill. And he always prioritizes people in leadership position to have that experience. And so I think you put all these together and it makes it The Joint an enticing opportunity.

I want to talk about three things. I want to talk about brand identity, I want to talk about marketing methodology and I want to talk about – I'll talk a little bit about grand opening, but now I want to talk about the future, and then I'll take your questions. The first thing is the brand identity. Being a consumer guy, being a brand builder, this is really important to me. And one of the things that we did in 2018, the first things that we did is we conducted the largest consumer research initiative that this company has ever seen. I don't think any chiropractic entity has ever done what we've done. And we mapped that patient journey to chiropractic. What does it look like? How does it start? What are the considerations? What's the behavior? What are the key points along the way? And how do we win at that patient journey?

And after we did that, we presented it last year at our franchisees, and then the next thing we did is we built a brand architecture and I know I probably have a lot of financial types of folks in here, but maybe you're interested in this kind of stuff. But just to give you a little bit of an identity, a consumer identity that go along with the mission statement that you've heard Peter talked about earlier.

So when you talk about brand identity, start with your target consumer. Who comes to The Joint? Richard just told you it's a very broad demographic. I can't necessarily define it cleanly by standard demographics. Richard said, to get the scale, you need 26 of those clusters, right? So one of the things that we talked about is, okay, what about mindset? And certainly, that is something that all of our new patients have in common. These are open-minded people and have a problem. And their problem is pain, and it's messing up their life. It's debilitating them. They're searching in the marketplace for solutions to that pain, and there are not a lot of answers.

They really get to a breaking point. They've tried different things. They've tried popping Advil, they've – God forbid, they tried opioids, they tried massage, they tried stretching, acupuncture, you name it. They go all through the stuff. They're open to chiropractic, but up until now, at least for them, it's been really hard to understand, the market is super fragmented, it's weird and they don't get it. And I'll tell you

what, people know they've got to go to a doctor when they got a broken leg, when you got strep throat, you know you got to go get your antibiotics. But when people have just random pain, they just deal with it.

Because at the end of the day, who wants to spend the time and money to go on a wild goose chase when you just – you have no confidence that you're going to be any better off at the end of the rabbit hole, so people just blow it off. And that's why we are where we are, where we have a serious pain epidemic in our country. And then comes The Joint, and Peter talked about it earlier. Our mission to improve quality of life through routine and affordable chiropractic care. And we do it differently. We've taken something that's complex and confusing. We've simplified. We've broken it down to its most fundamental parts. We made it sociable, it's approachable, something that's easy to understand and access. And I think we could do a lot better there, but we've come a long way. We're knowledgeable. We produce more chiropractic content than any brand in the world.

We're aspirational. We just don't want to help you, we want to change the world through chiropractic legitimately. That's what we wake up every morning looking to do that. And then we are vested. Because if you are a chiropractor and you're putting your hands on people's bodies every day, that is an intimate relationship and you have to be vested in your patient's goals to be a great chiropractor. So the three legs of the stool, Peter have showed them in a video. Peter talked to them about earlier. This is what we came up with them: Accessibility, credibility and empathy. The core delivery, the three legs of the stool for the perfect Joint chiropractic experience that helps patients live a better life.

So I told Peter when I got here, I said, "We have a great mission statement, but we still need to answer the why from the consumer standpoint? Why improve quality of life? What does it mean? What it means is that when you have a better quality of life, you get to live a better – a best version of you. And that's really what it means to the consumer. So that's our brand identity in a nutshell. We have a lot of metrics that we marched to the marketing department. One of the key ones is new patients, and that's unique for me and my career. I've never been judged on that. But that's not as important in a model like ours. So it's a significant area of focus.

And Peter has mentioned this a lot. There are three general sources. If our wellness coordinator asks new patient, which they do, how did you hear about The Joint? Who can we thank for your visit today. They tend to say one of these three things. First and foremost, it's usually a referral, right, because we're a medical service, and that's definitely tied to a strong patient experience. A lot of them say digital marketing, one in three. And then the rest of them, attributed to some kind of a laundry basket signage or community engagement or they saw an ad. But that's basically the three areas. So we – another thing that we did with the research that we conducted last year is we used it to refine our marketing methodology. Because at the end of the day, small box retail is about providing tools, a tool and a blueprint that franchisees can run with.

