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Selling Value
 Strategic Pricing:
 Securing & Keeping Customers

presented by
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Learning Objectives

- Describe current data / trends
- What impacts Satisfaction & Loyalty
- Tactics to improve Loyalty & Value
- Role of Pricing to improve occupancy

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Session 1: Selling Value

Marketing What No One* Wants to Buy

- *What are we "selling"?*
- *What are the motivations?*
 - *First time buyers*
 - *Re-purchase decision*
- *Applications & Lessons*

*** Well, Almost No One**

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Current Situation / Trends?



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What Seniors Imagine



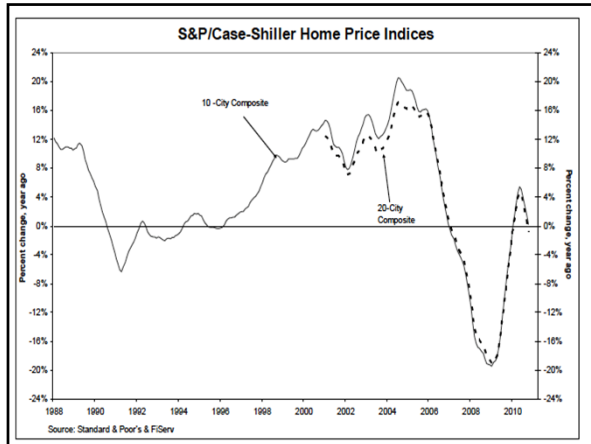
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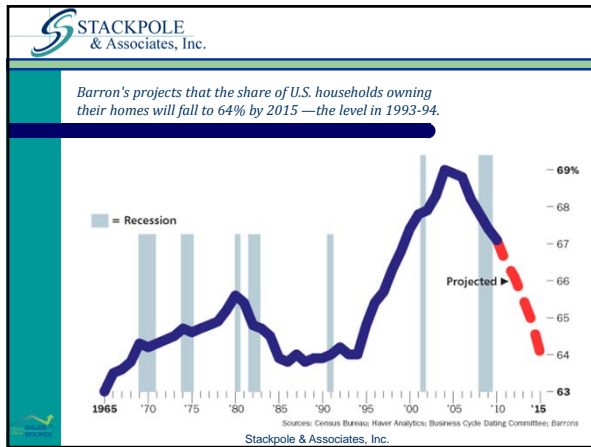
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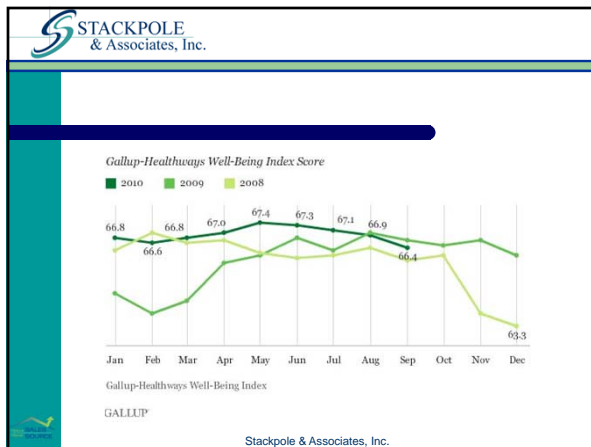
What Seniors Experience

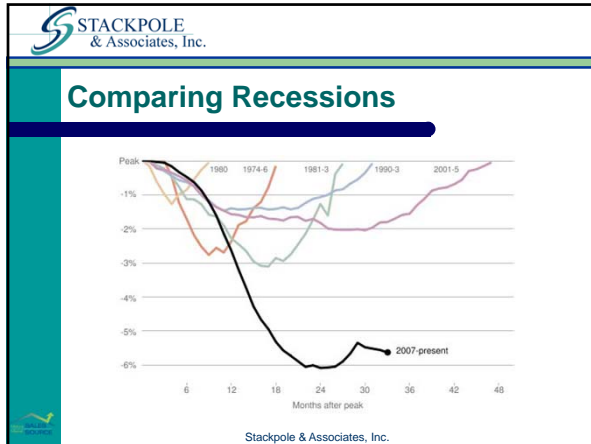


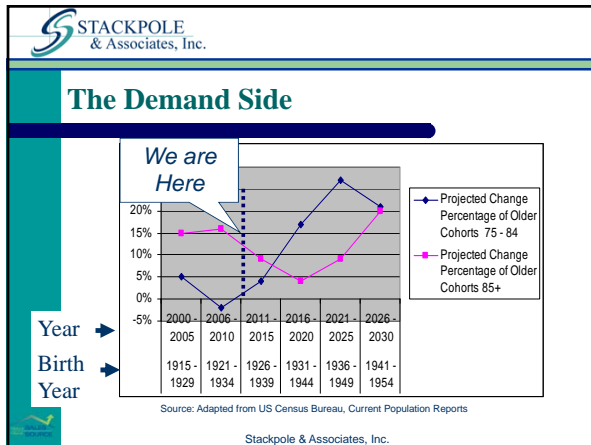
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- 
- Market Conclusions**
- Market size
 - Media messages
 - Disability rates
 - Available options – ALRs, HCBS, HHAs, private duty, NORCs
 - Acuity (ADLs & IADLs) for consumers
And on the **Supply** side...
 - Inventory of product
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But the REAL issue

