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Marketing
What No One Wants to Buy

presented by
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Today's Presentations

- **Marketing What No One Wants to Buy**
- **Marketing Channels: Reaching Your Best Prospects**
- **Running on Empty – Sales & Marketing on No Budget**


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This Presentation

- **Marketing What No One Wants to Buy**
 - *What are we "selling"*
 - *What is the motivation or resistance?*
 - *Who are our "customers"*
 - *Applications & Lessons*


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The Supply Side

- Nursing home occupancy rates declined from 85.5 percent in 2004 to 83.7 percent in 2008 showing excess capacity, at a time when the population is aging.


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The Supply Side

- Of the 1.4 million residents in nursing homes, 64 percent had their care paid by Medicaid, 22 percent had care paid directly out of pocket or by private payers, and 14 percent of residents were paid by Medicare in 2008. The percent of residents paid for by Medicare has increased by about 16 percent since 2004 with a reduction in the percent paid by Medicaid.

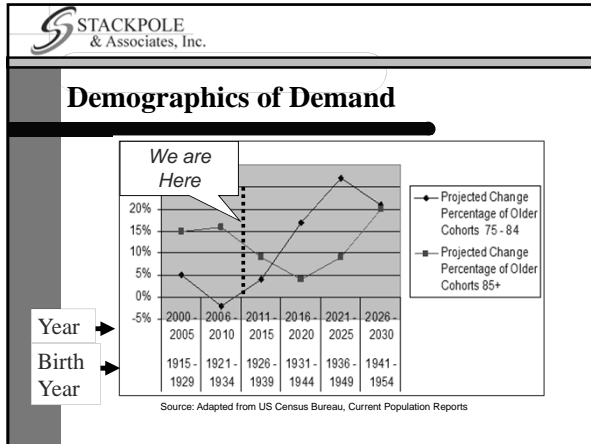
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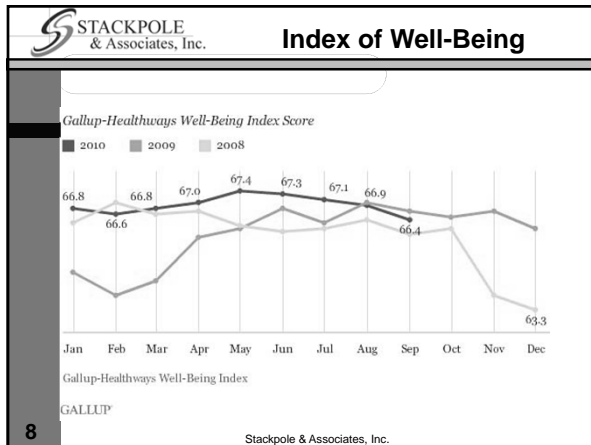
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More Supply Side

- The number of for-profit nursing homes increased from 65.9 percent of all homes in 2004 to 67 percent in 2009, while the number of non-profit nursing homes and public homes declined slightly. Nursing home chains were 54 percent of the total homes in 2009, showing a 3 percent increase over 2004.

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Market Conclusions

- The market size is static
- Media messages are depressing
- Disability rates are ↓
- There are more options
- Acuity (ADLs & IADLs) for consumers ↑

And on the **Supply** side...


- Inventory of product is mixed
 - Somewhat old

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The Marketing Mindset

- Marketing & Sales
 - Defining markets
 - Marketing vis-à-vis Sales
 - Marketing = Managing the relationships between and among service providers, customers and consumers.
 - Sales = Directly influencing / changing others' behavior
 - Marketing = Building and managing awareness, position and reputation


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Marketing Mindset

- Understanding what the customer / consumer **really** wants, and not what we think (or want to think) she or he wants!
- Is this consistent with what we are selling?
- What are the difference between and "Customers" and "Consumers"?


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Sales Mindset

- Laws of Selling (*serious stuff, at least*)
 - 101 – People only buy what they say they need
 - 102 – People would rather live with a problem they cannot solve, than accept a solution they don't understand
- Is this consistent with what we are selling?
- What are the difference between and "Customers" and "Consumers"?


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Who are Our Customers?

- Referral Sources – demographics/ psychographics
- What are their motivations / inhibitions?
- Do they “want to buy” – or do they “need to buy”
- Prospective Residents - demographics/ psychographics
- Motivations / inhibitions?
- Do they “want to buy” – or do they “need to buy”
- Where are our customers?


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Among Our Customers

- Referral Sources –
 - Establishing “preference”
- Prospective Residents -
 - Establishing “preference” – Really?
 - A special word \rightleftarrows “Home”
- “Nursing Home” vs. “Home”
 - The marketing metaphor

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Who are Our Consumers?

- Who are our consumers?
- Residents / Patients – demographics / psychographics
- What are their motivations / inhibitions?
- Do they “want to buy” – or do they “need to buy”

- Where are our consumers?


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What the Research Says

- Purchase decision vs. loyalty (“ re-use”)
- The markets are fragmented
 - There are many segments
 - Tailor the message and method
 - One size DOES NOT fit all
- Happy customers walk away
 - 12% - 20% defect to other communities
 - Why do they defect, and what do they look for in their re-purchase decision
 - Behaviorally loyal, attitudinally disloyal


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What the Research Says

- The purchase decision is very different from the loyalty equation
- Purchase – 1st time
 - Overcoming Objections, Empathy, Transactional Competence and Demonstration of Value
- Re-Purchase
 - Reinforcing Value, Transactional Competence
- Satisfaction vs. Loyalty

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Fragmented Markets

- What “features” have the greatest utility to each market / segment?
 - For initial Purchase
 - For Re-Purchase
- What “performance characteristics” have the greatest utility to each market / segment?

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The Purchase Decision

- Practically – What can / should we do?
 - Review Options
 - SNF
 - ALR
 - other

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Re-Purchase: The Loyalty Effect

- Consumer Satisfaction Rates are High
But
- Turnover Rates Are High
Why?

Contribution of **Value**
Value exists in the realm of “fairness”
Is this a fair price for this service?

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Priority Gauge Chart / Key Drivers

Relationship between Satisfaction and Importance

Satisfaction	High	Potential Advantages <i>(High satisfaction, low importance)</i> Possible points of differentiation, particularly if competitors are weak in these areas	Key Strengths <i>(High satisfaction, high importance)</i> Maintain and leverage these areas for continued success
	Low	Potential Weaknesses <i>(Low satisfaction, low importance)</i> Room for improvement in these areas, although low priority for respondents	Key Weaknesses <i>(Low satisfaction, high importance)</i> Improvements in these areas will have a high impact on overall satisfaction
		Low	High
		Importance	


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Purchase and Re-Purchase

- Perceived value drives loyalty
- Value, satisfaction and importance
- Value exists in context
 - Relationships among all attributes
 - Interactions among attributes
 - Consumer market compares alternatives


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Conclusions

- Prospective & current customers' behavior is predictable
- Importance is important
- Loyalty occurs in the context of value

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