

Marketing and Sales Masterclass March 2010

Retirement Communities Worldwide Conference.

My job is to create business opportunities for my clients – based on my knowledge of the consumer behaviour of mature age Australians.

I'll start by declaring my *expectations for this session*.

While I operate in many modes – from trainer, mentor, consultant, facilitator – my intention today is to operate in the Coaching mode, which is best defined as “creating the environment which allows the client to discover for themselves”.

Therefore there will be more questions than answers.

My intention is to plant some seeds, to leave you wondering. To have you leave this session seeking answers to questions that you thought were long settled.

Peter Drucker observed that “Nothing is worse than climbing the ladder of success only to find, once you reach the top, that it was leaning against the wrong wall.”

Hopefully, some of the sacred cows of your industry, and your organization, end up as hamburgers at your next company bbq.

This session is scheduled to run 40 minutes.

Even without your questions, we will run out of time long before we run out of stuff to talk about.

Despite that, I will leave time for your questions, because the best answer may come from one of your peers .

OK, Let's get started.

The first question I have , which hopefully you will continue to ask yourself throughout this Conference, and in many contemplative moments in the future , is

What business are you in?

If your answer is that you are in the business of developing and operating Retirement Villages, or Aged Care facilities – that may be your best answer. Or that answer may be what limits your future opportunities.

Perhaps your answer could be something more expansive, more challenging, more inclusive.

Perhaps --“We are in the business of providing housing accommodation options for mature age Australian”.

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That second answer opens up all sorts of opportunities, well beyond today's realities – think new forms of affinity living, or micro developments with streets based on niche interests, or the concept of shared living arrangements or multi-generational solutions.

What about the all important oxymoron “the Working Retired”, or university based developments, communes for mature age artists and writers, strategies for ageing-in-place.

Next major question – What is significant about the year 2010?

2010 is the year the first of the Baby Boomers reach what has been regarded as the Retirement Age of 65.

Incidentally, when 65 was arbitrarily selected as Retirement Age, only 54% of men and 61% of women lived that long.

Now I know you've read all about this Silver Tsunami, and been inundated with statistics on this biggest population wave in mankind's history. But like it or not, the Baby Boomers are now clearly visible on your business radar.

Let me give you one more statistic to put this in perspective.

From 2010 to 2050, the average monthly increase in the number of Australians over 65 will be more than 20,000. That's the population of a major regional city every month for 40 years. The aggregate increase in the over 65's is greater than today's population of NSW.

Now before you rejoice and assume that with such a boom in demand, any business providing housing for this age cohort must be destined for great times, let me nominate two significant caveats.

Firstly, who can remember the times as kids when the fire brigade used to turn on the fire hydrant and let it run down the street for a while?

Did you ever try to get a drink from the hydrant when it was turned on full?

Even if you didn't end up with your teeth knocked down your throat, you ended up soaking wet and still thirsty.

Only those with a clearly thought out and well executed strategy achieved their objective, firstly escaping serious injury, and getting the drink they needed.

Second caveat. While there is great danger in applying any generalisation to Baby Boomers, they are not an homogeneous group in any aspect, there is one accurate generalisation :-

Baby Boomers are not their Parents.

Your business today is predominately serving the Silent Generation (as in suffering in Silence) , born between 1925 and 1942, and decreasingly the Greatest (or WW2) Generation, born 1901 to 1924.

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All generations have accepted norms and research confirms Boomers are diametrical opposites, in thought and action, to the two generations that preceded them. Boomers are rule breakers, committed to individuality over conformity, and they show no signs of growing out of it.

This incompatibility between Boomers and their parents' generation raises huge questions for businesses contemplating the transition to, or the integration of Boomers, into the compliant and conforming ranks of their preceding generations.

The arrival of the Boomers at the traditional Retirement Age of 65 has a long list of challenges for your business as a marketer, but it has an equally long list of challenges for your business as an employer, with the need to attract and retain age-appropriate employees.

2010 is also the year of the labour market "entry-exit crossover". For the first time, Australia is predicted to face a period of more leaving the labour force than entering.

As an indicator of the impact of this, how many people in the room are Baby Boomers – born between 1946 and 1964? Could we have a show of hands?

How would that quick poll look at an all-staff meeting in your business?

To wrap up this point, 2010 is the year you need to begin a new era of business education on how to market to, and service the needs of Boomers – both as supplier and employer.

Next Question – The Question of Trust.

Trust is defined as the willingness to rely on others under conditions of risk.

Regardless of the age of the prospective participants in any new business relationship, or the importance of the product or service being considered, nothing will happen unless there is an acceptable level of mutual Trust in the outcome.

Those of you who flew to Melbourne for this Conference would not have boarded the plane without an acceptable level of Trust in the outcome. Locals wouldn't have used the hotel car-park if you didn't trust your vehicle will still be there this evening. No one will eat lunch, or drink morning tea, without an acceptable level of Trust in the kitchen.

