

TXHD CEO (Wais Asefi) Interview

The world of marketing is currently in a state of flux. As the traditional media structures continue to erode and new methods for reaching people rise, it's clear that good marketing has to dig deeper. Precisely how advertising can reach the most people, or, more importantly, reach the RIGHT people, is a question that continues to swirl. One need look no further than the massive valuations of companies like Facebook (\$FB) and Google (\$GOOG) to realize that targeted advertising and niche marketing are the wave of the future.

So how does a business stay ahead of the curve? How do you find your target audience and communicate directly with them? Also, how do you maintain a relationship with that audience? How do you ensure that your early marketing efforts continue paying dividends?

One solution could be using text messaging in your marketing. Texts get read more often than emails, they go directly to people's personal devices, they can include links to more opt-in services, and they can be used for integrated marketing and CRS efforts. That's why companies like Textmunication (\$TXHD) could represent the future of marketing and communication. Textmunication offers clients a complete service for texting customers that allows them to generate leads, advertise, and even just communicate with your existing customer base.

Equities.com got a chance to speak with Wais Asefi, the Chairman and CEO of Textmunication. We discussed how Textmunication provides clients with a broadly applicable communications system that has a variety of uses.

EQ: Can you give me us a brief overview of Textmunication. What is it that you do and what is your exact value proposition?

Wais Asefi: We're a mobile SMS marketing retention and engagement company currently focused on the health and fitness vertical. We provide a very cost effective solution to our clients allowing them to communicate a full spectrum of targeted messages to their potential and current members. Our tremendous growth has resulted from our ability to bundle innovative industry specific messaging solutions with trusted and reliable delivery into a very cost effective service, plus our unique solutions are extremely effective. We provide SMS messaging at much better and lower investment than our competition. We are currently integrated with most of the major Club Management Systems, and have streamlined services for clients using CMS's where we are not currently integrated. Our clients enjoy a "hands free" solution for both marketing and customer service, no labor drain. For example, are you currently a member of a gym?

EQ: Yes. LA Fitness.

Wais Asefi: Wonderful, great brand. LA Fitness has proprietary CMS software to manage their members. With our solution, we can interface with their software and build a live connection. LA Fitness can then configure who they want to be messaged, at which points, and what the message should say. So, if the database shows 10 new potential leads, 10 new potential members might get a text tomorrow morning saying "thank you" for your interest, and maybe it includes an incentive. At the same time, if there are 10 new members, those people might get a text saying "Welcome!" and thanking them for joining LA Fitness, and maybe that text includes a link to amenities available, a discount code for their first PT purchase, and it says that you can forward this text to three friends and each of them will get a free seven-day pass. These messages are being sent automatically since our system is integrated with the clubs member management software, CMS.

The Fitness Industry relies on member communication. Staying in touch with members is vital to member retention and therefore vital for member growth. Our innovative SMS message options include a spectrum of targeted communication designed by fitness industry leaders in marketing and member retention.

We have end to end strategies including Lead generation, Internal Marketing, Customer Retention and Customer Service.

Example of Lead Generation might be our program where people sign up to receive a flyer once a month. At the top of that flyer, there's a keyword and a shortcode, if you text the word to that shortcode, you receive the SMS autoresponder immediately and our client captures the mobile number and is notified of the keyword activity. Our SMS solutions depends on the type of business, currently we have solutions for several verticals when can see immediate results.

Classic examples of Internal Marketing and Customer service have already been covered, however, an example of our innovative message solutions might be if a member had been going to the gym regularly for four months and then you stop going you could set up a message to say "we miss you." Not using the gym is one of the top reasons for members to cancel. Engaging before they decide to cancel is very powerful. Another example was one of our gyms, BrickBodies out of Baltimore, was affected by the recent rioting and they had to shut down two of the gyms. They used our systems to send text alerts to all their members to let them know these two locations are closed. Members could then click on a link to find a closer location if they need to work out. We also have Ad hoc messaging, which is very valuable. A gym can send a text message out to all the members saying "Happy Father's Day from LA Fitness, bring your father in for free workout, special training and workouts, food and entertain for the family." The idea is to have member communication and engagement on another level. We also offer our gyms clients automation features such as:

Automated lead generation

Automated health tip alerts

Automated new member alerts

Automated cancellation alerts

Automated birthday alerts

Automated reminders for renewals

Automated Personal Training reminders

Automated Prospects follow ups

And we have industry specific solutions for a variety of different types of clients. We service restaurants and car washes, plus there are many other verticals to go after.

EQ: Your services provide businesses with a communication network that they can use to keep in touch with their consumers in a very targeted and specific fashion.

Wais Asefi: A lot of businesses use email, which is getting read about 17% of the time. SMS text messaging has a much higher rate of impact, 99% is read within 2 minutes. You read it. Even if you don't respond to it, you open it and it registers.

Every message that goes out is CTIA and SEC compliant, unlike emails where you receive SPAM. SMS is only on opt in basis so it's a communication tool on steroid due to read rate and permission based marketing and communication yet extremely effective.