- How senior residences are viewed
- How this view impacts “**value**”
- Deep metaphor effecting perceived **price**

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Sales Mindset

- Laws of Selling (*serious stuff, at least*)
- Is this consistent with what we are selling?
- Are we really ready for “**sales**”?
- Sales representative as financial consultant

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Does anyone “want” senior residence?

- Solution to problems
 - For consumers
 - For families


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What the Research Says


- The 1st purchase decision v. loyalty
- Purchase – 1st time
 - Factors
- Re-Purchase
 - Factors
- Satisfaction + Loyalty + Price
 - Relationship?

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Segmented Market

- 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 First Purchase Decision

- What can / should we do?
 - Value
 - Cost of features
 - Comparable cost
 - The Value Chain
 - Importance + Satisfaction + Price

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Re-Purchase Decision

Priority Gauge Chart / Key Drivers
Relationship between Satisfaction and Importance

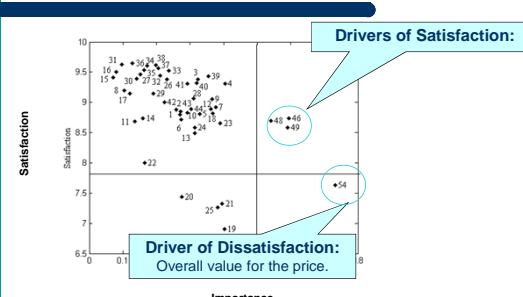
Satisfaction	High	Potential Advantages <i>(High satisfaction, low importance)</i> Possible points of differentiation, particularly if competitors are weak in these areas	Key Strengths <i>(High satisfaction, high importance)</i> Maintain and leverage these areas for continued success
	Low	Potential Weaknesses <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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Re-Purchase: Satisfaction & Loyalty



Drivers of Satisfaction:

Driver of Dissatisfaction:
Overall value for the price.

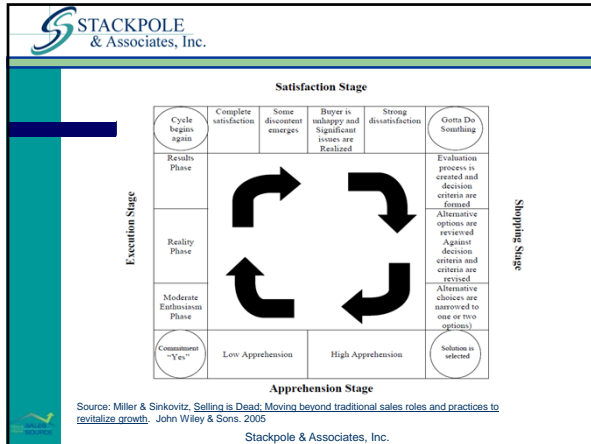
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1st Purchase and Re-Purchase

- 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' attitudes
- Aggressively attack the negative metaphor
 - Start with staff – move on to families
 - Words and Images
 - Action and kinetic language
 - The place to be
 - Get out of town

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Survey

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**Session 3:
 Price, Promotion and Discounts**

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Session 3: Price, Promotions & Discounts

- Establishing Price
- The Role of Price in Promotions
- Discounts
 - When
 - How

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Setting Price

- Traditional Pricing models
- History of pricing in AL / IL
- Recent Pricing trends

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Establish "Value"

- Component costs
 - Features
 - Establish "fair market value"
 - Show fairness in pricing
- Transparency
 - What is this worth?

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Pricing & Value

- Pricing drives expected "Value"
 - For what I pay, I expected more
- "Value" never drives price
 - I liked this so much, I want to pay *more*
 - *We wish!!!*
- Discounting
 - Opportunistic or structural?
 - A race to the bottom

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Price Promotions - Examples


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Solution Cycle / Sales Cycle


- 1st purchase promotions
- Purchase – 1st time
 - Objections to Price,
 - Empathy,
 - Transactional Competence and
 - Demonstration of Value

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Solution Cycle / Sales Cycle

- Re-Purchase
 - Reinforcing Value,
 - Transactional Competence
- The Value Chain
 - Importance + Satisfaction + Price

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Re-Purchase: The Loyalty Effect

- Consumer Satisfaction w/ Price
 But
- Turnover – Price Factor?
 Why?
 Contribution of Value


Value as "fairness."
Is this a fair price for this service?

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Conclusions & Recommendations

- Prospective & current customers' attitudes – they don't want us – they need us
 - Support the need
- Attack the Price perception
 - Comparison
 - Transparency

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