If Trust is a non-negotiable prerequisite in these relationships, how much more is Trust an absolute necessity when the consumers are mature age, and their decision relates to their lifestyle and accommodation, and involves most of their financial resources.

Mature age consumers grew up in an era when you didn't lock the doors at home, your word was your bond, and if you shook hands on a deal, no further contract was necessary. Trust was a given.

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What do we know about the DNA of Trust?

At the primary level, Trust is dissected into two distinct components, *character* and *competence*.

Within *character*, lie elements of *integrity* and *intent*. *Competence* covers elements of *capabilities* and *results*.

Surrounding the central core are 16 practised behaviours eg. listen first, talk straight, keep commitments, clarify expectations, provide transparency, show loyalty and extend trust, and an outer circle of values and principles.

The first reason it is imperative to understand the two distinct components of Trust, ie *character* and *competence*, is that people in all facets of life assess the trustworthiness of themselves, and the business they represent, by their *intentions*, part of their *Character* component. But they assess the trustworthiness of others by their *actions*, and even more harshly by their *results*, part of their *competence* component.

So the one activity is being evaluated on the Trust-worthiness scale from distinctly different perspectives.

How Do Trust Accounts work?

In addition to the various accounts every business initiates with their individual stakeholders, there is also a Trust Account being constantly updated.

This is best envisaged as the T shaped accounts used to illustrate basic accounting principles, with trust building “deposits” being listed down the left hand side of the Trust Account, and trust eroding and trust destroying “withdrawals” listed down the right.

Every time the business interacts with a stakeholder in a way that increases Trust, an appropriate deposit is added to the Trust balance. If a communication or activity causes an erosion of Trust, the appropriate withdrawal needs to be processed and the balance adjusted accordingly.

The most effective way to build Trust with stakeholders is for the business to consistently act in ways that demonstrate their *competence*. Conversely the quickest way to destroy Trust is to act in a way that violates the *character* component.

Unlike accounting, where a dollar on the debit side of the T account has the same value as a dollar on the credit side, there is a very unforgiving exchange rate in play with Trust Accounts.

Trust balances established via deposits over many years can be eliminated via one withdrawal, particularly if assessed as being *character* related.

The reality is that Trust goes up a slow moving escalator, but uses the express lift to come down.

Harsh, but that’s today’s business reality.

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What is the Trust effect on business costs?

If all progress in the development of a business relationship stalls until an acceptable level of Trust is established, the time and number of interactions required to establish Trust becomes a major factor in the cost of doing business.

This is particularly true when selling intangible products and services, or targeting mature age consumers, who have experienced more reasons to be cynical of the customer orientation of most sellers.

This is best illustrated by the Trust See-Saw.

On one end of the See-Saw, the creation of Trust, and the progress through your Sales Process, move up or down together – same direction, same speed.

On the other end, the cost of business moves in the opposite direction, at the same speed.

The role of *Trust-Paced Marketing* is to build a reputation or a brand that inspires Trust within your target marketplace.

Trust-Paced Selling is not intended to replace the activities or steps nominated within your current Sales Process, but to pervade and penetrate the existing Process, and the rationale behind it, and to act as a set of “guiding principles” and a measuring stick for future amendments.

Trust-Paced Selling is not a sales tactic. Unless there is authentic commitment to the principles of Trust-Paced Selling at all levels of the organisation, unless it can co-exist culturally, your target market will perceive it as an attempt to deceive, and Trust will be the first casualty.

When selling to mature age consumers, product centred approaches are less effective. As we age we are more attracted to meaningful experiences than gaining material goods.

Retirement Accommodation is not a real estate “bricks and mortar” decision – it is a lifestyle experience decision centred on intangibles such as a sense of community, belonging, security, insurance for the future.

What lifestyle does the prospective resident want to experience, and who do they trust to deliver that experience?

The Next Question – Do you pursue a rational or emotional approach to Marketing and Sales?

Research has consistently confirmed most sales are emotionally driven and emotionally decided (utilising what is known as the right brain), and then justified logically (utilising the left brain).

The prospects in your target market, like us, are exposed to something like 4000 to 5000 marketing messages every day.

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To protect our left brain from being over-loaded with the need to analyse and evaluate every one of those messages, our right brain acts as a gatekeeper and discards the messages it isn't emotionally attracted to. That's true for people of all ages.

But as we age our cognition patterns become more right brain oriented—that's where emotions and memories reside. The right brain works with sensual imagery, not words and numbers. That's why photos can trigger memories or prompt an emotional response.

Our verbal memory declines faster than our visual memory. Who hasn't been stuck for a word, but we can clearly visualise what it is we're trying to describe?

