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*Satisfaction is Cheap –  
Loyalty is Priceless*

*presented by*  
Irving L. Stackpole, RRT, MEd

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**Stackpole & Associates, Inc.**  
**Telephone: 1-617-739-5900**  
**istackpole@stackpoleassociates.com**

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**<http://www.stackpoleassociates.com>**

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**The Challenges**

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- Growing your occupancy
  - Keeping the customers you have
  - Getting more *good* customers
- Recruiting & retaining the right staff

Managing for:

- Customer / consumer / employee **satisfaction**
- Customer / consumer employee **loyalty**

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### What Is Satisfaction?

- Definition: fulfillment of a need
- Measured by self-reported rating, e.g.,

	Completely Disagree	Completely Agree
Overall, I am completely satisfied with the dining services.	1 2 3 4 5 6 7 8 9 10	

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 STACKPOLE & Associates, Inc. A Meal vs. "There, you're fed."

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### What Is Loyalty?

- Behavioral: frequency / proportion of re-use
- Attitudinal: frequency / proportion of recommendation / advocacy
  - Do your customers recommend?
  - Do your employees recommend?

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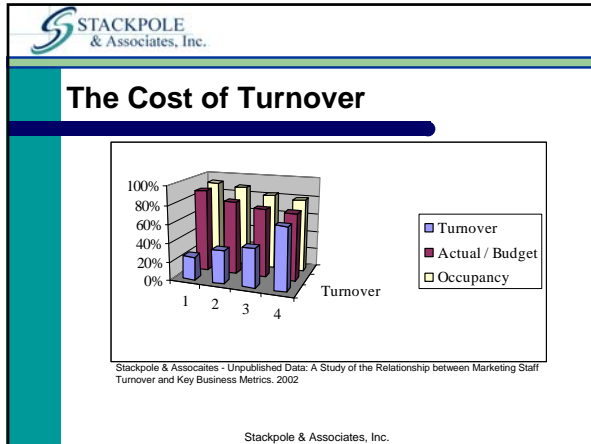
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### What's the Difference?

- Satisfaction → Subjective Domain
- Loyalty → Objective / Observable / Behavioral Domain

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### So What?

- Do ↑ Satisfaction Levels = ↑ Levels of Loyalty?
- Aren't Satisfied Customers Loyal Customers?
- No, Not Necessarily!

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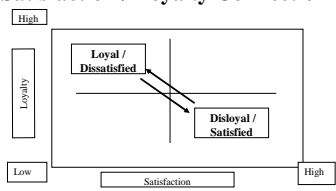
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### Things Change!

**Satisfaction / Loyalty Connection**



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### Factors → Loyal & Dissatisfied

For Example

- Loyal (behavioral) / Dissatisfied
  - Doesn't see an alternative
  - Others arguing against change
  - Thinks that "cost" or barriers to change too great
- Loyal (attitude) / Dissatisfied
  - Considering the alternative, this is pretty good
  - Aging in place
    - Inverse correlation LOS v. Satisfaction

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### Satisfaction: The 4 Part Story

Piece 1: Expectation  
 Piece 2: Importance  
 Piece 2: Experience  
 Piece 3: Value

} Satisfaction

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### Loyalty: The Recovery Story

- Loyalty behavior when experience is good
- Loyalty behavior when experience is bad
- Effective Recovery = Loyalty

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### Disloyalty (?)