The whole point of them coming into The Joint is they don't have to be marketing experts. We do that for them. All they have to do is execute and run with our blueprint. And that's what we're encouraging them to do. Don't overthink it, just do what we say because we figured it out. And so part of – in order to do that, to have credibility with people that are successful, somebody mentioned, David suggested they hate their jobs, but they are successful people, maybe had great corporate careers, they're just tired of it. So it's not like you're dealing with people that are necessarily wet behind the ears.

They just want to know that you know what you're talking about. So one of the things that we do is we spend a lot of time talking about marketing methodology, and what we do is we call the purchase funnel. And this is important. And I could talk about this for an hour, and it's a little bit of a secret sauce stuff when it comes to The Joint. But the big picture is we know how to market a corporate – we know how to market a clinic successfully. Period. We're really dialed in, and it gets better and better every year. And it's because we understand the patient journey to chiropractic, we've got 450-plus test kitchens and we've tried, we've improved it every single year. So The Joint is dialed in, and we know how to grow a clinic. We know how to open it. We know how to grow it.

And it involves three phases. So you've got this prospect, and you know it's coming into the funnel. And every industry has its own funnel, and they all look different depending on what the category is. And there are three layers to this funnel, and they're all important. We all have to be present in a well-balanced marketing plan in our industry. The first one is your awareness layer. And this is the largest audience who may or may not have ever heard of chiropractic or maybe they just don't understand it, they don't even know they're looking for a chiropractor. This is more your mass market.

Then you get to a lead generation layer, and this is a refined audience. This is when Richard spoke earlier of him loading his real estate stuff into the marketing database. We can use Richard's information. We update it every quarter. We can sign those people in our platforms, and this is – and digital marketing drives this almost exclusively. So this is where we get really dialed in with what some of industries call hand razors, or people to have flags online or they look like somebody who might be a relief seeker.

And then we talked about our smallest audience and – but these are the most important. This is – we would call it foundational. We don't even call it conversion because it's, for us, it's the foundation. They are the easiest and cheapest to convert. Many of them are actively seeking a chiropractor and can be closed with the right information. So this is very important. And we teach – this is how you build a successful local clinic marketing strategy. Not like this like other brands I've been, I've worked on, but it was like this. So this is really important.

So on a high level, when we're talking about foundational marketing, these are tactics that help establish the visibility, trust and credibility of clinics and staff. Effort here makes all of your other advertising more efficient. And we do most of this for our franchisees, and we do it through search engine optimization. Most of you have heard of SEO. It refers to unpaid results from user queries on search engines. There is no voodoo with SEO. It's pretty well defined the best practices. You just have yet to commit to them. You just have to do them. And you have to do them consistently and there has to be seamless between the local outlet and what we do nationally. And if you do it and you commit to it, and it's powerful.

Because what it allows us to do is open up a clinic and crush somebody almost instantly, at least in terms of online visibility from a chiropractor or local mom-and-pop who might have been working in that trader for 20 years. It doesn't matter because he or she is not doing – not following SEO best practices, and we are. And we know how to do it. And we're way ahead of the game. So when our franchisee signs his or her lease, and their franchisee are already working on an SEO plan. And so it becomes really powerful for us. It's something that we funded the national marketing fund that requires

some activity on behalf of the franchisee. But this is foundational for The Joint. I've never worked for a brand where it's been so important.

And the other thing is community marketing. Some things will never change, and you cannot launch a retail concept from behind the computer screen. Digital marketing will make great strides in the future but at the end of the day, people are still human beings, living and breathing and you got to get out in your trade area and you get to meet them, and you've got a network. And so these are really foundational tactics for marketing and it's what we build on, it's what we teach and if you got a problem and you're not satisfied with your local clinic performance, this is where we start. We layer on top of that lead generation. This is probably – Peter had this chart earlier.

