Faster, Better, Smarter Marketing to Win

presented by

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OBJECTIVES

- Describe three (3) ways that LTC providers can use "speed" to differentiate themselves.
- List the two (2) methods for demonstrating service quality to the business to business market and two (2) methods for the direct to consumer market
- Define and describe the one market research metric which will enable independent operators to build greater customer loyalty
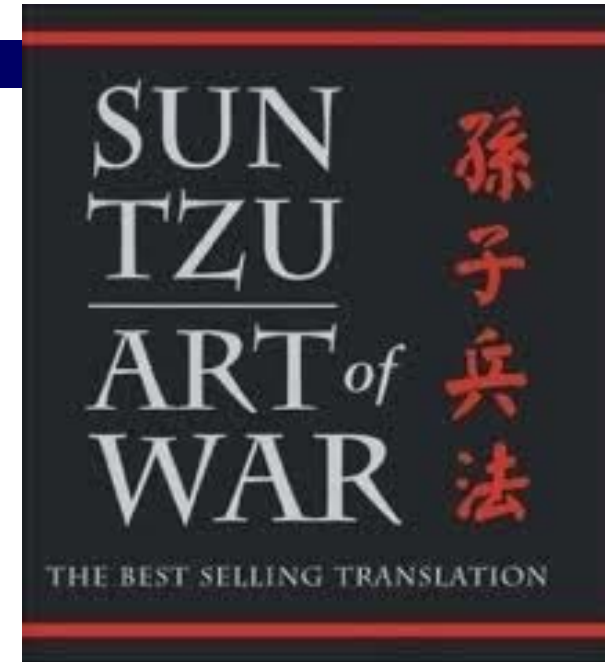
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This Presentation

● **Faster Better Smarter**

  – *The challenges (why bother?)*

  – *What are we "selling"*

  – *Winning - Fast*

  – *Winning - Better*

  – *Winning - Smarter*

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Challenge - Marketing LTC

- Matching Supply & Demand

"There are 7 ways to defeat. The first of these is the failure to count."

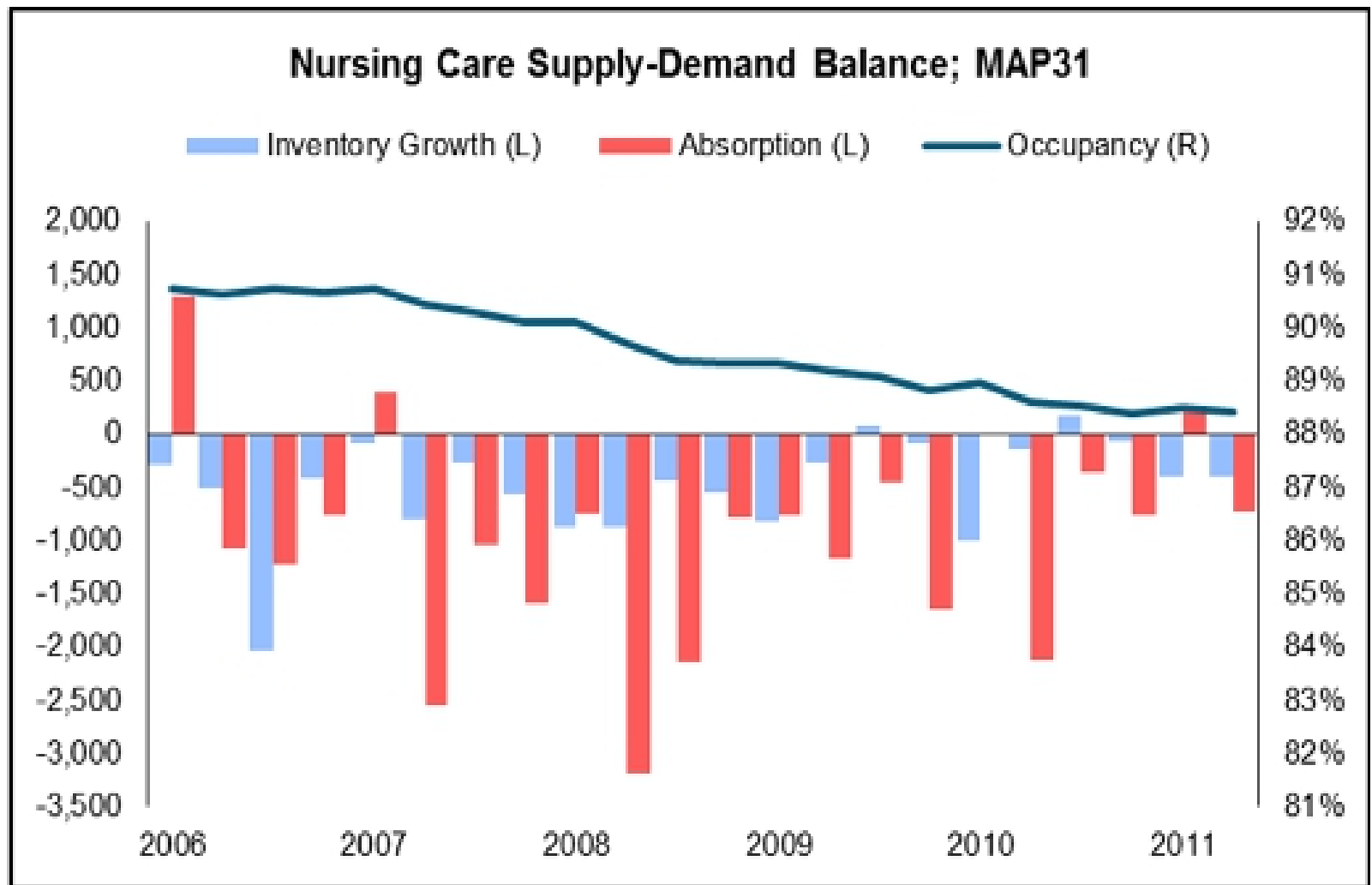Stackpole & Associates, Inc.

