

One of the region's leading senior marketing companies reveals the keys to successful communication with the nation's fastest growing consumer group.

THE LOVE REPORT

& COMPANY

Winter 2003

Five Essentials for Marketing Senior Living Communities

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This topic is more important than ever as communities across the country face increasing competition, rising consumer expectations and challenging financial environments.

In this issue, you'll discover five major factors that are essential to a successful marketing effort:

- ✓ The right product
- ✓ A strong and unique brand identity
- ✓ Deep relationships with the greater community
- ✓ A consistent marketing presence
- ✓ Well-trained sales professionals using proper tools

1 *Offer the right product*

Consumer expectations for retirement living have risen substantially this past decade, and communities that haven't kept up are struggling to resell residences.

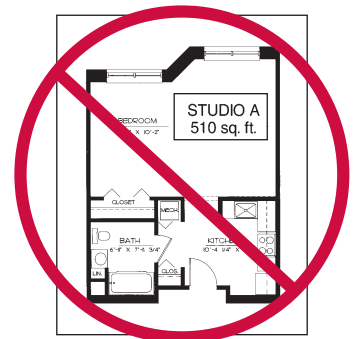
Two-bedroom residences with offices (dens) are consistently the best-selling homes. We've seen several communities struggling to stay full while 70 percent of their inventory was smaller than two bedrooms with two baths. The proportion should be the reverse: for a moderate to upscale CCRC, at least 70 percent of the residences should be two-bedrooms/two-bathrooms or larger. But be careful: strong demand for

especially large residences, such as three-bedroom homes, is not yet proven.

Many communities are responding by adding new residences that meet consumer expectations. Unfortunately, the existing inventory frequently doesn't get an accompanying upgrade, at least not to the scale it could. This can result in long waiting lists for larger residences while smaller ones sit empty.

If you're considering an expansion, take a close look at the entire community. How can your existing residences be appropriately expanded and upgraded for the long term? This can mean combining units in a much more aggressive manner than formerly done, or even gutting and renovating an entire building.

This type of renovation—replacing many small residences with fewer large ones—can result in a decrease in the actual number of residents, negatively impacting monthly fees and operating revenue. Thus, the challenge is to look at the renovation in conjunction with expansion opportunities so the end result is a community that both meets market expectations and is financially sound.



"Too Small!"

Additional considerations

Having the right product also includes:

- ✓ Offering lifecare and fee-for-service options to broaden your market appeal (assuming you're a lifecare community to start with)
- ✓ Offering entrance plans that are highly refundable (90 or 100 percent) or that include equity options, as well as traditional declining plans
- ✓ Ensuring the residences are equipped with appropriate amenities, such as full-size kitchen appliances, microwaves, dishwashers, washers and dryers, and lots of storage space
- ✓ Ensuring the community has appropriate amenities, including high-quality fitness and wellness facilities
- ✓ Offering multiple dining options, including a variety of dining locations as well as flexible meal plans

While most of the above may sound basic, a frequent challenge is to convince the board of directors that these items are needed. Many board members are heavily focused on the quality of care and service the community provides and shy away at making changes to residences that may strike them as appealing too heavily to wealthier prospects.

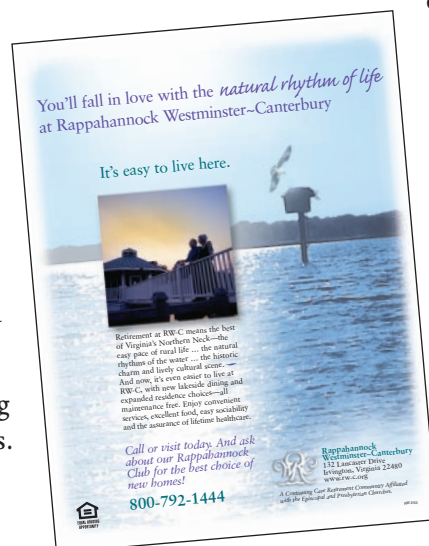
Board education is a key component of staying competitive. Management must help directors understand that prospects aren't willing to buy a small, older residence until they absolutely have to, which drives up the age and frailty of residents and makes it even harder to market the community.

2 *Develop a strong and unique brand identity*

Most CCRCs today are quite similar to each other. They all offer a range of residences, services, amenities and healthcare. The main differences lie in elements such as residence sizes, contract options and pricing.

With rapidly increasing competition, along with the development of more "destination" communities in resort areas, it is essential to have at least one clear point of differentiation between your community and the competition.

Communities can develop strong brand identities in many ways.



