

Whitewater Marketing



Whitewater Marketing Keeping Up with the Pace of Change

presented by
Irving Stackpole, RRT, MEd



Today's Presentation

- Challenges in Long Term Care
- Successful "Systems"
- Marketing
 - Matching Strategy & Action
- Segmentation

2

One Harvard Street, Suite 303, Brookline, MA 02445 Phone: 617-739-5900 Toll Free 800-844-9934 <http://www.StackpoleAssociates.com>

Copyright © 2006 by Stackpole & Associates, Inc., Brookline, Massachusetts.
All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by information storage and retrieval system, without permission in writing from Stackpole & Associates, Inc.

Whitewater Marketing



Historical View of Marketing / Sales Management



3



Today's Management Reality



4

One Harvard Street, Suite 303, Brookline, MA 02445 Phone: 617-739-5900 Toll Free 800-844-9934 <http://www.StackpoleAssociates.com>

Copyright © 2006 by Stackpole & Associates, Inc., Brookline, Massachusetts.
All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by information storage and retrieval system, without permission in writing from Stackpole & Associates, Inc.

Background

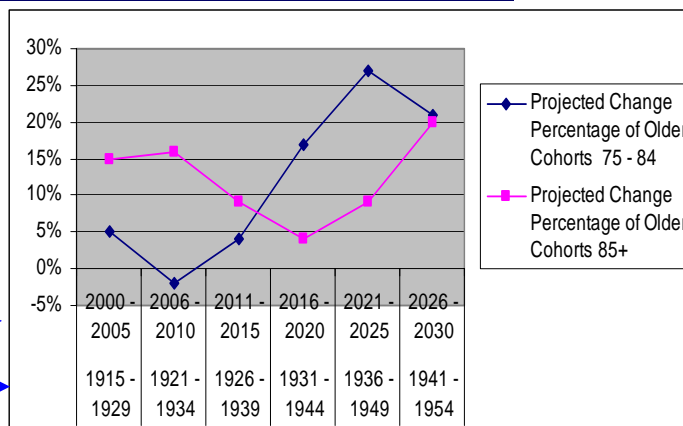
- Challenges in the industry & markets
 - Occupancy
 - Demographics & Demand
 - Competition
 - More Choices - Congregate, HHA, HHC, HCBS
 - AARP – Your Home Is Simply The Best!
 - And it's worth less today than yesterday!
 - Turnover of sales & marketing staff

laahsa2003\ethical influence.03.10.29

5

Demographics & Demand

Year →
Birth Year →



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

Employees are a Critical Market

- **Employees As Competitive Advantage**
 - Loyal Employees → Loyal Customers
 - Word of Mouth Marketing → ↑ Referrals
 - Loyal Employees → Recruitment Magnet
- **Employees As Operational Advantage**
 - ↑ Loyalty → ↓ Recruitment Costs
 - ↑ Loyalty → ↓ Agency Costs
 - ↑ Loyalty → ↓ Management Costs

Successful Sales Systems

- **Sales Systems - Review**
 - **Who Is Selling?**
 - Sales activities for everyone!
 - Recruitment / selection of sales staff
 - **Who Succeeds At Sales?**
 - Optimists v. Realists
 - **What Are We Focusing On?**

How Is It Being Sold?

- Pressure to ...
 - “Do whatever it takes...”
 - Close the deal
 - Fill the building
 - Grow the Census
 - Make the budget
 - Improve the Mix

laahsa2003\ethical influence.03.10.29

9

What We've Learned

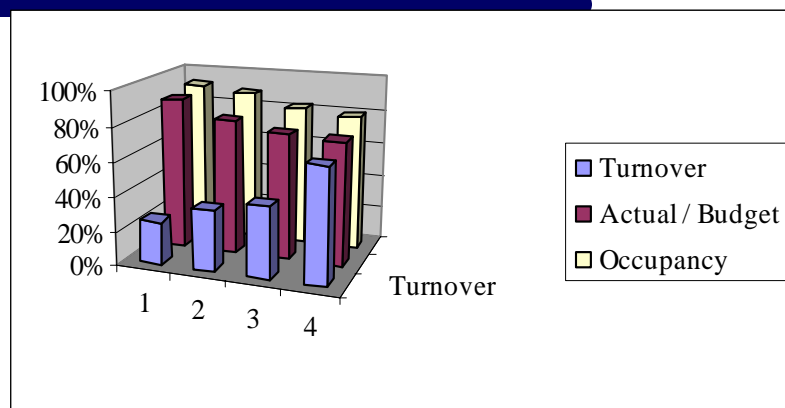
- *Task Clarity is Critical to Sales Success*
 - *The sales team are clear about what they're supposed to be doing*
- *Role Alignment is Predictive of Success*
 - *Marketing, sales and the entire team (yes, operations too!) accepts responsibility for Sales, as well as Customer / Consumer / Employee loyalty!*

One Harvard Street, Suite 303, Brookline, MA 02445 Phone: 617-739-5900 Toll Free 800-844-9934 <http://www.StackpoleAssociates.com>

Copyright © 2006 by Stackpole & Associates, Inc., Brookline, Massachusetts.

All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by information storage and retrieval system, without permission in writing from Stackpole & Associates, Inc.