The Demand Side

- Of the 1.4 million residents
- 64 percent Medicaid,
- 22 percent private payers, and
- 14 percent of residents paid by Medicare
  - The percent of residents paid for by Medicare has increased by about 16 percent with a reduction in the percent paid by Medicaid.
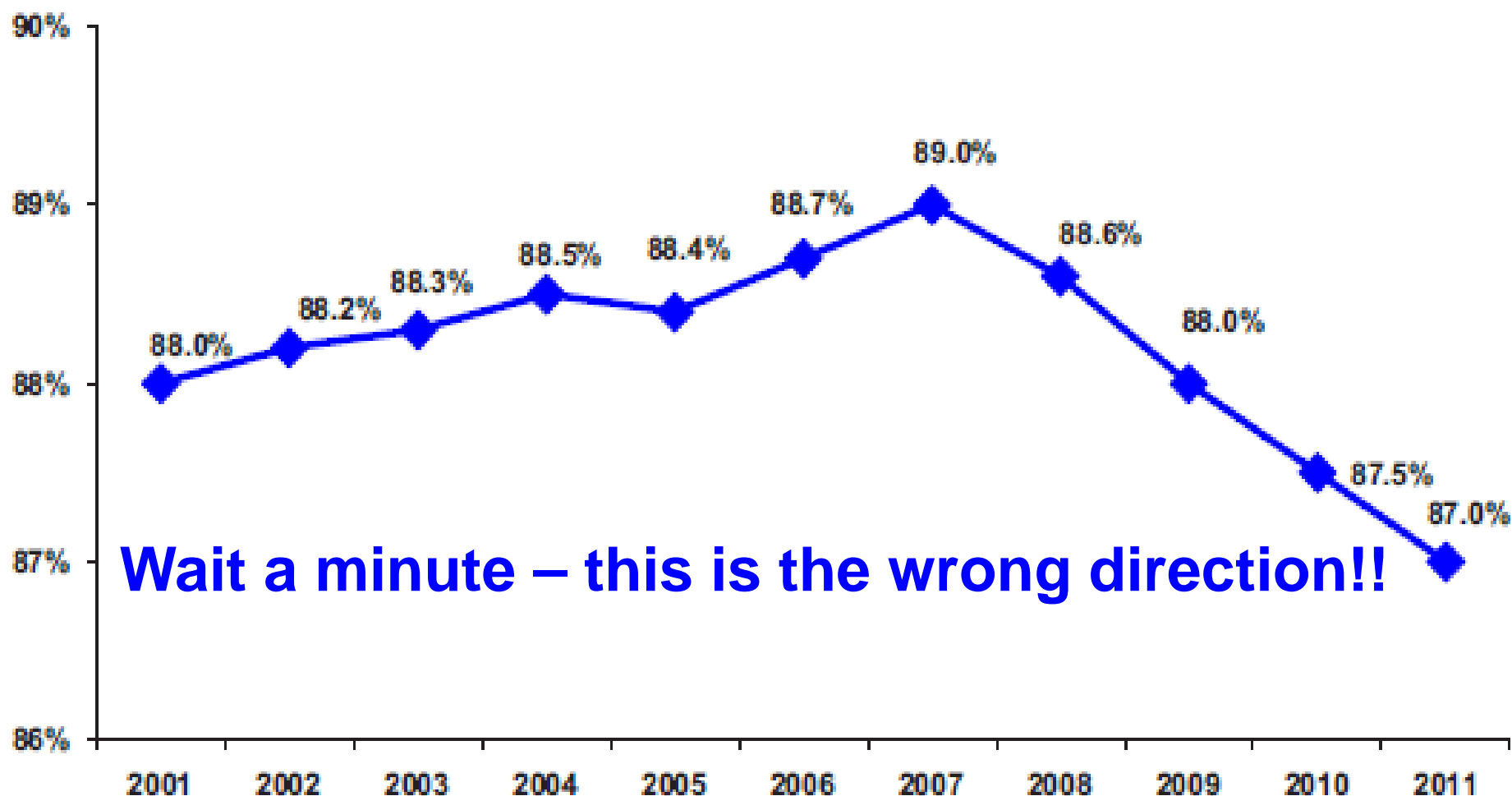
Supply - Demand = Occupancy

