

Whitewater Marketing



Whitewater Marketing Keeping Up with the Pace of Change

presented by
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Today's Presentation

- Challenges in Long Term Care
- Successful "Systems"
- Marketing
 - Matching Strategy & Action
- Segmentation

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Historical View of Marketing / Sales Management



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Today's Management Reality



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Background

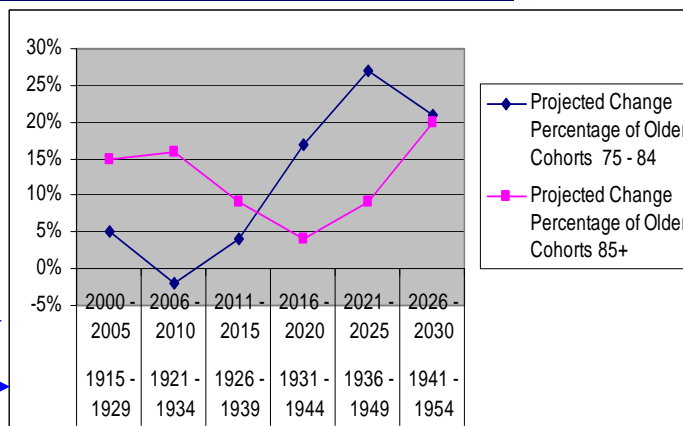
- Challenges in the industry & markets
 - Occupancy
 - Demographics & Demand
 - Competition
 - More Choices - Congregate, HHA, HHC, HCBS
 - AARP – Your Home Is Simply The Best!
 - And it's worth less today than yesterday!
 - Turnover of sales & marketing staff

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Demographics & Demand

Year →
Birth Year →



Source: Adapted from US Census Bureau, Current Population Reports, 1996

Employees are a Critical Market

- **Employees As Competitive Advantage**
 - *Loyal Employees → Loyal Customers*
 - *Word of Mouth Marketing → ↑ Referrals*
 - *Loyal Employees → Recruitment Magnet*
- **Employees As Operational Advantage**
 - *↑ Loyalty → ↓ Recruitment Costs*
 - *↑ Loyalty → ↓ Agency Costs*
 - *↑ Loyalty → ↓ Management Costs*

Successful Sales Systems

- **Sales Systems - Review**
 - *Who Is Selling?*
 - *Sales activities for everyone!*
 - *Recruitment / selection of sales staff*
 - *Who Succeeds At Sales?*
 - *Optimists v. Realists*
 - *What Are We Focusing On?*

How Is It Being Sold?

- Pressure to ...
 - “Do whatever it takes...”
 - Close the deal
 - Fill the building
 - Grow the Census
 - Make the budget
 - Improve the Mix

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What We've Learned

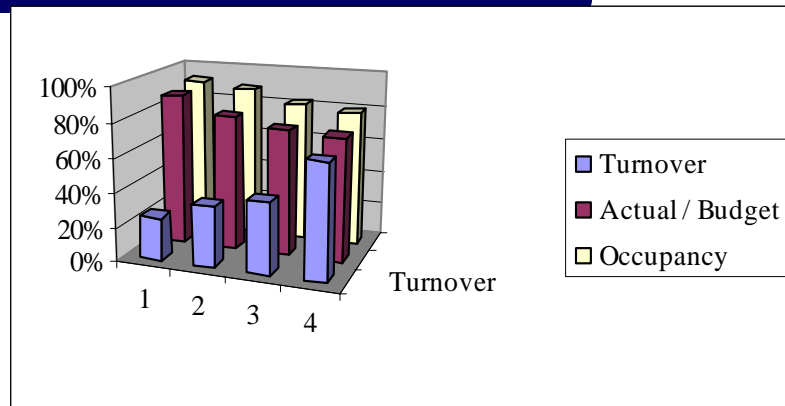
- *Task Clarity is Critical to Sales Success*
 - *The sales team are clear about what they're supposed to be doing*
- *Role Alignment is Predictive of Success*
 - *Marketing, sales and the entire team (yes, operations too!) accepts responsibility for Sales, as well as Customer / Consumer / Employee loyalty!*

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Occupancy / Budget / Turnover



Market/Service Lifecycles

- Markets and service lines go through 4 lifecycles.
 1. Introduction
 2. Growth
 3. Maturity
 4. Decline
- The match between the market & service line lifecycles determines best strategy

Hillestad, 1991, Health Care Marketing Plans: From Strategy to Action

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Strategy / Action Match

		Market			
		Introduction	Growth	Maturity	Decline
Service	Decline	X	X	X	Drop
	Maturity	X	X	Maintenance	Harvest
	Growth	X	Differentiate	Necessity / Network	Niche
	Introduction	Go for it!	Differentiate	Necessity / Network	Niche

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Market Lifecycles

There are 7 marketing strategies:

1. Go for it
2. Differentiate
3. Necessity
4. Maintenance
5. Niche
6. Harvest
7. Drop

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Dimensions of Marketing

- **Four “Ps + One” of Marketing**
 - *Product*
 - *Price*
 - *Placement*
 - *Promotions*
 - *Position*

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Market Lifecycles- Go For It

- In a new market, an organization introduces a service and attempts to secure leadership.