If you're in a historic city or town, consider how you could integrate the area's history and personality into your community. If you're in an area where water recreation is dominant, how can you integrate that into the community? If you're simply in a highly competitive area, how can you look at the competition and determine specific services, amenities or other features you can add to create a competitive advantage (for instance, wellness services or a performing arts center)?

Whether you tie activities, trips and décor into the intellectual life of a nearby university or the natural beauty of a mountain-side setting, success takes more than "being there." Search for creative ways to differentiate your community so prospects will really want to come to you.

3 *Establish deep relationships with the greater community*

Over and over, we see that communities with the most active involvement in their local areas are more successful at staying full, while more "insular" communities struggle.

Successful ties include consistently strong involvement in a variety of areas:

- ✓ Management team members actively participate in community service organizations or serve on boards in the area.
- ✓ Employees are heavily involved in the community, including memberships in community service organizations and team support of major not-for-profit organizations such as United Way and the Alzheimer's Association.
- ✓ Staff and residents enjoy strong ties to the religious community, including ongoing relationships with churches, especially those of the sponsoring organization, if applicable.
- ✓ Staff builds strong relationships with other healthcare providers.

Management must make these relationships a priority—not as a short-term fix, but as a long-term investment. The most successful communities have maintained this involvement for decades, and newer communities need to work hard to build up their presence. The benefit? Strong recognition, a good reputation and—most importantly—a strong referral base, which reduces other marketing costs.

Upcoming Love & Company Seminars and Exhibits

Representatives will be available for appointments at AAHSA in Washington, D.C., April 7 – 9.

Exhibitor and presenter at the LifeSpan and PANPHA joint 2003 conference in Baltimore, May 13–16

✓ “Through their eyes ... What your assisted living marketing messages say to adult children.”
May 15

✓ “Catch a Wave! How senior surfers really use the Internet.”
May 16

Exhibitor and presenter at VANHA at the Homestead in Virginia, May 21 – 23
Booth #305

✓ “Through their eyes ... What your assisted living marketing messages say to adult children.”
May 23

Presenter at AOPHA in Kings Island, OH

✓ “Through their eyes ... What your marketing messages really say to seniors.” May 20

✓ “Through their eyes ... What your assisted living marketing messages say to adult children.”
May 20

Presenter at NCANPHA in Asheville, NC, “PR and Branding” May 21

For details on these events, or for a copy of *The Love & Company Report*, “Through their eyes ... What your marketing messages really say to seniors,” please contact Susan Love.
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4 Maintain a consistent marketing presence

Advertising and direct marketing are strong supporting elements of a marketing program and definitely play a critical role in communicating and building on strengths.

The primary role of advertising is to create and reinforce an overall image of the community, driving awareness. As such, it should focus on clear points of differentiation that support the community’s branding efforts. In times of expansion, advertising can also be an excellent lead generator, with ads that focus on the new and exciting changes coming to a community.

Direct mail continues to be the workhorse of the marketing effort in terms of generating selling opportunities. Prospects may hear about a community from many sources—discussions with friends, signage, etc.—but direct mail is often what provides the impetus to “inquire now.” Again, in terms of expansion, direct mail is particularly effective at generating interest.

However, advertising and direct marketing can’t make up for deficits in other areas. Nothing can be worse than heavily advertising a community to a younger market, then having those prospects be turned off if the product is not in line with their expectations. They may not give the community a second chance even when the product is upgraded.

A consistent presence, along with a message that is consistent with prospects’ experience of the community, is crucial.

5 Develop a professional sales team

The sales environment is especially challenging in the senior living field. Many sales counselors do not have substantial experience in the field, and training opportunities are fairly limited. Yet—given that the sale of a CCRC is much more of a relationship sale than a “product” sale—the interaction of the sales person with the prospect

is one of the most important facets of the sales process. It is critical to find and invest in an effective training program.

Using the proper tools is also key. We all know that the decision timeline for a prospect to move into a CCRC is a long one—up to 10 years! Thus, it’s imperative that sales teams keep good records of their discussions with prospects and that they have appropriate tools, such as REPS, to help manage the relationship and let them know when the next contact is due.

These five points are by no means all of the factors to consider in developing a marketing effort. But we believe they are especially important to achieve consistently high levels of success in the years to come.



Rob Love
President

Rob leads Love & Company’s strategic marketing planning, research and branding efforts. Bringing experience gained from work with more than 50 senior living communities, he’s involved most heavily in the development and planning stages, helping first determine what the product should be, then establishing the framework for the marketing program.

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