- Nursing home occupancy rates declined from 85.5 percent in 2004 to 83.7 percent in 2008 showing excess capacity (they're even lower now)

- Long term residency of "young cohorts" increasing to 14%
  - Loss of state & county congregate care
  - Emerging disease burdens

- Occupancy is declining

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Supply-Demand = Occupancy

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Median Nursing Facility Occupancy Rate for Certified Beds

ahca

Wait a minute – this is the wrong direction!!

- 88.0% (2001)
- 88.2% (2002)
- 88.3% (2003)
- 88.5% (2004)
- 88.4% (2005)
- 88.7% (2006)
- 89.0% (2007)
- 88.6% (2008)
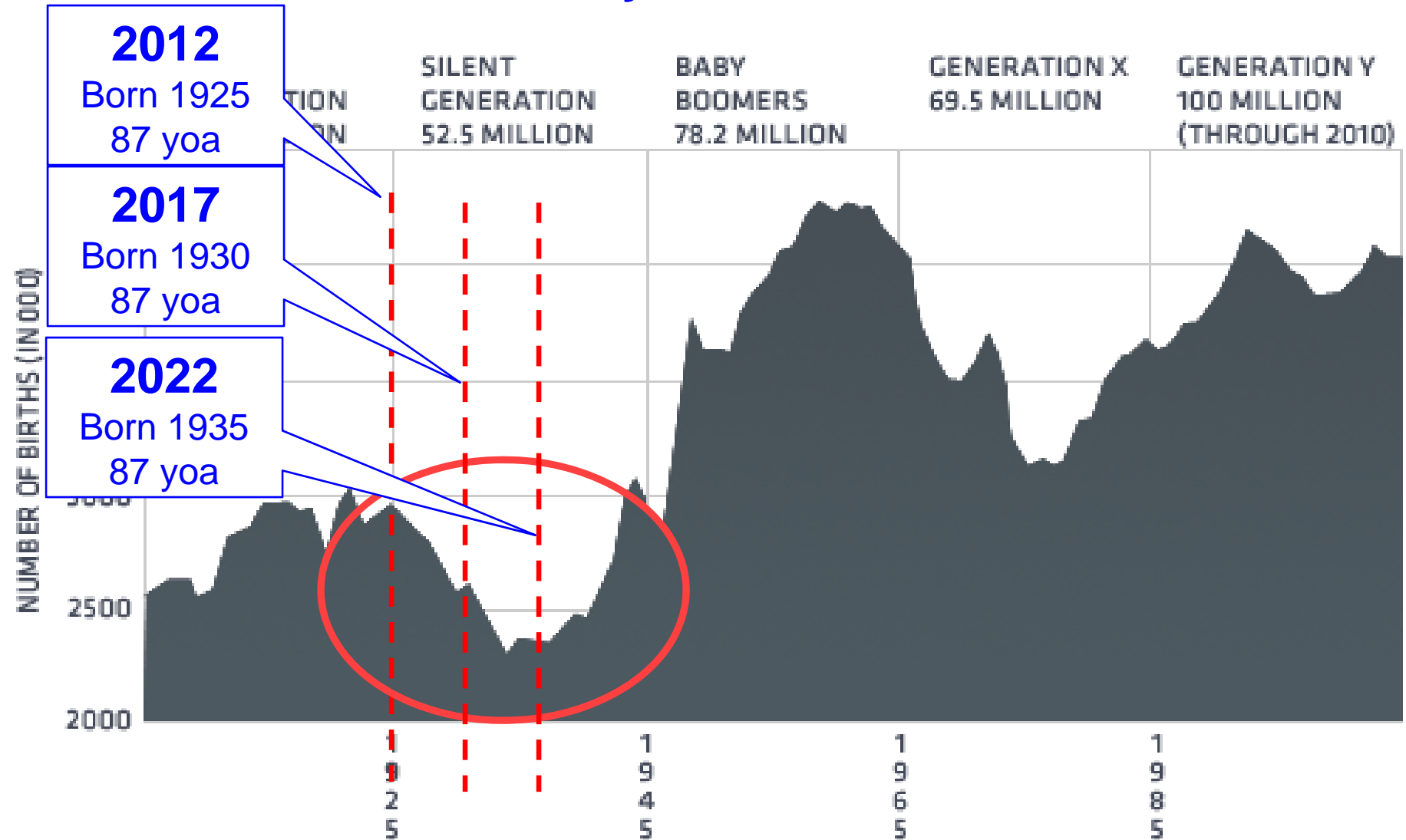- 88.0% (2009)
- 87.5% (2010)
- 87.0% (2011)

