

# **MDS** Moore Diversified Services, Inc.

*Serving Senior Living Clients For Over 37 Years  
There Is No Substitute For Experience*

***“You’ve Got Questions . . . We’ve Got Answers”***

*October, 2009*

## **COMMUNITY OF CHOICE OR A PRICE SENSITIVE COMMODITY?**

### ***The Ultimate Market Positioning Challenge***

In my consulting activities, I try to live in as many independent and assisted living communities as possible. So far I've had short stays in over 130 of them. As I was having dinner one evening with a distinguished gentleman, he said, "*You know, I was somebody once.*" The lady at the next table chimed in, "*The management and young people who work here are just delightful -- but they really don't understand us.*" This community seemed to have all of the right services and amenities. The staff knew all the residents on a first name basis. But, there was something missing and that was a true understanding of each resident's inner emotional needs. We all recognize the importance of *demographics*, but now we must also focus on the changing *psychographics* of seniors.

### **Changing Expectations**

A new generation of seniors is gradually emerging that will expect much more from our senior living communities. Today's typical prospect is an 80-year-old senior who was born during the Great Depression and grew up in the World War II time frame. By the time of the Vietnam War and the rebellions of the 1960s, they were in their 40s. They reached mid-life in the 1970s as members of the "*The Establishment*," and many were approaching retirement during the boom/bust cycles of the 1980s and 1990s.

Their lifespan has created a series of birthmarks, making many of today's seniors more demanding, less complacent and more pragmatic in their continuing search for self-fulfillment and their definition of value. The men will have experienced Corporate America's "gray flannel suit era" including the transition from a period of conformity to one that emphasized entrepreneurial individualism and autonomy. Females, who were primarily homemakers, joined the outside workforce in surprising numbers, making them less passive, more worldly and less likely to settle for someone else's definition of the status quo.

There is an evolving disconnect between the situation-driven focus of many sponsors and owner/operators and what it takes to be truly market-responsive for this new breed of seniors. Sponsors and owner/operators necessarily focus on covering real estate costs and operating expenses; while delivering their definition of business success, acceptable operating profit margins and cash flow after debt service. These are certainly very important financial fundamentals. But there is an equally important question to address: ***“In the future, do I want to be perceived as offering a price-sensitive commodity or a unique value-enhanced community of choice?”*** In many cases, the deciding factor is the senior consumer’s definition of good value.

### **Seniors Do Buy Value**

Throughout life, seniors have made most of their purchase decisions by balancing affordability, choice and their perception of value. After a lifetime of financial conservatism, many seniors are now in a position to focus primarily on choice and value. In fact, many have been making value choices for the better part of their lives. They don’t always opt for the lowest price commodity. Many buy Buicks and Cadillacs – not Chevrolets. They dine at the nicer restaurants and buy clothes by brand names at the better department stores – not necessarily Kmart or Sears. They travel extensively.

Sophisticated product and service providers are constantly selling seniors on value and, where appropriate, quality of life. Yet, as many seniors face the biggest, most important decision of the rest of their life – senior living options – we find that we haven’t done a very good job of either creating unusual value or effectively telling our value story.

### **The Search for Self-Fulfillment**

Directly or indirectly seniors are on a constant search for self-fulfillment. This search involves five very important quality of life attributes:

1. Experiences/adventures/nostalgia.
2. Comfort/peace of mind.
3. Individual recognition.
4. Socialization and intellectual stimulation.
5. Self-expression and fulfillment.

Astute sponsors know that the real issue is not just resident satisfaction, it’s quality of life leading to exceptional value. Ask yourself this question, ***“What would I want out of the last six to ten years of my life?”*** Tough question, isn’t it? That time span is even shorter for your assisted living residents. If you’re having trouble projecting yourself into the future, ask what would you want your parents to benefit from in the later years of their life.

## Challenges and Opportunities

The primary obstacles to improving the perceived value of your community will be creativity and, frequently, cost. Making major improvements in the quality of life discipline could require increased staff time and new, innovative program strategies. This will obviously increase operating expenses. But the long-run benefits realized in distinguishing a community of choice from a look-a-like price sensitive commodity can be significant. The good news is that you can actually recover most of the additional costs you incur in delivering unique value. In fact, premium pricing and cost recovery by delivering enhanced value is the essence of avoiding the price sensitivity community syndrome. Will it be easy? Certainly not. Next month we will address a ten point program for creating and selling unique senior living value.

### Today's Senior is a "Distinguished Achiever"

If one were able to inventory and make use of the aggregate knowledge, experience and resources that exist with the residents in a typical senior living community, the results would be staggering. A senior's unique capabilities, intellect and inner drives that were developed over a lifetime of productive work and community contribution suddenly do not fade away as they "retire" and move into senior living communities. But sadly, in many cases, these attributes are inadvertently suppressed – never surfacing again during the autumn years of their lives.

### Call to Action

Senior living communities have a tremendous opportunity (and responsibility) to provide a truly stimulating lifestyle for the senior. Remember, today's seniors are not just survivors or older Americans – they truly are our most *Distinguished Achievers!*

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