

 **STACKPOLE**
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Selling Value
The Role of Strategic Pricing
in Securing & Keeping Customers


Mature Market **SALES SOURCE**

*an online education and consulting firm dedicated to advancing
the quality of senior housing sales and marketing practices*
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Selling Value
The Role of Strategic Pricing
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presented by
Irving L. Stackpole, RRT, MEd

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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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This Presentation

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

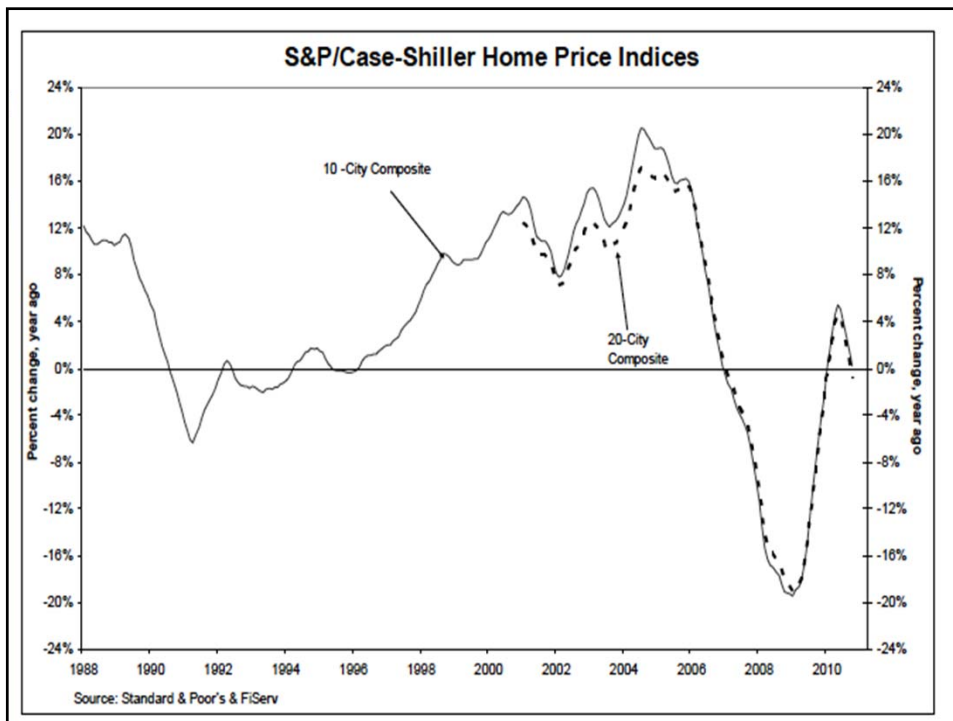


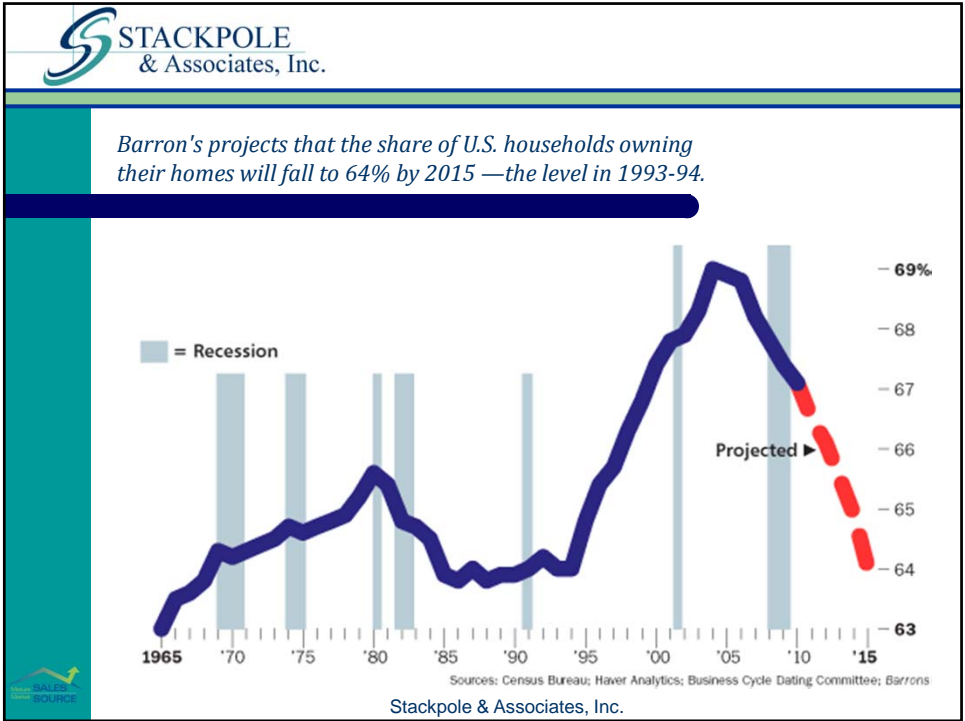
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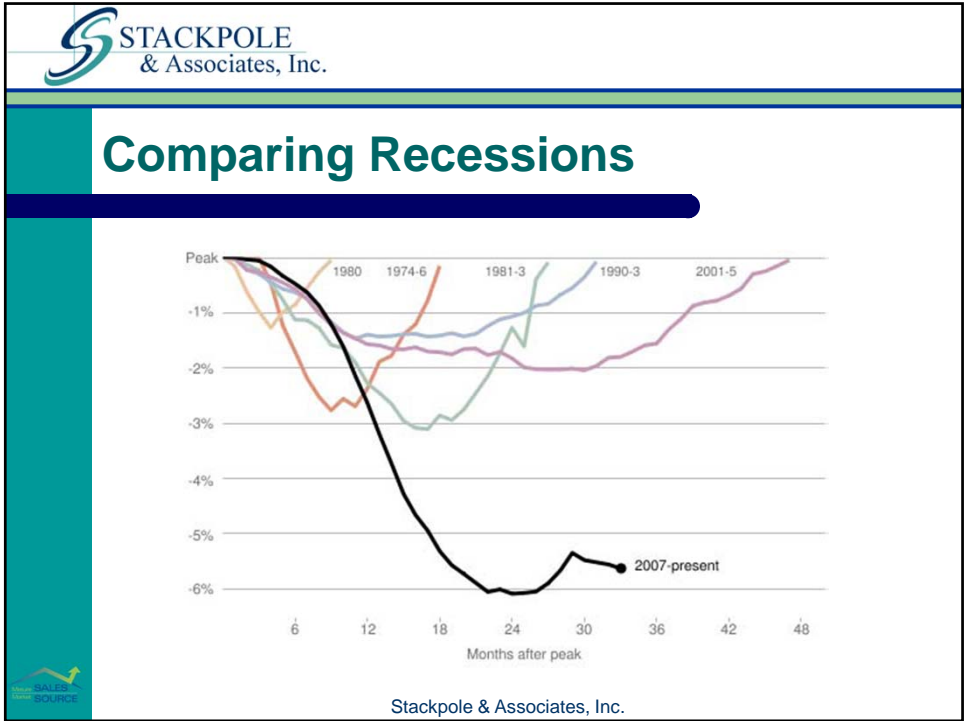
What Seniors Experience



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boston.com

Glass ½ EMPTY?

Market Spotlight: Assisted living occupancy slides

AP Business Writer / May 12, 2008

NEW YORK—As the housing slump continues and the U.S. economy weakens, **many retirees are choosing to remain in their own homes or move in with their children, hurting occupancy rates in assisted living communities.**

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Assisted Living Avoids Big Slide in Occupancy Amid Housing Downturn

Jul 27, 2009 2:37 PM, By Jane Adler



Brightview Concord River, Billerica, Mass.

Occupancy rates at assisted living facilities remain healthy, despite the sharp economic downturn. According to a comprehensive study just released by a consortium of industry groups, the average occupancy rate among buildings open at least 12 months is 94.1%.

That's only about 1% lower than when the study was last conducted three years ago. The survey of 500 assisted living facilities occurred during the first three months of 2009.