Month	Certified Beds	Patients in Certified Beds	Certified Facilities
Jun-08	1,700,000	1,400,000	95,000
Jun-08	1,700,000	1,400,000	95,000
Jun-08	1,690,000	1,390,000	95,000
Jun-08	1,680,000	1,380,000	95,000
Jun-08	1,670,000	1,370,000	95,000
Jun-08	1,660,000	1,360,000	95,000
Jun-08	1,650,000	1,350,000	95,000
Jun-08	1,640,000	1,340,000	95,000
Jun-08	1,630,000	1,330,000	95,000
Jun-08	1,620,000	1,320,000	95,000
Jun-08	1,610,000	1,310,000	95,000
Jun-08	1,600,000	1,300,000	95,000
Jun-08	1,590,000	1,290,000	95,000
Jun-08	1,580,000	1,280,000	95,000
Jun-08	1,570,000	1,270,000	95,000
Jun-08	1,560,000	1,260,000	95,000
Jun-08	1,550,000	1,250,000	95,000
Jun-08	1,540,000	1,240,000	95,000
Jun-08	1,530,000	1,230,000	95,000
Jun-08	1,520,000	1,220,000	95,000
Jun-08	1,510,000	1,210,000	95,000
Jun-08	1,500,000	1,200,000	95,000
Jun-08	1,490,000	1,190,000	95,000
Jun-08	1,480,000	1,180,000	95,000
Jun-08	1,470,000	1,170,000	95,000
Jun-08	1,460,000	1,160,000	95,000
Jun-08	1,450,000	1,150,000	95,000
Jun-08	1,440,000	1,140,000	95,000
Jun-08	1,430,000	1,130,000	95,000
Jun-08	1,420,000	1,120,000	95,000
Jun-08	1,410,000	1,110,000	95,000
Jun-08	1,400,000	1,100,000	95,000
Jun-08	1,390,000	1,090,000	95,000
Jun-08	1,380,000	1,080,000	95,000
Jun-08	1,370,000	1,070,000	95,000
Jun-08	1,360,000	1,060,000	95,000
Jun-08	1,350,000	1,050,000	95,000
Jun-08	1,340,000	1,040,000	95,000
Jun-08	1,330,000	1,030,000	95,000
Jun-08	1,320,000	1,020,000	95,000
Jun-08	1,310,000	1,010,000	95,000
Jun-08	1,300,000	1,000,000	95,000
Jun-08	1,290,000	990,000	95,000
Jun-08	1,280,000	980,000	95,000
Jun-08	1,270,000	970,000	95,000
Jun-08	1,260,000	960,000	95,000
Jun-08	1,250,000	950,000	95,000
Jun-08	1,240,000	940,000	95,000
Jun-08	1,230,000	930,000	95,000
Jun-08	1,220,000	920,000	95,000
Jun-08	1,210,000	910,000	95,000
Jun-08	1,200,000	900,000	95,000
Jun-08	1,190,000	890,000	95,000
Jun-08	1,180,000	880,000	95,000
Jun-08	1,170,000	870,000	95,000
Jun-08	1,160,000	860,000	95,000
Jun-08	1,150,000	850,000	95,000
Jun-08	1,140,000	840,000	95,000
Jun-08	1,130,000	830,000	95,000
Jun-08	1,120,000	820,000	95,000
Jun-08	1,110,000	810,000	95,000
Jun-08	1,100,000	800,000	95,000
Jun-08	1,090,000	790,000	95,000
Jun-08	1,080,000	780,000	95,000
Jun-08	1,070,000	770,000	95,000
Jun-08	1,060,000	760,000	95,000
Jun-08	1,050,000	750,000	95,000
Jun-08	1,040,000	740,000	95,000
Jun-08	1,030,000	730,000	95,000
Jun-08	1,020,000	720,000	95,000
Jun-08	1,010,000	710,000	95,000
Jun-08	1,000,000	700,000	95,000
Jun-08	990,000	690,000	95,000
Jun-08	980,000	680,000	95,000
Jun-08	970,000	670,000	95,000
Jun-08	960,000	660,000	95,000
Jun-08	950,000	650,000	95,000
Jun-08	940,000	640,000	95,000
Jun-08	930,000	630,000	95,000
Jun-08	920,000	620,000	95,000
Jun-08	910,000	610,000	95,000
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Jun-08	120,000	0	95,000
Jun-08	110,000	0	95,000
Jun-08	100,000	0	95,000
Jun-08	90,000	0	95,000
Jun-08	80,000	0	95,000
Jun-08	70,000	0	95,000
Jun-08	60,000	0	95,000
Jun-08	50,000	0	95,000
Jun-08	40,000	0	95,000
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Jun-08	20,000	0	95,000
Jun-08	10,000	0	95,000
Jun-08	0	0	95,000