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Market Lifecycles – Go For It

- Service
 - *Limit variations and carefully control quality*
- Placement
 - *Limited*
- Promotions
 - *High-profile advertising and PR*
 - *Education of markets*
 - *Brand recognition*

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Market Lifecycles – Go For It

- Price
 - *High-price strategy*
 - *Low-price strategy*
 - *Price Elasticity of Demand*

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Market Lifecycles-Differentiate

- In a growing market, an organization introduces a service or wants to continue to grow its previously introduced service.

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Market Lifecycles - Differentiate

- Service
 - Feature/quality set by prior entrants
 - Target specific market segments
 - Vary features
- Placement
 - Find under-served, unserved locations – scheduled times and convenience

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Market Lifecycles - Differentiate

➤ Promotions

- Direct marketing – create selective demand
- Advertising and PR less important
- Sales functions more important
- Labeling VIP for ease of distinction

➤ Price

- Variations/flexibility

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Market Lifecycles- Necessity

- The organization must enter a market with well-established competitors, where large market share is not probable.

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Market Lifecycles - Necessity

- **Service**
 - Features and quality must match current offerings
 - Segment market and offer highly tailored features
- **Placement**
 - Less Important
- **Promotions**
 - Highly targeted communications – low cost tactics
 - Sale force somewhat important if there is an opportunity for differentiation or to match competitors

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Market Lifecycles - Necessity

- **Price**
 - Competitors set price
 - Avoid “expensive low end” or “cheap high end”

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Market Lifecycles-Maintenance

- *Steady market share, very few or no new competitors*

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Market Lifecycles - Maintenance

- **Service**
 - *Leaders can segment and fortify*
 - *Leaders must innovate (paradox)*
- **Placement**
 - *Change only as necessary*

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Market Lifecycles - Maintenance

- **Promotions**
 - *Market share comes only from competitors (expensive)*
 - *Customer/consumer loyalty critical*
 - *Customer relations staff vs. sales staff very important*
- **Price**
 - *Lower prices to reward loyal customers*
 - *Use price to ward off competitors*

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Market Lifecycles - Niche

- **One of your services is growing, or there is a sudden demand, while the overall market is in decline.**

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Market Lifecycles - Niche

- Service
 - Consumers/customers have clear expectations
- Placement
 - Defined by markets- no options
- Promotions
 - Highly segmented and aggressive: Direct marketing/telemarketing
- Price
 - Expectations set by market – cost per unit must be low

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Market Lifecycles-Harvest

- In a declining market, an organization realizes less return from declining service.

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Market Lifecycles-Drop

- In a declining market, an organization eliminates providing a service or merges it with another.

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Market Lifecycles

- In both the Harvest & Drop strategies careful consideration must be given to the internal and external impacts of these decisions.

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Market Lifecycles

- *What can we do?*
 - ✓ *Treat each service/market match distinctly*
 - ✓ *Develop distinct “branding” for each service line*
 - *Very little value from service line extension*
 - ✓ *Match resource commitments to strategic options*
 - ✓ *Design distinct market plans for each.*

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Market Segmentation

- *Market = Common group of referents*
 - *Market is not demographics alone*



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The Fragmented Markets


- Segments
 - Customers (Choosers)
 - Hospital referral sources
 - MCOs
 - Consumers (Users)
 - Patients
 - Families
 - Employees
 - Line
 - Management

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Model Segments

Model Segments	
Hospitals	Doctors
HHAs	IL / AL / Sr. Living
Employees	Vendors

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Market Segmentation *customers*

Simple Attribute Segmentation Skilled Nursing

	<u>Prospects</u>	<u>Current</u>
<u>Hospital Referral Sources</u>	<ul style="list-style-type: none"> • Access • Reputation • Location 	<ul style="list-style-type: none"> • Staffing • Price • Family Feedback
<u>MCOs</u>	<ul style="list-style-type: none"> • Access • Price • Response 	<ul style="list-style-type: none"> • Response • User Feedback • Empathy • Price

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Market Segmentation

- What Can We Do?
 - Understand current customers & consumers
 - Understand prospective customers and consumers
 - Identify similarities/differences
 - Communicate to their preferences

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Conclusion

- Successful “Systems” → Everyone
- Sales success → task clarity
- Marketing → strategy / action match
- Segmentation → one size ≠ fit all

Presentation available at:

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