"Assisted living is a needs-driven business," says Maribeth Bersani, senior vice president of public policy at the Assisted Living Federation of America (ALFA), one of the sponsoring groups of the 68-page survey. "If an older person needs care, she needs care."
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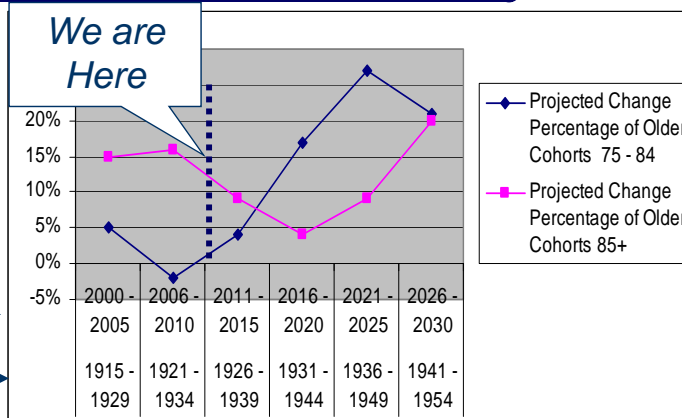
Glass ½ FULL?



The Demand Side

We are Here

Year →
 Birth Year →



Source: Adapted from US Census Bureau, Current Population Reports



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Market Conclusions

- Market size static now (~6.5 MM widows, grows 13 MM 2020)
 - Media messages are depressing
 - Disability rates are ↓
 - There are more options – ALRs, HCBS, HHAs, private duty care, NORCs
 - Acuity (ADLs & IADLs) for consumers ↑
- And on the **Supply** side...
- Inventory of product is mixed



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But the REAL issue

- Not only are “retirement homes” NOT thought of as the valuable resource they are...
- They are seen as **prisons – awful places**
 - The “F” word
 - “Don’t want to put / place mom in a home.”
 - “I’d rather be dead.”
- Deep metaphor of negativity – US & UK



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Sales Mindset

- Laws of Selling (*serious stuff, at least*)
 - 101 – People only buy what they say they want or need
 - 102 – People would rather live with a problem they cannot solve, than accept a solution they don't understand
- Is this consistent with what we are selling?
- Are we really ready for “sales”?



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Our Customers are **Women**

- Women make the vast majority of key “purchase” decisions
- They buy **EVERYTHING**



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What are Women dealing with?



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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 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 + Loyalty + Price



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Fragmented Markets

- 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?
 - Carefully establish Value
 - Inventory & cost of features
 - Comparable cost “at home”
- The Value Chain
 - Importance + Satisfaction + Price



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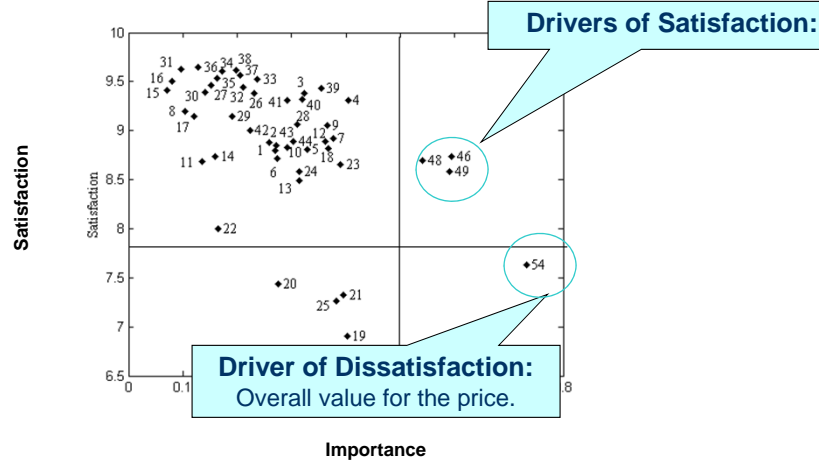
Satisfaction the Right Way!

