

advance for Long-Term Care Management

JAN/FEB 2011 • VOL 14 • NO 1

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GROWING TRENDS IN ASSISTED LIVING

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success in 2011
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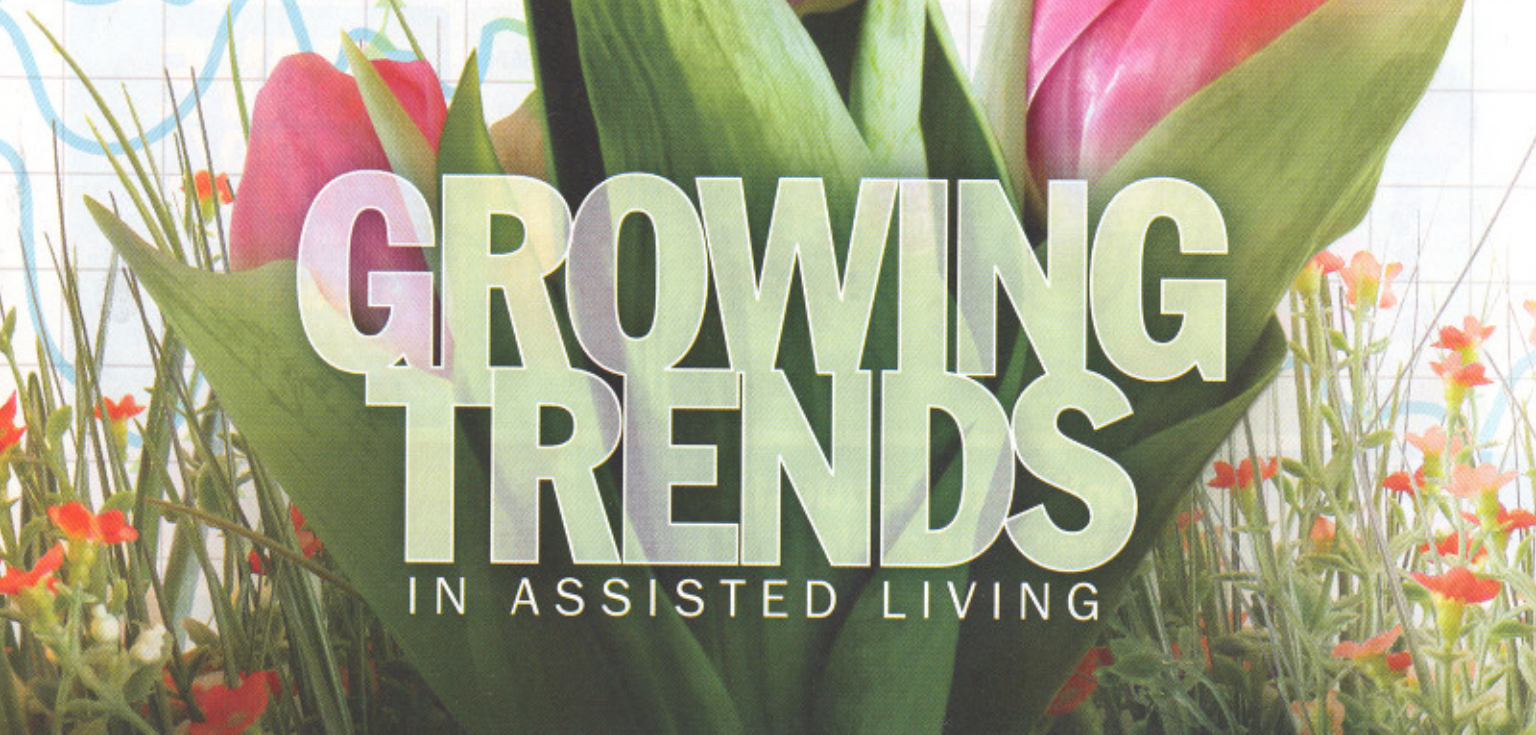
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GROWING TRENDS

IN ASSISTED LIVING



For long-term success, market your assisted living facility to meet current trends.

BY IRVING STACKPOLE AND ELIZABETH ZIEMBA

The ever-changing landscape in assisted living is sprouting trend lines that will grow in 2011 and beyond. Now is the time to re-evaluate business strategies and marketing efforts to maximize the opportunities revealing themselves and pointing the way to success in the years to come.

