Loyalty in the New Millennium

presented by
Irving L. Stackpole

Today’s Presentation

- Segmentation
- Satisfaction / Loyalty Relationship
  - How Decisions Are Made
- Market / Service Lifecycles
- Applying Influence
Background

Challenges and changes in the industry
- SNF and AL
  • Occupancies
  • Competition
  • Turnover rate of staff
  • Turnover rates of sales & marketing staff

The Marketing Mindset

Marketing and sales terms
- Defining markets
- Marketplace
- Promotions
- Position
- Loyalty

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What the Research Says

- The markets are fragmented
  - There are many segments
  - Tailor the message and method
- Happy customers walk away
  - 14% - 30% defect to other communities
- The marketing basics still work!
  - Know the customer
  - Keep your customers happy
  - Target the messages
  - Build / nurture relationships

Model Segments

<table>
<thead>
<tr>
<th>Model Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
</tr>
<tr>
<td>Advisors / Family</td>
</tr>
<tr>
<td>Employee</td>
</tr>
</tbody>
</table>

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Model Segments

- All segment further break down to:
  - Users
  - Non-users (new)
  - Past users (acceptors)
  - Past users (rejecters)
  - Demographics
  - Psychographics (Values & Lifestyle Segments)

The Fragmented Markets

- Segments
  - Consumers
    - Residents
    - Patients
  - Advisors
    - Local
    - Remote
  - Employees
    - Line
    - Management
### Market Segmentation

#### Assisted Living

<table>
<thead>
<tr>
<th>Prospects</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td></td>
</tr>
<tr>
<td>• Apartment</td>
<td>• Food &amp; Dining</td>
</tr>
<tr>
<td>• Price</td>
<td>• Staff</td>
</tr>
<tr>
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<td>• Price</td>
</tr>
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<td>• Health &amp; Wellness</td>
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</tr>
<tr>
<td>• Price</td>
<td>• Food &amp; Dining</td>
</tr>
<tr>
<td>• Food &amp; Dining</td>
<td>• Supervision &amp; Management</td>
</tr>
<tr>
<td>• Apartment</td>
<td>• Price</td>
</tr>
<tr>
<td>• Location</td>
<td>• Health &amp; Wellness</td>
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</tbody>
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#### Independent Living

<table>
<thead>
<tr>
<th>Current</th>
<th>Prospects</th>
</tr>
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<tbody>
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<td>Consumers</td>
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<td>• Location</td>
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<tr>
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</tr>
<tr>
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<td>• Price</td>
</tr>
</tbody>
</table>
## Market Segmentation

### Employees / Associates

<table>
<thead>
<tr>
<th>Line Staff</th>
<th>Retention</th>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Relationship w/ supervisor</td>
<td>• Needed a job</td>
<td>• Needed a job / this was available</td>
</tr>
<tr>
<td>• Location</td>
<td>• Location</td>
<td>• Location</td>
</tr>
<tr>
<td>• Compensation &amp; benefits</td>
<td>• Compensation &amp; benefits</td>
<td>• Compensation &amp; benefits</td>
</tr>
<tr>
<td>• Career opportunities</td>
<td>• Career opportunities</td>
<td>• Career opportunities (training / learn new skills / advancement)</td>
</tr>
</tbody>
</table>

### Managers

<table>
<thead>
<tr>
<th>Retention</th>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Relationship w/ supervisor</td>
<td>• Career opportunities (training / learn new skills / advancement)</td>
</tr>
<tr>
<td>• Location</td>
<td>• Compensation &amp; benefits</td>
</tr>
<tr>
<td>• Compensation &amp; benefits</td>
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Happy Customers Walk Away

- **Consumer Satisfaction Rates are High**
  - But
- **Turnover Rates Are High**
  - Why?