Note: Results reflect data for patients who occupy certified beds. Observations with occupancy less than 0% and greater than 100% were eliminated from this analysis.
Source: Computed by AHCA Research staff using CMS Nursing Facility standard health survey data
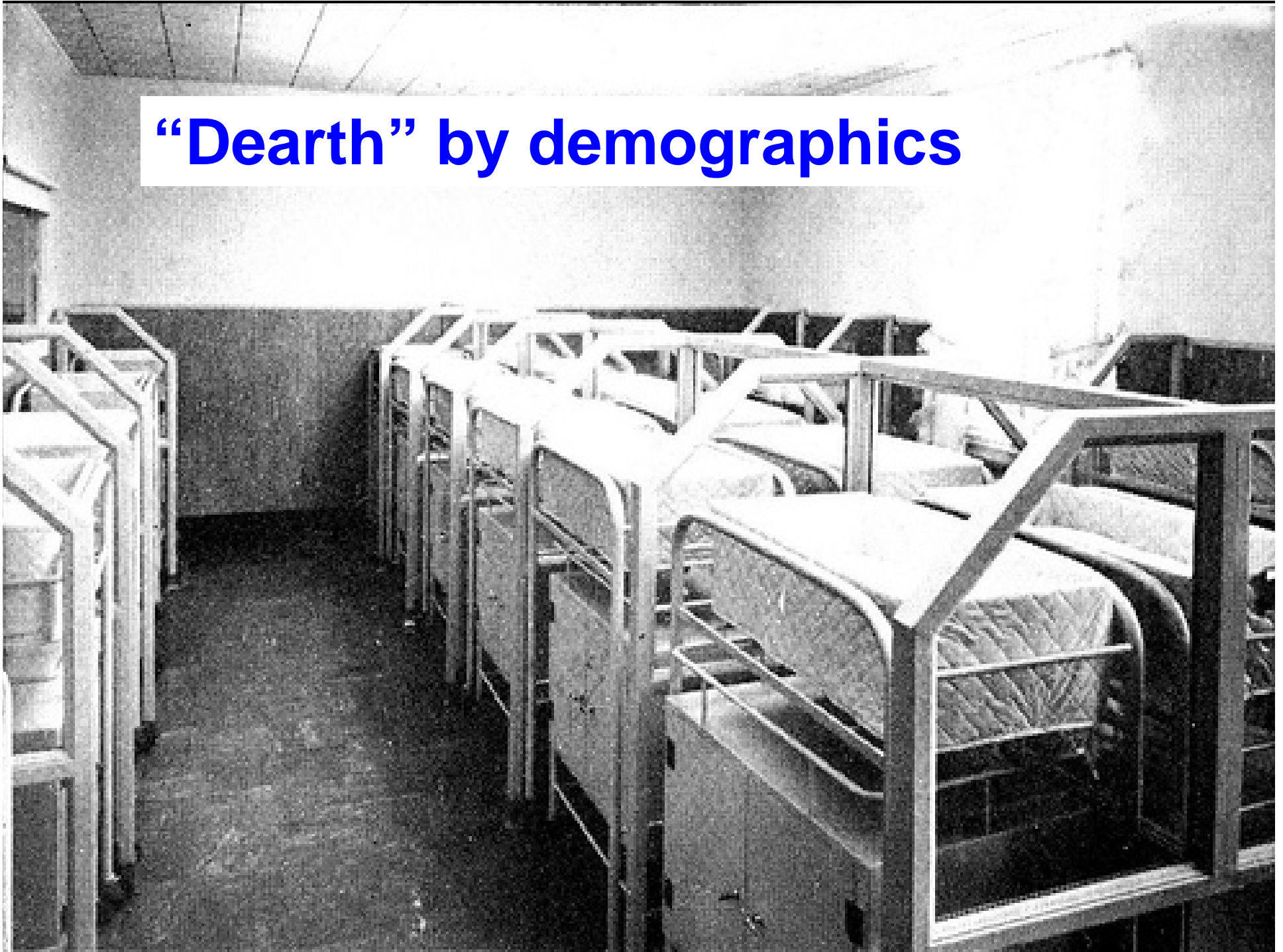(CMS Forms 671: L18, L37 – L39 and 672:F78). Various years. March
American Health Care Association - Research Department
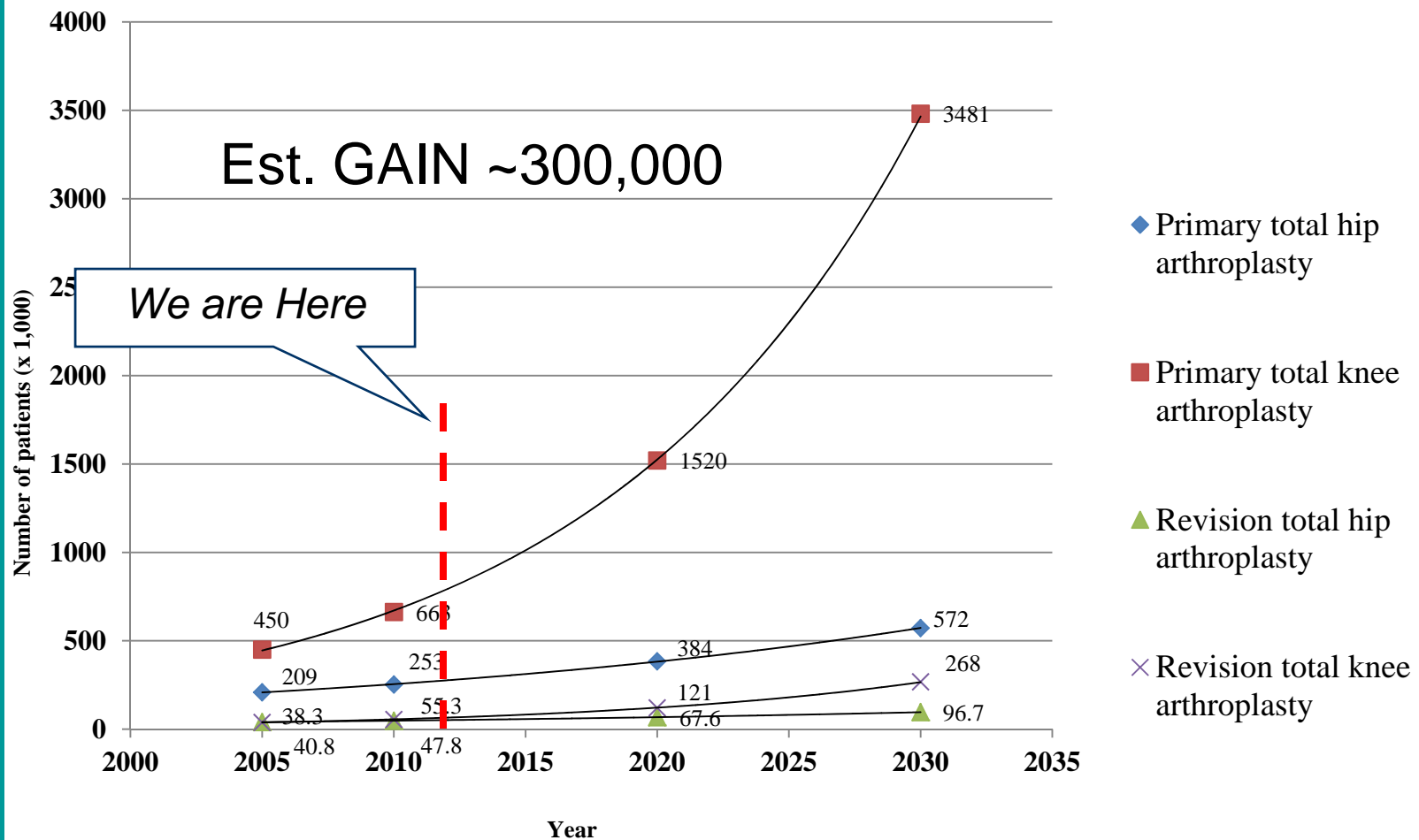
U.S. BIRTHS 1905 - 2002 87 yoa @ admission

