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# *Loyalty in the New Millennium*

*presented by*  
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## *Today's Presentation*

- Segmentation
- Satisfaction / Loyalty Relationship
- How Decisions Are Made
- Market / Service Lifecycles
- Applying Influence

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## *Background*

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- Challenges and changes in the industry
  - SNF *and* AL
  - Occupancies
  - Competition
  - Turnover rate of staff
  - Turnover rates of sales & marketing staff

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## *The Marketing Mindset*

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- *Marketing and sales terms*
  - *Defining markets*
  - *Marketplace*
  - *Promotions*
  - *Position*
  - *Loyalty*

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## *What the Research Says*

- *The markets are fragmented*
  - *There are many segments*
  - *Tailor the message and method*
- *Happy customers walk away*
  - *14% - 30% defect to other communities*
- *The marketing basics still work!*
  - *Know the customer*
  - *Keep your customers happy*
  - *Target the messages*
  - *Build / nurture relationships*

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## *Model Segments*

<b>Model Segments</b>	
Residents	Referral Sources
Advisors / Family	Doctors
Employee	Service Groups – HCCs, CoAs

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## *Model Segments*

- *All segment further break down to:*
  - *Users*
  - *Non-users (new)*
  - *Past users (acceptors)*
  - *Past users (rejecters)*
  - *Demographics*
  - *Psychographics (Values & Lifestyle Segments)*

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## *The Fragmented Markets*

- *Segments*
  - *Consumers*
    - *Residents*
    - *Patients*
  - *Advisors*
    - *Local*
    - *Remote*
  - *Employees*
    - *Line*
    - *Management*

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# Market Segmentation

Assisted Living		
	Prospects	Current
Consumers	<ul style="list-style-type: none"> <li>• Apartment</li> <li>• Price</li> <li>• Location</li> <li>• Food &amp; Dining</li> </ul>	<ul style="list-style-type: none"> <li>• Food &amp; Dining</li> <li>• Staff</li> <li>• Price</li> <li>• Health &amp; Wellness</li> </ul>
Advisors	<ul style="list-style-type: none"> <li>• Health &amp; Wellness</li> <li>• Price</li> <li>• Food &amp; Dining</li> <li>• Apartment</li> <li>• Location</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Wellness</li> <li>• Food &amp; Dining</li> <li>• Supervision &amp; Management</li> <li>• Price</li> </ul>

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# Market Segmentation

Independent Living		
	Current	Prospects
Consumers	<ul style="list-style-type: none"> <li>• Food &amp; Dining</li> <li>• Price</li> <li>• Supervision &amp; Management</li> <li>• Staff</li> <li>• Apartment</li> </ul>	<ul style="list-style-type: none"> <li>• Apartment</li> <li>• Location</li> <li>• Price</li> <li>• Food &amp; Dining</li> <li>• Health &amp; Wellness</li> </ul>
Advisors	<ul style="list-style-type: none"> <li>• Food &amp; Dining</li> <li>• Supervision &amp; Management</li> <li>• Health &amp; Wellness</li> <li>• Price</li> </ul>	<ul style="list-style-type: none"> <li>• Location</li> <li>• Health &amp; Wellness</li> <li>• Price</li> </ul>

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# Market Segmentation

Employees / Associates		
	Retention	Recruitment
<b>Line Staff</b>	<ul style="list-style-type: none"> <li>Relationship w/ supervisor</li> <li>Location</li> <li>Compensation &amp; benefits</li> <li>Career opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Needed a job / this was available</li> <li>Location</li> <li>Compensation &amp; benefits</li> <li>Desire to work with elderly</li> <li>Career opportunities (training / learn new skills / advancement)</li> <li>Leaving a more demanding job, i.e., SNF or HHA</li> </ul>

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# Market Segmentation

Employees / Associates		
	Retention	Recruitment
<b>Managers</b>	<ul style="list-style-type: none"> <li>Relationship w/ supervisor</li> <li>Location</li> <li>Compensation &amp; benefits</li> <li>Career opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Career opportunities (training / learn new skills / advancement)</li> <li>Compensation &amp; benefits</li> <li>Desire to work with elderly</li> <li>Reputation of employer</li> <li>Location</li> </ul>

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## Happy Customers Walk Away

- Consumer Satisfaction Rates are High
- Turnover Rates Are High

But

Why?

### Contribution of Value

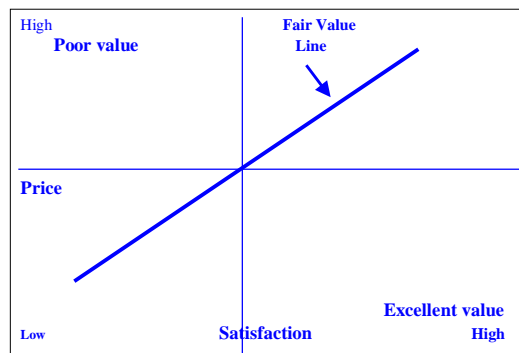
Value exists in the realm of “fairness”

Is this a fair price for this service?