What does that mean in your marketing and sales activity?

The maxim that best describes the direction you need to take is this :-

"People don't care how much you know until they know how much you care."

Until your marketing or sales approach makes an emotional connection, which can be instantaneous, and until you establish an acceptable level of Trust, no amount of logic or financial justification will achieve the buyer response you are seeking.

So long-copy press ads and financial tables showing "savings" on landing pages of websites won't do the job, nor will images that depict the age of current residents which is not compatible with how your prospects see themselves, which research says is 13 to 15 years younger than their actual age.

Market Segmentation – how to target the many shades of grey!

The topic of Market Segmentation will be discussed fully later in the Conference, but no discussion on Sales and Marketing to mature age consumers can exclude this subject – so I'll cram some here as well.

It is widely accepted that Australian mature age consumers are not one homogenous group, and that segmentation by "age" as an indicator of consumer behaviour is at best ineffective, and generally misleading.

Before attempting to identify the niches and micro-niches within the Retirement Community marketplace, there is one major segmentation that must be clearly differentiated – the "needs" Vs the "wants" driven prospective residents.

Does your Retirement Community seek to attract mature age consumers who "need" to move into supportive retirement accommodation, or are you seeking to attract those who "want" to move from their current housing arrangements into the alternative you offer?

Based on this answer, your business model should take its lead from either world's best-practice Hospital or Hospitality operators.

If you aim to successfully attract residents who "want" to accept a change in their retirement

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accommodation, evaluate the way your facilities, your staff and your marketing, look and feel in comparison with a boutique hotel.

Do your employees seem more suited to healthcare or hospitality?

If you were in charge of that boutique hotel, how many of your current staff would you employ? Are they hospitable enough?

As a hotel guest, would you happily accept the restrictions and regulations you see as necessary for your Retirement Community?

A major segmentation question is -- Can you care too much?

In the aged care industry, it is appropriate that the extent and style of care dominates your marketing efforts, and the competitive advantage you articulate.

However, the market positioning in the Retirement Village industry also strongly emphasises their level of resident care, both "caring for" and "caring about" their residents.

If your business model targets the "wants" driven prospect, the community environment you are striving to create should encourage residents' independence and self-sufficiency.

Will staff members who were chosen for their ability, and desire, to take care of residents, stifle that feeling of independence and thriving?

A quick comparison with US operators.

One major aspect of US marketing in all product and service categories is their propensity to target a specific niche.

US Retirement Communities commonly target a single ethnic, religious or sporting group, or the gay and lesbian market, or ranch-based communities for old cowboys, often erroneously dismissed by Australian marketers as being solely a result of the US population, and therefore not viable locally.

Certainly there is no confusion deciding whether a US community is targeting needs or wants driven residents.

By comparison, Australian operators seem reluctant to clearly nominate their target as either the needs or wants, and to carry through that decision in all aspects of their business model – most importantly, the selection of residents within their sales process.

Most incongruous are Australian communities, where a very expensive facility has been specified and constructed to perfectly reflect the desires of the wants prospect, but then through fear of losing sales opportunities, the operator accepts a percentage of needs residents and must therefore staff and operate the facility in line with the requirements of the highest need, thus changing the environment necessary to attract the wants prospect.

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The Internet Influence

If the market position of your Retirement Community is to appeal to anyone and everyone over 55, it is near impossible to choose the words in traditional media to convey that message, and more so the keywords to successfully attract the attention of internet search engines.

How do you identify your niche?

To identify the niche, or micro-niche, which contains the highest proportion of targeted mature age consumers, we have created the Mature Marketing Matrix, which recognises 6 Categories of Influence on their consumer behaviour, and 6 Segments within each Category.

The 6 Categories of Influence are

- » Age
- » Family Commitments
- » Financial Position
- » Health and Mobility
- » Lifestyle
- » Work Status

As an example of Segments, the Family Commitments Category has Segments such as “Single – no dependents” up to “Couple – with carer responsibility.”

The Work Status Category has Segments ranging from “Fully Retired – no paid or unpaid work” up to “Self Employed – exceeding financial needs.”

The Take-Away.

Australian Retirement Community operators seem to agree on the different requirements, particularly facilities and staffing, to successfully attract and service the needs driven resident, as opposed to the wants driven.

However, when it comes to executing a business plan which unequivocally nominates, internally and externally, whether they seek to operate within the needs or wants driven marketplace, too often it appears a “foot in both camps” is the default middle ground.

Market evidence suggests the safety of that middle ground brings with it a guarantee of mediocrity and not the “best of both worlds”.

Close.

That’s all I can cram into 30 minutes and still honour my commitment to leave time for questions.

I’m here for the entire Conference and am happy to catch up and discuss any of the topics covered today, or any other aspect of mature age consumers and their many housing accommodation options.