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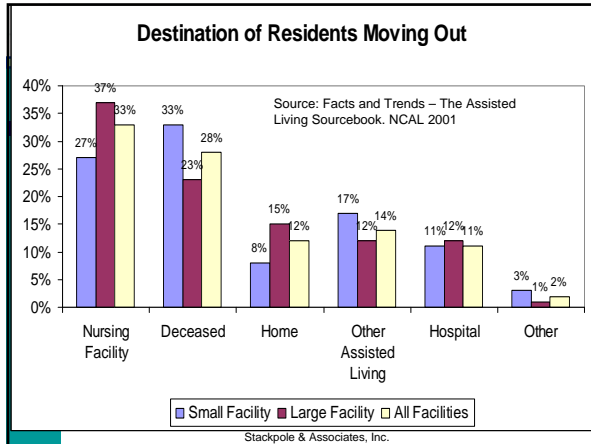
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### What Can/Should We Do?

- Look more closely at satisfaction
  - Expectation, Importance, Experience, Value
  - How to / should we measure them?
- Measure & manage for loyalty

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### A Closer Look @ Satisfaction

Satisfaction – Expectation

- Initial Marketing & Sales Claims
  - Pre-Conceived Ideas (prior providers, prior venue, e.g., home or nursing home)
  - Exposure from visits – tours or social
  - Referral sources
  - Word of Mouth
- Measuring Expectation

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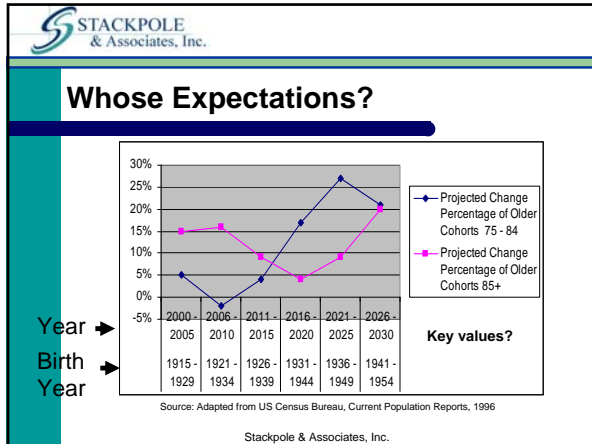
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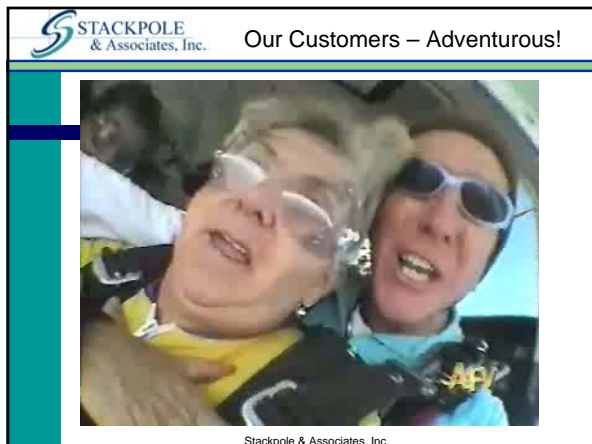
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 **Expectation Connection**

Satisfaction – Expectation  
When is / was The Decision Made?

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 **Technology's Role**



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 **“Some grocery stores have better technology than our hospitals and clinics.” – Tommy Thompson, HHS Secretary.**

Source: Special report on technology in healthcare, US News and World Report (07.04)

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### Satisfaction/Loyalty Connection

**Satisfaction – Experience**

- Customer Service
- On What do Customers / Consumers base their assessments?
  1. The Pain / Pleasure Trend
  2. The High and Low Points
  3. The Ending

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### The Pain/Pleasure Trend

**Satisfaction – Experience**

- Customers prefer a sequence that improves over time
- Recommendation: Get the bad stuff over quickly

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### The Pain/Pleasure Trend

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Satisfaction – Experience

- Customers are sensitive to the duration of pain and of pleasure
- Recommendation: Segment / stretch the pleasure, combine the pain
- Recommendation: If pain is anticipated, choice helps