This is something that any of you, by the way, can look up if you don't know, Google Trends and just type in the keyword, and it will tell you how fast it's growing. But this refers to the amount of the rising interest in chiropractic search. And this is something that we can target through primarily through search engine marketing, it's probably our number one – this is the tool that competitive chiropractors actually use the most. Chiropractors are not big advertisers, but they've learned about search engine marketing, and so we train our franchisees to maximize their leads. It's very important. And then we also use the Facebook and YouTube platforms as well. They have a traffic-driving ads in units that we use as well.

So this becomes our lead generation layer. Like I said, for most franchisees, they are going to spend more on this layer than anything else. But one of the things that we're running into in some markets is we're running out of leads. I mean they're only so many they come and they're there and they're gone. And you've got to buy them all up. But what do you do when the leads are dried up. And this is when you get to awareness marketing. And this is something that is a growing competency for The Joint, particularly in markets where we have clustering, we can take advantage of media that allow us to get out in the marketplace and create our own demand, like a real consumer brand, not just a referral or a lead generation machine.

And this is where we are have a growing competency. We're investing more and more. We are teaching our franchisees how to play here. Sure it's easier when you got 30 clinics in the market like David referenced earlier. He talked about the University of Houston sponsorship that would certainly qualify in retail marketing. Outdoor, broadcast, print, these are all tools that we can use that are all about measured differently.

It's all about impressions. Paid digital. Digital also plays in the awareness game. We have national buys with YouTube and within the Facebook platform to do awareness advertising. And what is also important is public relations. If we're going to start a national conversation about chiropractic as the leader of this category, and PR becomes an important tool for that. And increasingly, that's a growing competency for The Joint. We want to be a national player in the PR scene and that's something that we're working towards.

So these are all channels that support this top layer. So really, a well-balanced clinic marketing plan should include all three of these elements and that's what we teach. In addition to ongoing marketing methodology, there are grand openings. And we're really proud of this. It gets a lot of attention. We have reduced the time to breakeven or cash flow positive from roughly 18 months down to six months.

And we're pretty proud of that, It didn't just happen automatically. It's just like anything else. You roll out a plan and

out a plan and then you make it better and then you make it better. And some of the franchisees even contribute to that. And it just gets more and more dialed in and we have a pretty strong grand opening plan, it heavily driven by grassroots tactics. We give franchisees specific benchmarks that they need to hit, and they know. They know if they hit those benchmarks, that they're almost guaranteed to have a successful opening. And so we feel proud of what we've been able to do. It's a step-by-step pre-and post-opening plan, heavily driven by grassroots tactics, also supported by PR and digital and social media. And we certainly support them at headquarters. And also your RD or your FBC, whichever the case may be, also supports them. So we're very proud of the work that we've done. This is definitely a is definitely a huge upside and a strength for The Joint.

I want to talk about the future because while we're really dialed in and we're proud of what we have accomplished today, there is so much work. That's what's beautiful about this business, there's so much to do, and it's just a question of where you're going to focus. And these are the two areas that, as a Head of Marketing that I'm really dialed on in, one is in the area of brand advertising. I talked about those consumer research insights earlier. And I talked about – I shared the brand identity with you. I want to activate it. I want to actually launch an ad campaign in the fall of this year that brings all that together into a consumer presentation that is consistent, that establishes not only the authority of The Joint, but it helps establish the relevancy of chiropractic as a whole.

If you're going to be a leader, I think we have to take a leadership role in our advertising and not just preach to the faithful but talks to the wider audience of relief seekers and make chiropractic more familiar or – and relevant to them. And many position The Joint as the trusted source. So it certainly can't be all of our advertising, but there's got to be a portion of our advertising dedicated to that. So this is really exciting. One of the things you'll see in the fall is a national, although we're not a national brand yet, but a national ad campaign, really focused on bringing that brand to life from the consumer standpoint.