Occupancy / Budget / Turnover



Market/Service Lifecycles

- Markets and service lines go through 4 lifecycles.
 1. Introduction
 2. Growth
 3. Maturity
 4. Decline
- The match between the market & service line lifecycles determines best strategy

Hillestad, 1991, Health Care Marketing Plans: From Strategy to Action

12

Whitewater Marketing

Strategy / Action Match

		Market			
		Introduction	Growth	Maturity	Decline
Service	Decline	X	X	X	Drop
	Maturity	X	X	Maintenance	Harvest
	Growth	X	Differentiate	Necessity / Network	Niche
	Introduction	Go for it!	Differentiate	Necessity / Network	Niche

13

Market Lifecycles

There are 7 marketing strategies:

1. Go for it
2. Differentiate
3. Necessity
4. Maintenance
5. Niche
6. Harvest
7. Drop

14

Dimensions of Marketing

- **Four “Ps + One” of Marketing**
 - *Product*
 - *Price*
 - *Placement*
 - *Promotions*
 - *Position*

laahsa2003\ethical influence.03.10.29

15

Market Lifecycles- Go For It

- In a new market, an organization introduces a service and attempts to secure leadership.

16

Market Lifecycles – Go For It

- Service
 - *Limit variations and carefully control quality*
- Placement
 - *Limited*
- Promotions
 - *High-profile advertising and PR*
 - *Education of markets*
 - *Brand recognition*

17

Market Lifecycles – Go For It

- Price
 - *High-price strategy*
 - *Low-price strategy*
 - *Price Elasticity of Demand*

18

Market Lifecycles-Differentiate

- In a growing market, an organization introduces a service or wants to continue to grow its previously introduced service.

19

Market Lifecycles - Differentiate

- Service
 - Feature/quality set by prior entrants
 - Target specific market segments
 - Vary features
- Placement
 - Find under-served, unserved locations – scheduled times and convenience

20

Market Lifecycles - Differentiate

➤ Promotions

- *Direct marketing – create selective demand*
- *Advertising and PR less important*
- *Sales functions more important*
- *Labeling VIP for ease of distinction*

➤ Price

- *Variations/flexibility*

21

Market Lifecycles- Necessity

- *The organization must enter a market with well-established competitors, where large market share is not probable.*

22

Market Lifecycles - Necessity

- Service
 - Features and quality must match current offerings
 - Segment market and offer highly tailored features
- Placement
 - Less Important
- Promotions
 - Highly targeted communications – low cost tactics
 - Sale force somewhat important if there is an opportunity for differentiation or to match competitors

23

Market Lifecycles - Necessity

- Price
 - Competitors set price
 - Avoid “expensive low end” or “cheap high end”

24

Market Lifecycles-Maintenance

- *Steady market share, very few or no new competitors*

25

Market Lifecycles - Maintenance

- **Service**
 - *Leaders can segment and fortify*
 - *Leaders must innovate (paradox)*
- **Placement**
 - *Change only as necessary*

26

Market Lifecycles - Maintenance

- **Promotions**
 - *Market share comes only from competitors (expensive)*
 - *Customer/consumer loyalty critical*
 - *Customer relations staff vs. sales staff very important*
- **Price**
 - *Lower prices to reward loyal customers*
 - *Use price to ward off competitors*

27

Market Lifecycles - Niche

- **One of your services is growing, or there is a sudden demand, while the overall market is in decline.**

28

Market Lifecycles - Niche

- Service
 - Consumers/customers have clear expectations
- Placement
 - Defined by markets- no options
- Promotions
 - Highly segmented and aggressive: Direct marketing/telemarketing
- Price
 - Expectations set by market – cost per unit must be low

29

Market Lifecycles-Harvest

- In a declining market, an organization realizes less return from declining service.

30

Market Lifecycles-Drop

- In a declining market, an organization eliminates providing a service or merges it with another.

31

Market Lifecycles

- In both the Harvest & Drop strategies careful consideration must be given to the internal and external impacts of these decisions.

32

Market Lifecycles

- *What can we do?*
 - ✓ *Treat each service/market match distinctly*
 - ✓ *Develop distinct “branding” for each service line*
 - *Very little value from service line extension*
 - ✓ *Match resource commitments to strategic options*
 - ✓ *Design distinct market plans for each.*

33

Market Segmentation

- *Market = Common group of referents*
 - *Market is not demographics alone*



34

The Fragmented Markets


- Segments
 - Customers (Choosers)
 - Hospital referral sources
 - MCOs
 - Consumers (Users)
 - Patients
 - Families
 - Employees
 - Line
 - Management

35

Model Segments

Model Segments	
Hospitals	Doctors
HHAs	IL / AL / Sr. Living
Employees	Vendors

36



STACKPOLE
 & Associates, Inc.

Market Segmentation *customers*

Simple Attribute Segmentation Skilled Nursing

	<u>Prospects</u>	<u>Current</u>
<u>Hospital Referral Sources</u>	<ul style="list-style-type: none"> • Access • Reputation • Location 	<ul style="list-style-type: none"> • Staffing • Price • Family Feedback
<u>MCOs</u>	<ul style="list-style-type: none"> • Access • Price • Response 	<ul style="list-style-type: none"> • Response • User Feedback • Empathy • Price

37


STACKPOLE
 & Associates, Inc.

Market Segmentation

- What Can We Do?
 - Understand current customers & consumers
 - Understand prospective customers and consumers
 - Identify similarities/differences
 - Communicate to their preferences

38

One Harvard Street, Suite 303, Brookline, MA 02445 Phone: 617-739-5900 Toll Free 800-844-9934 <http://www.StackpoleAssociates.com>

Conclusion

- Successful “Systems” → Everyone
- Sales success → task clarity
- Marketing → strategy / action match
- Segmentation → one size ≠ fit all

Presentation available at:

www.StackpoleAssociates.com

39

Bibliography

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

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

Hillestad, S & Berkowitz, E. (1991) *Health Care Marketing Plans: from strategy to action*. Gaithersburg: Aspen

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

40