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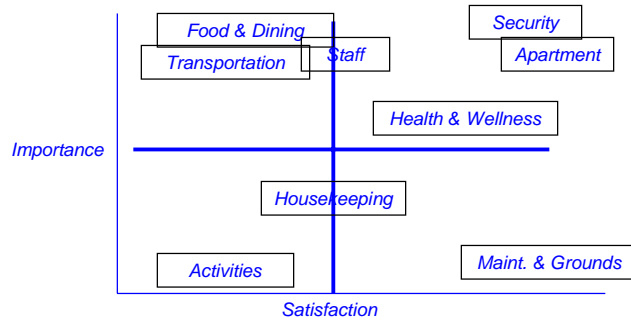
## Happy Customers Walk Away



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## *Value Map – AL Advisors*



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## *Happy Customers Walk Away*

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

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## Happy Customers Walk Away

	Importance	Ratings			Import X Ratio
		Ours	Average of Alternatives	Ratio	
Food & Dining	18	6.88	7.00	0.98	17.69
Staff	16	7.00	8.26	0.85	13.56
Price	15	7.95	7.65	1.04	15.59
Health & Wellness	13	7.52	8.30	0.91	11.78
Location	10	9.50	8.20	1.16	11.59
Apartment	8	8.40	8.80	0.95	7.64
Housekeeping	5	7.90	7.74	1.02	5.10
Maintenance	5	9.30	8.60	1.08	5.41
Amenities	4	6.70	8.80	0.76	3.05
Transportation	4	8.00	8.60	0.93	3.72
Activities	2	6.25	8.25	0.76	1.52
Reception	0	9.06	7.30	1.24	0.00
	100			0.97	

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## How Decisions Are Made

- *Each property is an array of attributes*
- *Prospects make trade-offs*
- *Each prospect has needs*
  - *Misnomer of “needs-driven” market*
  - *The trade-offs made by a prospect segment can be understood through Conjoint aka Multi-Dimensional Scaling*

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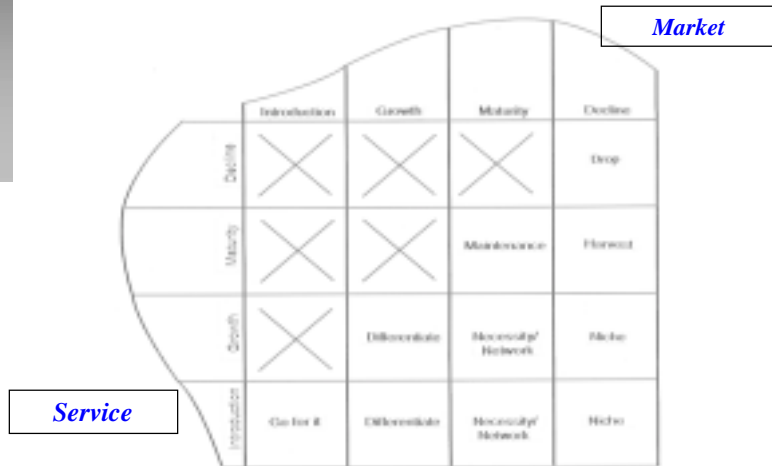
## How Decisions Are Made

Which do you prefer?									
Moderate sized apartment with small kitchen, in rural setting, with full AL services for \$2,250 / mo				Or		Large sized apartment with big kitchen, in suburban setting with limited personal care services for \$2,850 / mo			
Strongly Prefer Left				Equal		Strongly Prefer Right			
1	2	3	4	5	6	7	8	9	10

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## Market Lifecycles



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## *Market Lifecycles*

- *Go for it*
- *Differentiate*
- *Necessity*
- *Maintenance*
- *Niche*
- *Harvest*
- *Drop*

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## *Marketing Basics*

*What is influence?*

- Application of behavioral / psychological research
- Power to effect others – seen only in the results

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## *Ethical Use of Influence*

- Juggling 7 influence factors
- Bungling legitimate influence opportunities
- Smuggling influence where it doesn't belong

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## *Influence Factors*

- Contrast
- Reciprocity
- Scarcity
- Authority
- Consensus
- Commitment / Consistency
- Friendship / Liking

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## *Influence Factors*

### ■ Contrast

You can change perception, based on what is experienced just before.

### ❖ Application

Lead with your best feature(s)

Show the nicest, most expensive first (if price is a factor)

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## *Influence Factors*

### ■ Reciprocity

We are obligated to give back to others the form of behavior that they have given to you.

### ❖ Application

Offer something of value – “freebies”

The “muffin debate”

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## *Influence Factors*

### ■ Scarcity

People are more motivated by the thought of losing some benefit, than the thought of gaining the same benefit.

### ❖ Application

Create the perception of scarcity without smuggling  
Schedule for competition

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## *Influence Factors*

### ■ Authority

People are inclined to comply with perceived authority.

### ❖ Application

Communicate affiliations, accreditations  
Degrees and credentials of staff

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## *Influence Factors*

### ■ Consensus

We base how we think, feel or what we do, based on what other people are thinking, feeling or doing.

### ❖ Application

Appear to be “the place to be”

Numbers, name dropping

Schedule for consensus

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## *Influence Factors*

### ■ Commitment / Consistency

We have a relentless desire to be, and to appear to be, consistent with what we've already done.

### ❖ Application

Publicize endorsements (add in Authority)

Create and distribute symbols

Durable, frequently used “freebies”

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## *Influence Factors*

- Friendship / Liking

We are more favorably inclined to say “yes” to people we know and like.

- ❖ Application

Match the prospect to the staff person

Listen and learn about them.

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