
 STACKPOLE & Associates, Inc.

*Satisfaction is Cheap –
Loyalty is Priceless*

presented by
Irving L. Stackpole, RRT, MEd

Stackpole & Associates, Inc.

 STACKPOLE & Associates, Inc.


The Challenges

- 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**

Stackpole & Associates, Inc.

 STACKPOLE & Associates, Inc.

What Is Satisfaction?

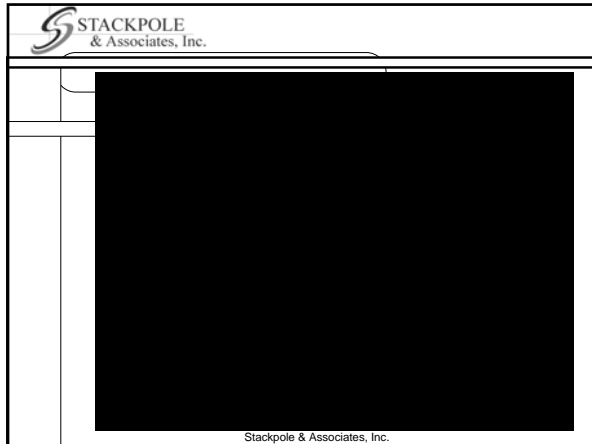
- Definition: fulfillment of a need
- Measured by self-reported rating, e.g.,

	Completely Disagree	Completely Agree
Overall, I am completely satisfied with the dining services.	1	10

Stackpole & Associates, Inc.

Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com



Stackpole & Associates, Inc.

What Is Loyalty?

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

Stackpole & Associates, Inc.

Stackpole & Associates, Inc.

Heegergram Want to send a greeting?

Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com

STACKPOLE & Associates, Inc.

The Cost of Turnover

Category	Turnover (%)	Actual / Budget (%)	Occupancy (%)
1	~90	~60	~40
2	~60	~80	~40
3	~40	~60	~80
4	~20	~40	~40

Stackpole & Associates - Unpublished Data: A Study of the Relationship between Marketing Staff Turnover and Key Business Metrics. 2002

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

What's the Difference?

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

So What?

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

Things Change!

Satisfaction / Loyalty Connection

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

Satisfaction: The 4 Part Story

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

Loyalty: The Recovery Story

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

Disloyalty (?)

	June 00	June 01	June 02	June 03	June 04	June 05	June 06
Certified Beds	1,702,373	1,710,432	1,699,261	1,694,888	1,683,068	1,676,336	1,670,336
Certified Facilities	104,102	104,476	104,822	104,888	104,768	104,636	104,536
Certified Patients	16,708	16,852	16,488	16,347	16,222	16,102	16,032

Source: CMS - OSCAR standard health survey data for June of each year.
American Health Care Association - Health Services Research and Evaluation

Stackpole & Associates, Inc.

Destination of Residents Moving Out

Destination	Small Facility	Large Facility	All Facilities
Nursing Facility	27%	37%	33%
Deceased	33%	23%	28%
Home	8%	15%	12%
Other Assisted Living	17%	12%	14%
Hospital	11%	12%	11%
Other	3%	1%	2%

Source: Facts and Trends - The Assisted Living Sourcebook. NCAL 2001

Stackpole & Associates, Inc.

Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com

STACKPOLE & Associates, Inc.

What Can/Should We Do?

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

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

Stackpole & Associates, Inc.

STACKPOLE & Associates, Inc.

Whose Expectations?

Year ➔

Birth Year ➔

Year	2000-2005	2006-2010	2011-2015	2016-2020	2021-2025	2026-2030
Projected Change Percentage of Older Cohorts 75 - 84	15%	16%	10%	18%	25%	22%
Projected Change Percentage of Older Cohorts 85+	10%	5%	8%	5%	10%	5%

Source: Adapted from US Census Bureau, Current Population Reports, 1996

Stackpole & Associates, Inc.



Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com

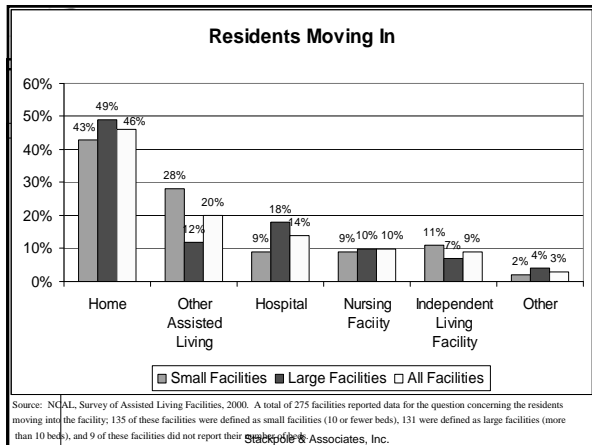
STACKPOLE & Associates, Inc.

Expectation Connection

Satisfaction – Expectation
When is / was The Decision Made?

Stackpole & Associates, Inc.



STACKPOLE & Associates, Inc.