That's the first thing. And then the second thing is marketing automation. Manjula will be up here later to talk about Axis, which is our new CRM platform. Peter has mentioned it in multiple investor presentations. It's huge. I mean, huge doesn't even – how it begin to cover it. It's really harnessing the power of all of our data in new ways, and obviously, there are huge marketing implications to that as well. Today, we have an e-mail campaign in place. We do SMS marketing, but to be honest, it's like you're on the autobahn and you're driving, I don't know, your dad's old Chevy. It could be so much better.

And what we're talking about is the right message to the right time to the right consumer that happen automatically that aren't so five minutes – that aren't so manual. Things are just reacting to behavior naturally and matching a message that meets their needs where they are in their purchase behavior. And that's really the goal of The Joint. We'll do that through e-mail and SMS, but we'll also do that through the patient portal and on mobile app. So this is a whole new territory. We've hired somebody on our marketing team to lead this. But this is going to be, I think, it's going to be – it has the potential to be enormously powerful, as you can imagine, not only improving our lead conversions, but also

extending lifetime patient value improving patient satisfaction, all those types of things that are so important in a model like ours.

So I would say, for the future, that these are the two things that, at least, for me in 2019 that I'm – big picture that I'm focused on as much as anything because I do think it will just give us that engine for growth in the future. In terms of takeaways really just three. To recap, number one, if you don't remember anything else in my presentation today, I want you to remember that The Joint has really a refined model when it comes to attracting new patients whether it's ongoing marketing or its grand openings that we are very dialed in, and we have a very robust and refined marketing methodology that's working. That's of the reasons that you're seeing the good results that you are is because we've got a pretty good handle on how to grow a clinic.

Number two, that we are going to be taking further steps very soon to enhance our brand identity, to activate all of the research that we uncovered last year. It's going to be an insights-driven advertising campaign that will really help make that top of the purchase funnel more robust, to create a true consumer identity in chiropractic regardless if you are a chiropractic user or not. And then lastly, focus more on the bottom of the funnel, really robust one-to-one marketing machine that's just cranking and reacting to the data that we already have that we're tracking to enhance a lead conversion and lifetime patient value. And that is really it. I hope – I'm sure I talked fast, but does anybody have any questions for me?

<Q>: Can you just remind us the grand openings, what those include? And are you actually giving away freebies for an adjustment?

<A – Jason Greenwood>: We do. It's – well, first of all, we can't tell a franchisee what to do, but that's part of our model. So we have a text-in campaign. It's one of our – it's like our strongest call to action, and we typically will give away – I don't think I'm giving away anything secret. You can – anybody can see that. When you go online, you can get a free adjustment, and we usually have a grand opening weekend, a two or three-day period where they can come in and get an adjustment. And I can't emphasize enough how it really just comes down to hitting those metric so we know the exact amount of phone numbers that we need to collect to make it a successful grand opening, and that's our primary care. Yes, sir?

<Q>: You think six to nine months breakeven is kind of the wall? Or can you get that...

<A – Jason Greenwood>: I'm going to defer to my boss because I'll be just speculating. The question was six to nine months, is that the end of the road? Or can it get any better?

<A – Peter D. Holt>: I'm going to help you answer that. In small box retail, that six to nine months time to breakeven is golden. How far we can push it, we're focusing on meeting the six to nine months as our minimum.

<Q>: There you go. Thank you.

<A – Jason Greenwood>: Anyone else? All right. One more.



# The Joint Corp. Investor Day

## Unedited Transcript

June 3, 2019

<Q>: What is the national advertising campaign look like during the summer?

<A – Jason Greenwood>: The question was what does the national advertising campaign look like, what does it look like for The Joint?

<Q>: Yes...

<A – Jason Greenwood>: We're doing a national promotion, and that is a direct marketing campaign. So what we do is we utilize our own data. We identify a group of lapsed patients, and we target them with an incentive to return to The Joint and purchase a membership. We did it for the first time last year, it was the first time The Joint ever did a promotion like that. It was very successful. Anytime we do a promotion the second time around, typically, we get better at it, it's just human nature. So that actually started in June. Okay. Thank you very much. I appreciate it, everybody.