Priority Gauge Chart / Key Drivers			
Relationship between Satisfaction and Importance			
Satisfaction	High	<p>Potential Advantages (High satisfaction, low importance)</p> <p>Possible points of differentiation, particularly if competitors are weak in these areas</p>	<p>Key Strengths (High satisfaction, high importance)</p> <p>Maintain and leverage these areas for continued success</p>
	Low	<p>Potential Weaknesses (Low satisfaction, low importance)</p> <p>Room for improvement in these areas, although low priority for respondents</p>	<p>Key Weaknesses (Low satisfaction, high importance)</p> <p>Improvements in these areas will have a high impact on overall satisfaction</p>
		Low	High
		Importance	



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Priority Areas: Re-Purchase Focus



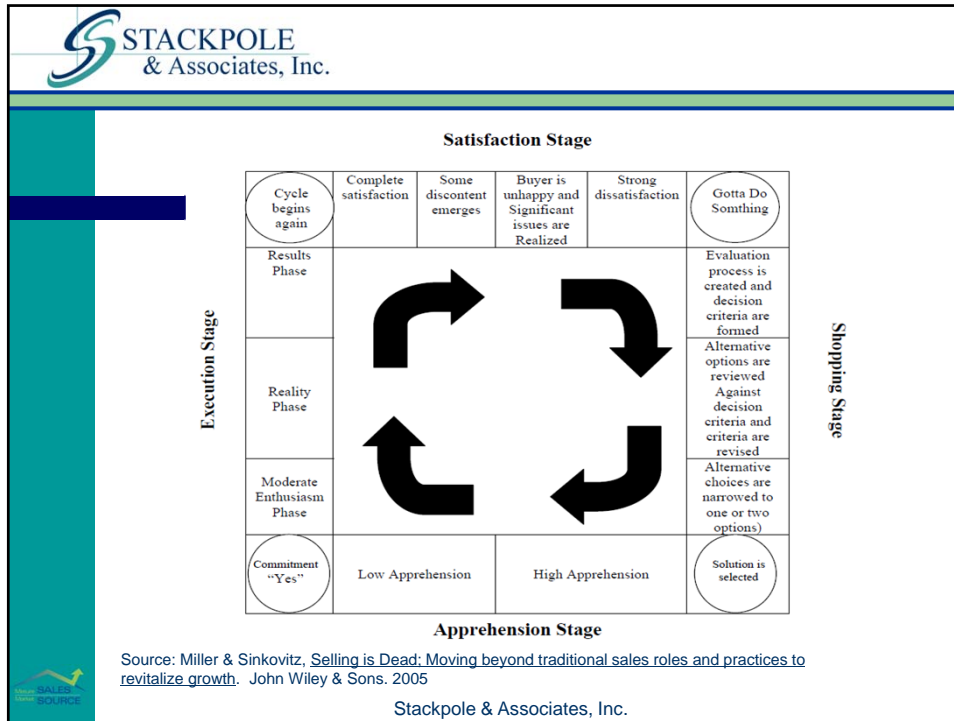
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Purchase and Re-Purchase

- 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 – they don't want us – they need us
 - Support the need
- Aggressively attack the negative metaphor
 - Start with staff – move on to families
 - Ban the "F" word
 - Add "movement", action and kinesthetic language
 - Bring people in (if you can)
 - Get your people out

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Establish “Value”

- Show all the component costs
 - List features
 - Establish their “fair market value”
 - Show fairness in the 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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Solution Cycle / Sales Cycle

- The 1st purchase decision is very different from the re-purchase decisions (aka loyalty)
- Purchase – 1st time
 - Overcoming Objections, Empathy, Transactional Competence and Demonstration of Value
- Re-Purchase
 - Reinforcing Value, Transactional Competence
- The Value Chain
 - Importance + Satisfaction + Price



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Re-Purchase: The Loyalty Effect

- 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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Conclusions & Recommendations

- Prospective & current customers' attitudes – they don't want us – they need us
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Cheap subliminal suggestion →

Thank You!




Presentation Available at:

[www. StackpoleAssociates.com](http://www.StackpoleAssociates.com)


1-800-844-9934




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