**Contribution of Value**

Value exists in the realm of “fairness”

*Is this a fair price for this service?*

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Value Map – AL Advisors

- Food & Dining
- Security
- Transportation
- Apartment
- Staff
- Health & Wellness
- Housekeeping
- Maint. & Grounds
- Activities

Importance

Satisfaction

Happy Customers Walk Away

- Perceived value drives loyalty
- Value, satisfaction and importance
- Value exists in context
  - Relationships among price and other attributes
  - Interactions among all attributes
  - Consumer market compares alternatives
Happy Customers Walk Away

<table>
<thead>
<tr>
<th>Importance</th>
<th>Ours</th>
<th>Average of Alternatives</th>
<th>Ratio</th>
<th>Import X Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Dining</td>
<td>18</td>
<td>6.88</td>
<td>7.00</td>
<td>0.98</td>
</tr>
<tr>
<td>Staff</td>
<td>16</td>
<td>7.00</td>
<td>8.26</td>
<td>0.85</td>
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<tr>
<td>Price</td>
<td>15</td>
<td>7.95</td>
<td>7.65</td>
<td>1.04</td>
</tr>
<tr>
<td>Health &amp; Wellness</td>
<td>13</td>
<td>7.52</td>
<td>8.30</td>
<td>0.91</td>
</tr>
<tr>
<td>Location</td>
<td>10</td>
<td>9.50</td>
<td>8.20</td>
<td>1.16</td>
</tr>
<tr>
<td>Apartment</td>
<td>8</td>
<td>8.40</td>
<td>8.80</td>
<td>0.95</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>5</td>
<td>7.90</td>
<td>7.74</td>
<td>1.02</td>
</tr>
<tr>
<td>Maintenance</td>
<td>5</td>
<td>9.30</td>
<td>8.60</td>
<td>1.08</td>
</tr>
<tr>
<td>Amenities</td>
<td>4</td>
<td>6.70</td>
<td>8.80</td>
<td>0.76</td>
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<tr>
<td>Transportation</td>
<td>4</td>
<td>8.00</td>
<td>8.60</td>
<td>0.93</td>
</tr>
<tr>
<td>Activities</td>
<td>2</td>
<td>6.25</td>
<td>8.25</td>
<td>0.76</td>
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<tr>
<td>Reception</td>
<td>0</td>
<td>9.06</td>
<td>7.30</td>
<td>1.24</td>
</tr>
</tbody>
</table>

100 | 0.97

How Decisions Are Made

- Each property is an array of attributes
- Prospects make trade-offs
- Each prospect has needs
  - Misnomer of “needs-driven” market
  - The trade-offs made by a prospect segment can be understood through Conjoint aka Multi-Dimensional Scaling
How Decisions Are Made

Which do you prefer?

| Moderate sized apartment with small kitchen, in rural setting, with full AL services for $2,250 / mo | Or | Large sized apartment with big kitchen, in suburban setting with limited personal care services for $2,850 / mo |
| Strongly Prefer Left | Equal | Strongly Prefer Right |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Market Lifecycles

Market

Service

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**Market Lifecycles**

- Go for it
- Differentiate
- Necessity
- Maintenance
- Niche
- Harvest
- Drop

**Marketing Basics**

**What is influence?**

- Application of behavioral / psychological research
- Power to effect others – seen only in the results
Ethical Use of Influence

- Juggling 7 influence factors
- Bungling legitimate influence opportunities
- Smuggling influence where it doesn’t belong

Influence Factors

- Contrast
- Reciprocity
- Scarcity
- Authority
- Consensus
- Commitment / Consistency
- Friendship / Liking
Influence Factors

- Contrast
  You can change perception, based on what is experienced just before.

  ✤ Application
  Lead with your best feature(s)
  Show the nicest, most expensive first (if price is a factor)

Influence Factors

- Reciprocity
  We are obligated to give back to others the form of behavior that they have given to you.

  ✤ Application
  Offer something of value – “freebies”
  The “muffin debate”
### Influence Factors

#### Scarcity

People are more motivated by the thought of losing some benefit, than the thought of gaining the same benefit.

- **Application**
  - Create the perception of scarcity without smuggling
  - Schedule for competition

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### Influence Factors

#### Authority

People are inclined to comply with perceived authority.

- **Application**
  - Communicate affiliations, accreditations
  - Degrees and credentials of staff


**Influence Factors**

- **Consensus**
  We base how we think, feel or what we do, based on what other people are thinking, feeling or doing.

  - **Application**
    - Appear to be “the place to be”
    - Numbers, name dropping
    - Schedule for consensus

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**Influence Factors**

- **Commitment / Consistency**
  We have a relentless desire to be, and to appear to be, consistent with what we’ve already done.

  - **Application**
    - Publicize endorsements (add in Authority)
    - Create and distribute symbols
    - Durable, frequently used “freebies”

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Influence Factors

- Friendship / Liking
  We are more favorably inclined to say “yes” to people we know and like.

- Application
  Match the prospect to the staff person
  Listen and learn about them.