2012
Born 1925
87 yoa

2017
Born 1930
87 yoa

2022
Born 1935
87 yoa

SILENT GENERATION 52.5 MILLION

BABY BOOMERS 78.2 MILLION

GENERATION X 69.5 MILLION

GENERATION Y 100 MILLION (THROUGH 2010)

NUMBER OF BIRTHS (IN 000)

2000 2500 3000

1925 1945 1965 1985

G.I GENERATION: 1905-1924   56.6 MILLION
SILENT GENERATION: 1925-1944   52.5 MILLION
BABY BOOMERS: 1945-1964   78.2 MILLION
GENERATION X: 1965-1984   69.5 MILLION
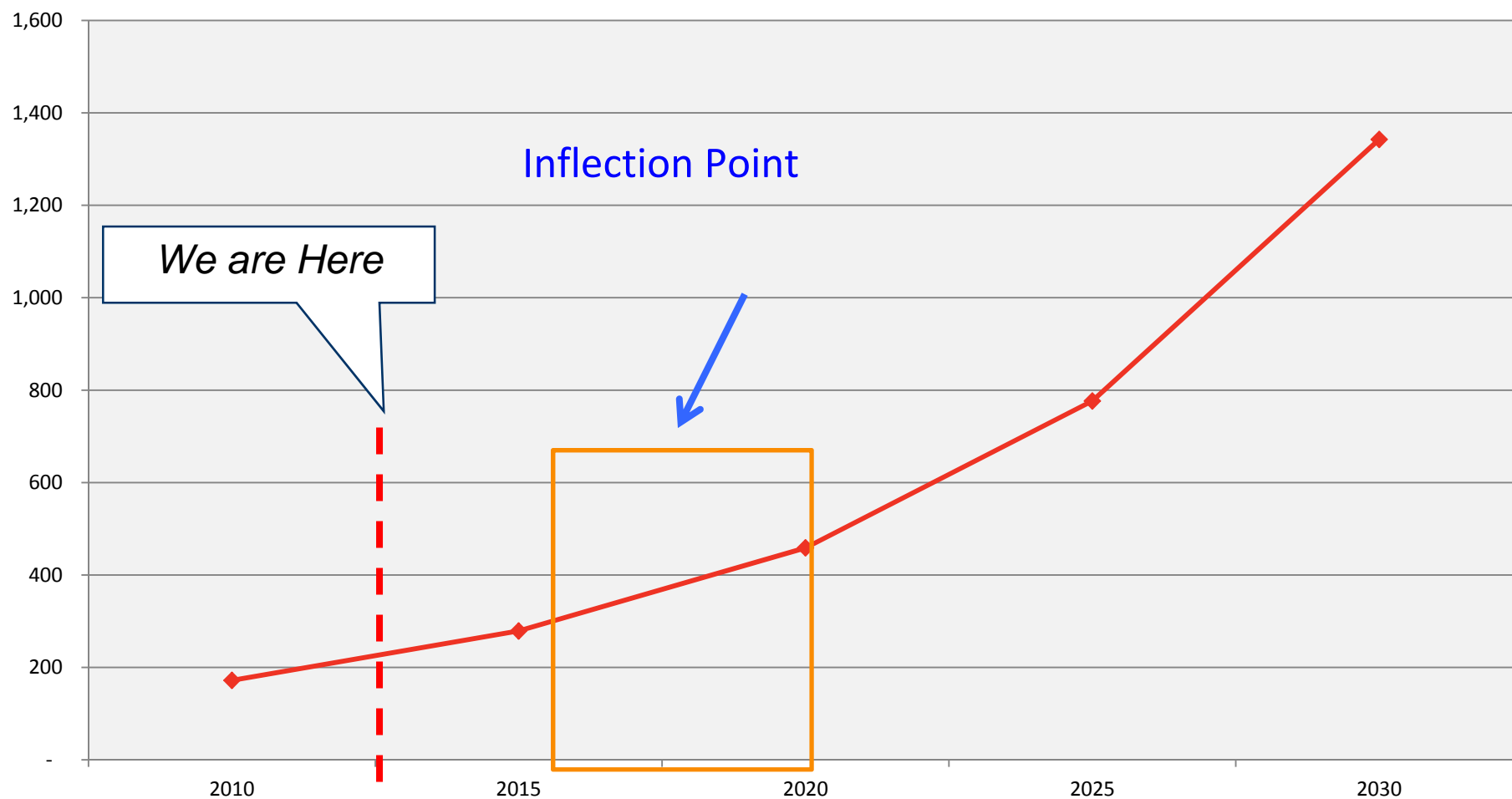
"Dearth" by demographics

Demand for Arthroplasty

Est. GAIN ~300,000

We are Here

Number of patients (x 1,000)

Year

- Primary total hip arthroplasty
- Primary total knee arthroplasty
- Revision total hip arthroplasty
- Revision total knee arthroplasty

450
209
38.3
40.8
663
253
55.3
47.8
1520
384
121
67.6
3481
572
268
96.7

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Demand for ARD Care

Medicare/Medicaid Costs per year (billions of dollars)

