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

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

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LEARNING FROM THE ONES THAT GOT AWAY

To Market Effectively to Lost Prospects, You Need to Know Why They Said No

Most communities capture no more than 3 or 4 percent of the available age- and income-qualified senior households in their primary market areas. The other 96 to 97 percent are lost prospects - the ones that got away.

Not all of these prospects can be converted to residents, of course. But with marketing costs at \$5,000 to \$9,000 per move-in for assisted living, lost prospects represent a very expensive lost opportunity. Before you can market effectively to new prospects, you need to know more about the ones who said no.

Reasons seniors frequently give when rejecting senior housing offerings include: ***“I’m not ready yet,” “It’s nice, but I could never afford to live here,”*** and finally, ***“I’m fiercely independent – I’ll never move to a ‘nursing home.’”*** These objections are, admittedly, tough to overcome. But you can substantially increase your community’s performance by addressing misconceptions about affordability and value.

For example, a recent survey of lost prospects indicated that approximately 40 percent of the seniors or family members who toured a particular community said they liked what they saw but assumed they could not afford to live there. Yet more than 30 percent of those prospects had disposable cash flow annual incomes of \$40,000 or more, which was well within the community’s minimum income qualification.

Many senior living sales and marketing teams focus almost exclusively on new leads, successful sales, and current residents. Today’s high-tech lead tracking systems do an excellent job of categorizing active prospects with respect to their probability of eventually making a favorable decision for a community. And marketing records typically contain great detail underscoring the characteristics of successful sales efforts. Yet when asked to provide vital details on their *lost prospects*, even the most sophisticated lead tracking systems and dedicated sales professionals frequently come up short.

Savvy senior housing sponsors and operators need to break that self-defeating cycle. Once you've identified lost prospects, don't write them off. Instead, look at them as a valuable source of information. A lost prospect survey is one of the most effective ways to gain insights on how to sharpen your market position and refocus your sales efforts. For information regarding a *sample* lost prospect survey, visit:

<http://www.westridgepublishing.com/Westridgestore/buylostprospectsurvey.htm>

Think of it as similar to an "exit interview" of a departing employee. While your interview subjects may no longer be viable candidates for your community, they can provide valuable information about why they are not.

Inside the mind of the lost prospect lies a wealth of information that can illuminate hidden objections and surprising misconceptions. Many of the reasons are subtle but significant. Chances are, you'll find that many of your lost prospects are walking off into the sunset with major misconceptions about their own economic frame of reference and the true benefits of your community's offerings. What's more, you may rekindle the interest of some seniors through the dialogue that takes place during the survey process.

Conduct your survey as a no-stress, "let your hair down" interview. First, identify lost prospects that you know are income-qualified, those with annual incomes of at least \$40,000. Then contact those you have selected. Assure them that you realize your community may not be for them and you are not trying to pressure them into changing their mind. You merely want them to help you (and other seniors) by providing an objective critique of your community.

The survey can be conducted in person or with the help of a professionally prepared survey instrument, which may be either mailed or administered over the phone.

Make sure your survey explores the following issues:

- ***What does the person know about you and your community?*** Ask them to identify other communities they visited and have them tell you how they found out about them and why they decided to take a tour. Finally, are they really aware of differences between nursing, assisted living, and independent living arrangements?
- ***What did they like the most/least?*** Attributes probed should include services, amenities, features, and benefits. In evaluating and responding to what you hear, take care to differentiate between legitimate opinions and inadvertent misconceptions.
- ***What do they envision as the true benefits to them?*** Features and amenities are nice, but they won't help you sell your community if they're not what consumers are looking for. Perceived benefits are what really sells senior housing.
- ***Ask them to rate your community's specific characteristics.*** You may be surprised to discover how your lost prospects' priorities may differ from your staff's beliefs about what's important to prospective residents.

- ***Test perceptions of cost versus value.*** Many seniors have serious misconceptions about their own cost of living. Despite the pragmatic, bottom-line mentality most developed while growing up during the Depression, they sometimes forget the true cost of real estate taxes, home maintenance, and other items in their household budget. A lifetime of prudent savings habits and conservative spending patterns has accustomed them to making do with less, and many assume they simply cannot afford the “luxury” senior living options. But a look at the cold, hard economic facts might convince them otherwise.

In the interview, start out by saying, ***“Seniors like yourself told us that their living costs are approximately \$2,000 to \$2,500 per month. Do you think that’s too low, too high, or just about right?”*** Assuming that you know the lost prospect is income-qualified, you can probably tell if some basic economic misconceptions are impacting their impressions of your community.

- ***Test their cost perceptions of various living options.*** Ask them if they know what it costs to live in independent living, assisted living, and nursing facilities in their area. Can they make valid comparisons between those costs and what they’re currently spending?
- ***Try to objectively clarify misconceptions.*** This can be done through tactful face-to-face dialogue or by subtle survey techniques.
- ***Ask them to assess your community’s value.*** This is done by restating what you offer, how much you charge, and how this compares with their true current cost of living. Ask prospects to give you their opinion of value or the reasonableness of your pricing.
- ***Ask what you should do differently.*** What, if anything, could you change to make your community more acceptable to seniors like themselves?

Analyzing lost prospects in order to learn what they didn’t like about your community and making changes to attract them - and perhaps even convert some to new or prospective residents - is not just for a troubled community operating at sub-par occupancy. Even the most successful retirement communities can benefit from this activity.

For starters, it creates a strong “back pressure” of momentum and demand. Sustaining marketing momentum for a particular community is one of the best insurance policies against lost revenues due to surprise vacancies. Remember, vacancies can occur at any time, because of an unexpected death or a decline in health that motivates someone to move into a long term care facility.

Converting lost prospects can also help you sustain a strong, credible waiting list. This strategy is becoming an imperative even for communities that are operating at very high stabilized occupancies, if they offer only a limited selection of units. Chances are, these units are

not as desirable as others on the market and are not for everyone. The stronger the waiting list, the higher the probability that there will be a viable candidate for each unit.

This new source of prospects also can help you stem the rise in resident turnover rates. Even the best planned retirement communities are seeing a gradual increase in resident turnover, due to the increasingly higher average ages of their residents. Some older communities are facing increased competition from state-of-art physical plants.

Lost prospect analysis can also sharpen the skills of your sales force, helping them better understand the senior consumer. And lost prospect surveys can yield significant information about a particular community and its competition.

The industry is currently experiencing depressed occupancies in assisted living and considerable vacancies in independent living. These factors, coupled with increased consumer knowledge and shrinking primary market areas, will require more efficient use of finite resources. Retirement communities can no longer afford to waste a high percentage of their marketing efforts on lost prospects without making a dedicated attempt to understand more about how these people think when making one of the most important decisions they will face for the rest of their lives.

Many marketers believe that the selling of a retirement community is a sophisticated numbers game played in terms of qualified leads, tours, trial closes, consummated sales, and so on. Assuming this is true, a large portion of this numbers game is either being ignored and wasted by many communities.

Understanding why lost prospects are lost can turn a mediocre sales and marketing program into a success story. We must spend less time documenting our successes and more time analyzing our failures.

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