Forty years ago, television offered a handful of channels from which to choose. Advertisers had a captive audience and viewers were interested in the new products being offered. Fast forward 30 years, and consumers had a multitude of cable channels and programs to choose from and advertisers could select the audience that most closely fits the demographic profile of their customers.

The same increase in choice and segmentation of the market that happened decades ago in television is now coming to health care and senior living. It will drive who we serve and how we serve them. Marketing campaigns and messages must become smarter and clearer to reach the clients who are most interested in purchasing our services.

The following trends are some key harbingers of change in the assisted living market in the years to come.

DELAYED PURCHASING DECISIONS

The average age of entry into assisted living communities is on the rise throughout the United States. According to the National Center for Assisted Living, the average age of admission in 2001 was 80.¹ By 2009, the national average age had risen to 86.² Given the projected increases in longevity, this pattern is likely to continue for many years to come. What does this delayed purchase of services mean for owners and managers of assisted living communities?

When residents arrive in assisted living, their length of stay will be shorter because they will become sicker quicker. While living in an assisted living community, residents will require more assistive, medical and pharmaceutical services with higher staffing ratios. These added services translate to not only higher costs, but also a need for owners and managers to develop new pricing strategies to attract and retain clients.

FRAGMENTATION OF THE SECTOR

Assisted living communities have historically marketed to a broad audience. To effectively compete in this changing market place, owners and managers need to identify the segment of the overall market that is best suited to use its services and then aggressively market to those potential consumers. The one-size-fits-all approach is the past, not the future of assisted living. And competitors are not just local businesses. Assisted living is now an international market with facilities offering competitive services for lower prices in attractive locations.

For example, the assisted living sector is fragmenting by offering specialized services. Communities may be focused on healthy, active adults over the age of 55 who are interested in travel and lifestyle, such as the retirement communities for expats that are popping up in Spain and Mexico. Other

communities target individuals who require more personal assistive services for those who are medically frail or suffering from early stages of dementia. The assisted living communities that are ahead of the curve are identifying key segments of the market and focusing on delivering services and marketing messages tailored to their target customers.

Success in the future requires that the owners and managers have a clearer understanding of their position in the global marketplace and the specific characteristics of the narrow range of people who will fill their buildings.

COMPETITION WITH NURSING HOMES

Short-term rehabilitation patients represent the money making sweet spot for skilled nursing centers and, up to this point, nursing centers have owned most of this line of business. Given the current financial squeeze, assisted living residences are starting to wake up to this previously lost opportunity and successfully challenging skilled nursing centers for these lucrative clients.

Nursing homes are losing customers. According to the Centers for Disease Control, fewer people are choosing to live in nursing homes, with the number of nursing home residents falling from 1.63 million in 1999 to 1.49 million in 2004.³ Nursing home owners and operators are not standing still. They are beginning to offer some of the services associated with assisted living, such as transportation and meal delivery. Hospitality services that have been the hallmark of assisted living are moving into skilled nursing facilities.

Whether your assisted living community is pursuing short-term rehab patients or simply a community consolidating your place in the market, the future promises ▶

more battle lines being drawn between the assisted living and skilled nursing sectors. Be ready to defend and expand your position in this changing marketplace.

RETHINKING SPACE

Baby boomer children who are driving decisions for aging parents, as well as beginning to consider choices for themselves, are having

an impact on how assisted living communities are designed or reconfigured.

Yesterday's cookie-cutter style assisted living residence was 50 units on five acres in suburbia. Tomorrow's communities will represent a broad array of choices allied to a particular target market. Aging adults are moving to urban areas to be closer to medical and other services as well as to avoid social

isolation. One trend we are seeing is the repurposing of buildings with large units and a lot of common space.

A similar transition is happening to assisted living communities that offer rehab services. With more rehab taking place, the demand for larger, en suite single rooms is on the rise while more space is needed to deliver the rehab services either in private rooms or common areas.

GET READY

Market fragmentation, clients with more assistive and medical needs, and new and traditional competitors point the way to the challenges facing assisted living communities. A deeper understanding of the target market with its changing needs and desires is required to design or reconfigure the assisted living communities of 2011 and beyond. Prepare your strategies and refine your marketing messages to succeed in this new environment. ■

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