Market Conclusions

- Market **size** is declining most places
  - Losing ~170,000 LTC residents this year
  - Gaining Arthroplasty – not enough due to LOS

- No substantial increase in the aged cohort until ~2027

- Disability rates are ⬇

- There are more options – ALRs, HCBS
  - State incentives for non-institutional care (ACA)

- Age + Acuity (ADLs & IADLs) for consumers ⬆

But the issue in the culture…

- Not only is LTC *NOT* thought of as the valuable resource it is …

- They are seen as **prisons – awful places**
  - **The "F" word**
  - **"Don't want to <u>put / place</u> mom in a nursing home."**
  - **"I'd rather be dead."**

- Deep metaphor of negativity – US

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Marketing Mindset

- Understanding what the customer / consumer **really** wants / needs, and not what we think (or want to think) she or he wants / needs!

- Is this consistent with what we are selling?

- What are the difference between and "Customers" and "Consumers"?

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Customers

- <u>Referral Sources</u> – **demographics/ psychographics**
- What are their motivations / inhibitions?
- They "need to buy"

- <u>Prospective Residents -</u> **demographics/ psychographics**
- Motivations / inhibitions?
- They "need to buy"
- Where are our customers?

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Consumers

- Who are our *consumers*?
- Residents / Patients – demographics / psychographics
  - What are their motivations / inhibitions?
  - They "need to buy"

- Where are our consumers?
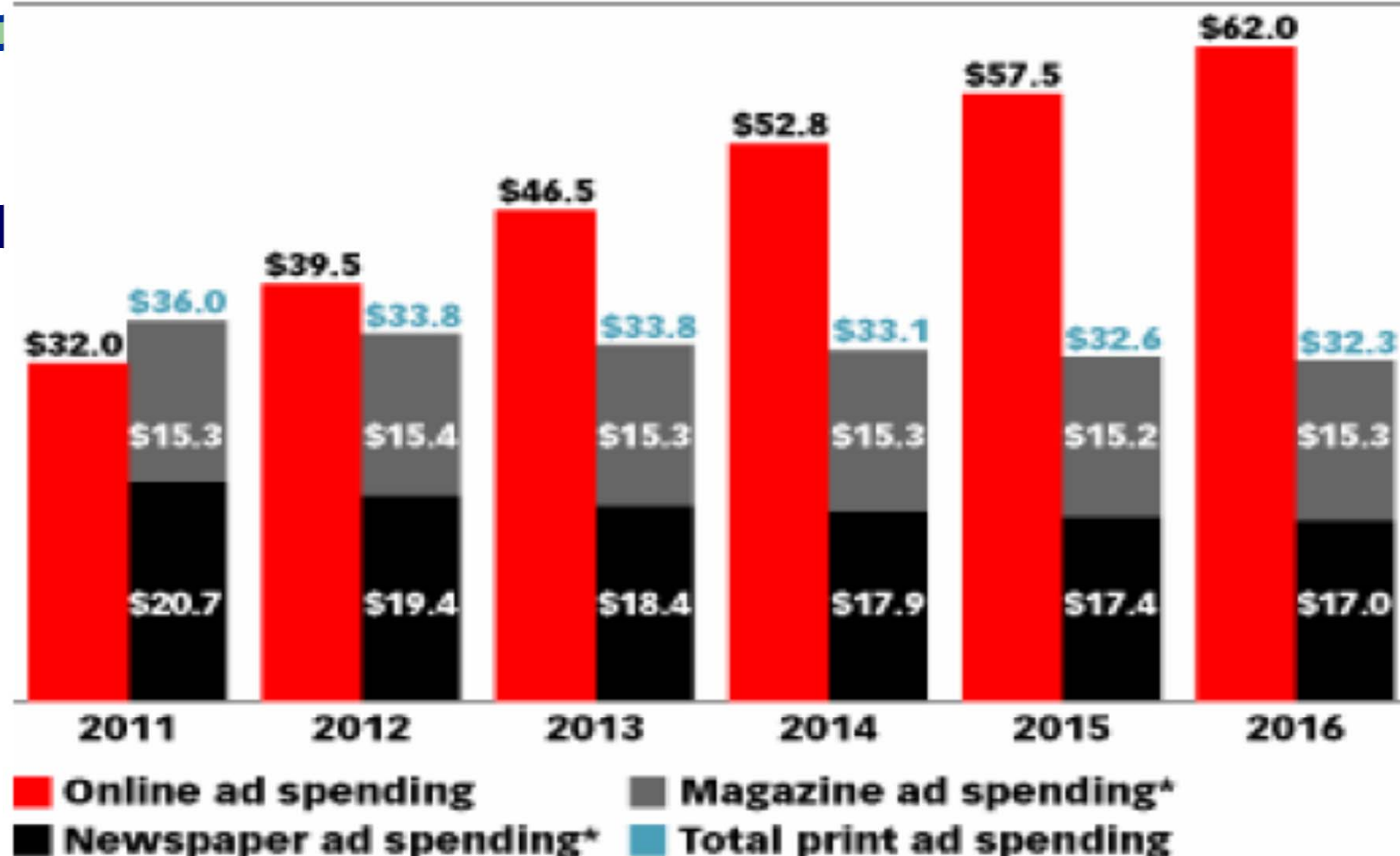
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Does anyone "want" long term care?