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### The Pain/Pleasure Trend

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Satisfaction – Experience

- Negative experiences may be overwhelmed by positive endings
- Recommendation:
- **End Strong, e.g., goodbyes, notes**

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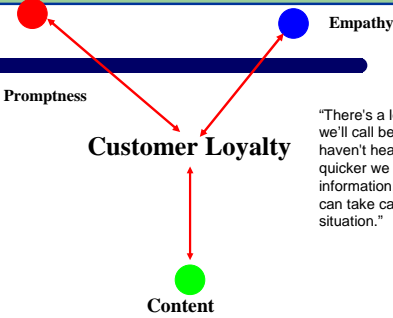
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Promptness

Empathy

**Customer Loyalty**

Content

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“There’s a lot of times that we’ll call because we haven’t heard ...The quicker we get the information, the better we can take care of the situation.”

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### What About Recovery?

- The Correct Recovery
- Task Errors (Outcome, e.g. wrong meal, lost item)
  - ✓ Recovery – correction / compensation &
  - ✓ Add confirmation
- Process Errors – Rude, offensive behavior
  - ✓ Recovery – apology / explanation / demonstration
  - ✓ Add confirmation

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### What About Loyalty?

Service Errors and Recovery

- Effective Recovery → Loyalty
- Recovery Must Be:
  1. Prompt
  2. Authoritative
  3. Follow-Through

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### Recovery

- Why Don't We All Get this Right?
- Personal Defensiveness
- Professional Pride
- Culture of CYA
- Loss of Wisdom → Turnover

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### Satisfaction/Loyalty Connection

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➤ Managing Loyalty

- Don't major in the minor things
- Know what's important, and how satisfied consumers & customers are.
- Ask "Willingness to recommend" and then...
- Ask them to recommend!
- Testimonials
- Testimonials with photographs
- "Who should we contact?"

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### Improve Satisfaction Threshold

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Appeal to altruism of depression era cohort



Collect Recipes  
Sell the Cookbooks  
Proceeds Donated

[www.healthshares.org](http://www.healthshares.org)

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### Satisfaction/Loyalty Connection

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#### Managing Loyalty

- Track Referral Source
  - Internal vs. External
  - Details!
- Employee, Customers and Colleagues
- "Word of Mouth" too vague

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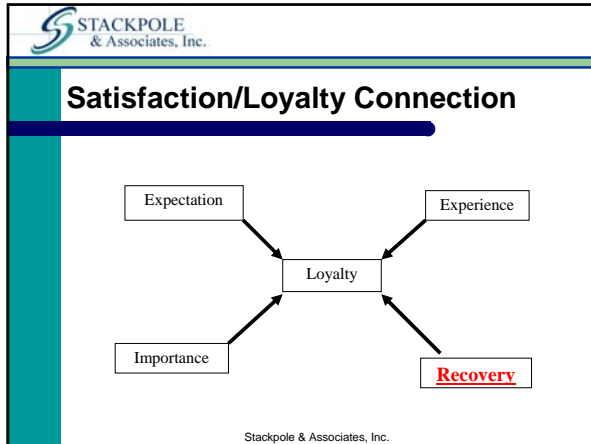
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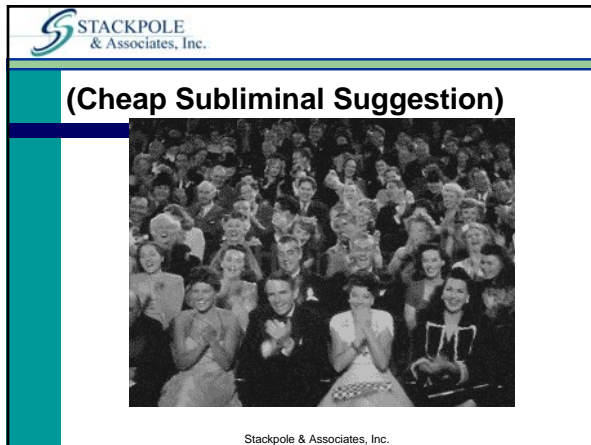
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