Satisfaction/Loyalty Connection

- Satisfaction – Expectation
- Expectation “lives” in the future
- Expectations change
- Upward & Downward

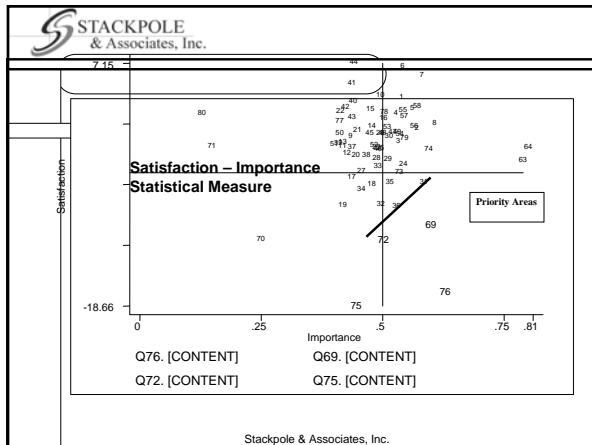
Stackpole & Associates, Inc.

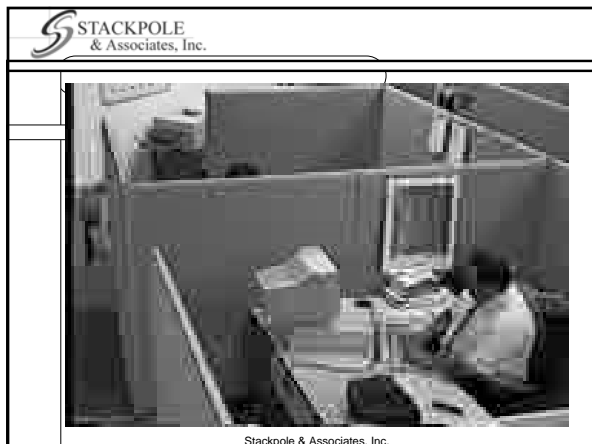
STACKPOLE & Associates, Inc.

Satisfaction - Importance

- Not everything is equally important
- How to focus on what will ↑ results?
- **Derive** the relationship between Importance & Satisfaction
 - You can ask, but you won't get much!

Stackpole & Associates, Inc.






Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com

 **Stackpole & Associates, Inc.**

More trouble with Technology




 **Stackpole & Associates, Inc.**

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*

Stackpole & Associates, Inc.

 **Stackpole & Associates, Inc.**

The Pain/Pleasure Trend


Satisfaction – Experience

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

Stackpole & Associates, Inc.

Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com


 STACKPOLE & Associates, Inc.

The Pain/Pleasure Trend

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

Stackpole & Associates, Inc.


 STACKPOLE & Associates, Inc.

The Pain/Pleasure Trend

Satisfaction – Experience

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

Stackpole & Associates, Inc.

 STACKPOLE & Associates, Inc.

Promptness


Customer Loyalty

Content

Empathy

“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.”

Stackpole & Associates, Inc.

 **STACKPOLE & Associates, Inc.**

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

Stackpole & Associates, Inc.


 **STACKPOLE & Associates, Inc.**

What About Loyalty?

Service Errors and Recovery

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


Stackpole & Associates, Inc.

 **STACKPOLE & Associates, Inc.**

Recovery

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

Stackpole & Associates, Inc.

 **STACKPOLE & Associates, Inc.**

Satisfaction/Loyalty Connection

➤ 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?"

Stackpole & Associates, Inc.

 **STACKPOLE & Associates, Inc.**

Improve Satisfaction Threshold

Appeal to altruism of depression era cohort




Cookin'
for a
Cause

Collect Recipes
Sell the Cookbooks
Proceeds Donated

www.healthshares.org

Stackpole & Associates, Inc.

 **STACKPOLE & Associates, Inc.**

Satisfaction/Loyalty Connection

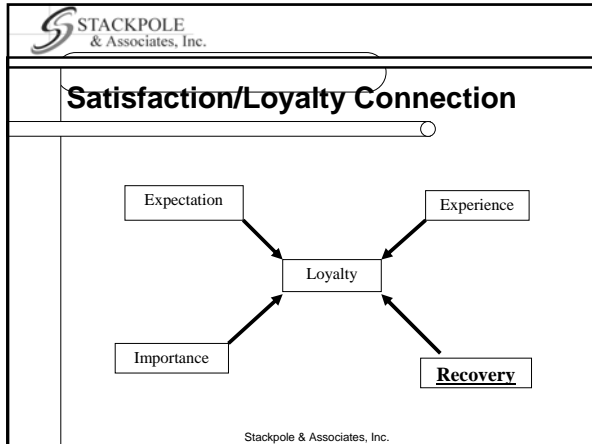
Managing Loyalty


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

Stackpole & Associates, Inc.

Stackpole & Associates, Inc.

1018 Beacon Street, Brookline, MA 02446 Phone 617-739-5900 Toll Free 800-844-9934 Web www.StackpoleAssociates.com





Bibliography

Albrecht K. and Zemke, R. (1985). *Service America*. New York: Warner Books, Inc.

Bruner II, G.C. , James, K.E., and Hensel, P.J. (2001) *Marketing Scales Handbook: A compilation of multi-item measures*, volume iii. Chicago: American Marketing Association

Chase, R & Dasu, S. *Want to perfect your company's services?: Use behavioral science*. Harvard Business Review June, 2001.

Cialdini, R. (1993). *Influence: The psychology of persuasion*. New York: Quill

Johnson, M & Gustafsson, A (2000). *Improving customer satisfaction, loyalty and profit: An integrated measurement and management system*. San Francisco: Jossey-Bass

Reichheld, F (1996) *The Loyalty Effect: The hidden forces behind growth, profits, and lasting value*. Boston: Harvard University Press

Stackpole & Associates, Inc.