- Solution to problems
  - For referral sources
  - For consumers
  - For families
- How do they find us – TODAY
- Tomorrow?

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US Print vs. Online Ad Spending, 2011-2016
billions

	2011	2012	2013	2014	2015	2016
Online ad spending	$32.0	$39.5	$46.5	$52.8	$57.5	$62.0
Total print ad spending	$36.0	$33.8	$33.8	$33.1	$32.6	$32.3
Magazine ad spending*	$15.3	$15.4	$15.3	$15.3	$15.2	$15.3
Newspaper ad spending*	$20.7	$19.4	$18.4	$17.9	$17.4	$17.0

■ Online ad spending   ■ Magazine ad spending*
■ Newspaper ad spending*   ■ Total print ad spending

Note: eMarketer benchmarks its US online ad spending projections against the IAB/PwC data, for which the last full year measured was 2010; eMarketer benchmarks its US newspaper ad spending projections against the NAA data, for which the last full year measured was 2010; *print only
Source: eMarketer, Jan 2012

136019   www.eMarketer.com

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How to "Win"?

- **Ways to be fast**

  – Get upstream

  – Plan ahead

  – Technology

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How to "Win"?

- **Ways to be fast**

  – Get upstream

  - Purchase decision cycle – Time?

  - Pull through

    – Case Managers

    – Consumers

    – Doctors

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How to "Win"?

- **Ways to be fast**
  - Plan Ahead
    - Disease burden = Opportunity
    - Contracting w/ MCOs / DMCs
      - Match Strengths w/ Pain
      - Seek – **Younger / Larger / Underserved**
      - Doctors

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How to "Win"?

- **Ways to be fast**

  – Technology &

  – Decision Cycle Transformation

How to "Win"?

- **Ways to be better**
- Hospitals
  - Resident & Family satisfaction data
  - Clinical outcomes
  - Speak *their* language
  - Partner with your pharmacy & rehab providers
- Consumers
  - Testimonials
  - Affiliations

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How to "Win"?

- **Ways to be smarter**
- *KNOW* your Customers
  RESEARCH
- Hospitals
  - Re-admissions – Dx Categories
    - Identify the **PAIN**
  - Meaningful Use – IT burden
  - Clinical outcomes – Value Formula

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How to "Win"?

- **Ways to be smarter**
- Know your *UPSTREAM* Customers
  ### RESEARCH PAYORS
- Managed Care
  - Dx Categories – Disease Burdens / Cost
  - Cost / Benefit - ROI
  - Clinical outcomes – Value Formula
- Impact of ACA

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How to "Win"?

- **Ways to be smarter**
- *KNOW* your Consumers
    RESEARCH
- Consumers
- **Willingness to Recommend**
- **Ask for the recommendations!**

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What the Research Says

- The purchase decision is very different from the loyalty equation

- Purchase – 1st time

  – Overcoming Objections, Empathy, Transactional Competence and Demonstration of Value

- Re-Purchase

  – Reinforcing Value, Transactional Competence

- Satisfaction vs. Loyalty

Re-Purchase: The Loyalty Effect

- **Consumer Satisfaction Rates are High**
- **Turnover Rates Are High**

Why?

Contribution of **Value**

Value exists in the realm of "fairness"

Boomer sales rules –

Make my life easier

Don't rip me off

Re-Purchase

- Perceived value drives loyalty
- Value, satisfaction and importance
- Loyally = Recommendations
  - Are your residents recommending
  - Are your families recommending
  - Are your referral sources recommending
  - Are your employees recommending

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Conclusions

- Customers & Consumers don't <u>want</u> us –
    - they <u>need</u> us - **<u>Support the need</u>**
- Aggressively attack the negative metaphor
    - Start with staff – move on to families
    - Ban the "F" word
- Be Faster of Be Lunch
- Be Better or…
- Be Smarter or…

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- Describe three (3) ways that independent operators can use "speed" to differentiate themselves.
- List the two (2) methods for demonstrating service line quality to the business to business market and two (2) methods for the consumer market
- Define and describe the one market research metric which will enable independent operators to build greater customer loyalty

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