EQ: Targeted mobile advertising is a really important niche that's getting a lot of focus from a lot of different areas right now.

Wais Asefi: It is. The ability to communicate with your clients in general has become a high priority. And customizing that communication to each client is the key. Birthdays, anniversaries, appointment reminders; it's worth it. Let's say tomorrow you have an appointment with your personal trainer. The appointment is at 4 o'clock. You get a text message at 2 o'clock saying "Be there 5 minutes early to warm up." Most personal trainers will try to call you the day before, but you get caught up and you forget. SMS can do this same service in a way that is lower cost, more effective, and less labor intensive. Our product is very effective and we support it with education on how to use it and ongoing customer support.

EQ: How can you guys sort of use your service for advertising and marketing?

Wais Asefi: Let's take Best Buy (\$BBY) as an example. Let's say Best Buy does three major ad campaigns in one month with radio, TV, and billboards, accompanied by in-store advertising. They can put a keyword and a call to action on each different medium that utilizes our service.

The call to action could be a giant banner you see once you walk inside the store to text BB to 87365 for a chance to win this 100-inch Plasma TV and full surround sound for your house. So you text BB and you get a response back saying "Thank you for opting into Best Buy sweep stakes. Winner to be announced July 4." Share this text for a free pair of headphones or a coupon for 10% or 20% off or something in that nature so your campaign goes viral. It's up to our clients on the message but we educate and teach best practices to create consumer-driven virality for their campaign.

You have these keywords on different mediums. You'll do that in-store, they have another one on a billboard, all the same call to action. The right call to action will really create engagement for your campaign. If you go to Starbucks (\$SBUX) and see something that says "text in Bucks to 87325 for a free sugar," you're going to think: "That's garbage. I'm not going to do that." But if you walk into a Starbucks and see "Text Bucks to 87325 for a chance to win free coffee for life." You're going to text in. That's what we do and that's how marketing through your customers works.

EQ: Do you have plans to specifically address the needs of a lot of different industries?

Wais Asefi: At this juncture, we have targeted and refined the right solution for the health and fitness market. We also have solutions for the restaurant, real estate and several other industry. Our next new frontier is Real Estate and Insurance. We have not touched that market yet, but that's another one we feel we can really dominate.

We have looked at the insurance side. We may make a push into that market in the second quarter of 2016. Agents would find being able to send out alerts on a monthly basis to be really valuable. If you're an insurance company like State Farm, Farmers, or Geico, you're billing customers on a monthly basis. Texting can be a great reminder. Missed payments or declines are an issue in all industries. No company wants to get that call when a client has an accident and, hey, they forgot to make a payment or they

declined and the policy has lapsed. If agents can communicate with their members about their payment plans, they can avoid that. In addition to the pay. Right now, they send out all letters or postcards at a cost of \$0.33 each. If an insured receives a text message on behalf of a Farmers agent, there's instant engagement and advantages for both the customer and the company.

We're on target to hitting goals with the health and fitness segment. We're also looking to expand to Brazil once we achieve our goals with the health and fitness vertical. Brazil has the next highest locations of gyms. And as the revenue comes in from the efforts we put forth in the health and fitness vertical, we're definitely looking to hire more agents to go after different verticals as I have mentioned previously.

EQ: What should investors be in the lookout for over the next year from Textmunication?

Wais Asefi: To have about 20% market share of the health and fitness. There's about 37,000 gyms in the United States and our goal is to be up and running with about 7,000 of them.

EQ: Do you have any additional closing comments that you'd like to make?

Wais Asefi: We really are the most reliable and effective solution in the Fitness industry currently and will be as well on the insurance other focused verticals we are bring forth the solution to, its been great speaking with you and will have further updates very soon.

About Textmunication Holdings, Inc.

Textmunication is an online mobile marketing platform service that will connect merchants with their customers and allow them to drive loyalty and repeat business in a non-intrusive, value added medium. For merchants it provides a mobile marketing platform where they can always send the most up-to-date offers/discounts/alerts/events schedule, such as happy hours, trivia night, and other campaigns. The consumer can also access specials and promotions that merchants choose to distribute through Textmunication by opting in to keywords designated to the merchants keywords. Allowing consumers to take their information wherever they go and learn about the latest buzz as soon as they are available, providing the consumer events, deals, and messages on their cellphone via SMS messaging, Textmunication is a mobile marketing platform that connects the mass consumer to the content that they crave — anywhere, anytime, through virtually any mobile device for all local events and promotions.

<http://textmunication.com>

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Except for the statements of historical fact contained herein, the information presented in this news release constitutes "forward-looking statements" made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on any forward-looking statements in this press release as they reflect Textmunication Holdings' current expectations with respect to future events and are subject to risks and uncertainties that may cause actual results to differ materially from those contemplated. Potential risks and uncertainties include, but are not limited to, the risks described in Textmunication Holdings' filings with the Securities and Exchange Commission. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release and in any document referred to in this news release.

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