

IDENTIFY MARKET NICHES

"Hello, this is Home Sweet Care Home! Mary speaking."

"Hi Mary, this is Steve from EXCEL. We're surveying residential care facilities to find out how the industry is doing with census at this time."

"I can tell you quite frankly that we haven't had a problem keeping our census up in quite a while. We're almost always near full."

"Wow, we don't hear that from many people in this business any more.."

"Well, we're a little different than most other facilities."

"How so?"

"We are tied in with the Methodist Church of Elder County. All of our residents have come directly from the church for several years now. All of our staff comes from the church too. We even hold services on the grounds. You see how it works?"

"Yes, I do. Thanks for the input. Would you have any advice for other care home owners or operators about how they can stay full."

"I really wouldn't know. It is not a problem for us. We keep a good relationship with our church community and they keep us full."

...niche marketing...may very well be the most powerful marketing concept in use today.

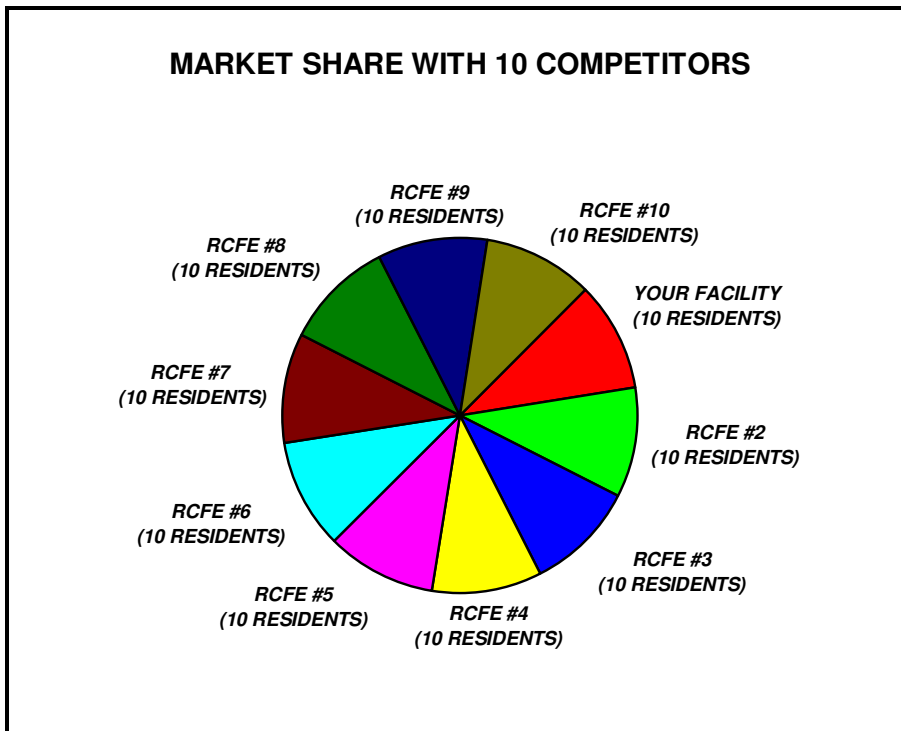
The facility in the phone conversation above is located in the midst of a nest of other homes that are having a hard time staying full. By locking in a specific segment of their market they have been able to turn the odds in their favor.

They are practicing what may very well be the most powerful marketing concept in use today -- *niche marketing*. Niche marketing is defining yourself as a specialist with a specific segment or subset of customers. It is rejecting the market as a whole and saying "We are only interested in X subset of this market." In so doing you guarantee yourself the lion's share of that subset. This is extremely effective in highly competitive markets.

RESIDENTIAL CARE MARKETING

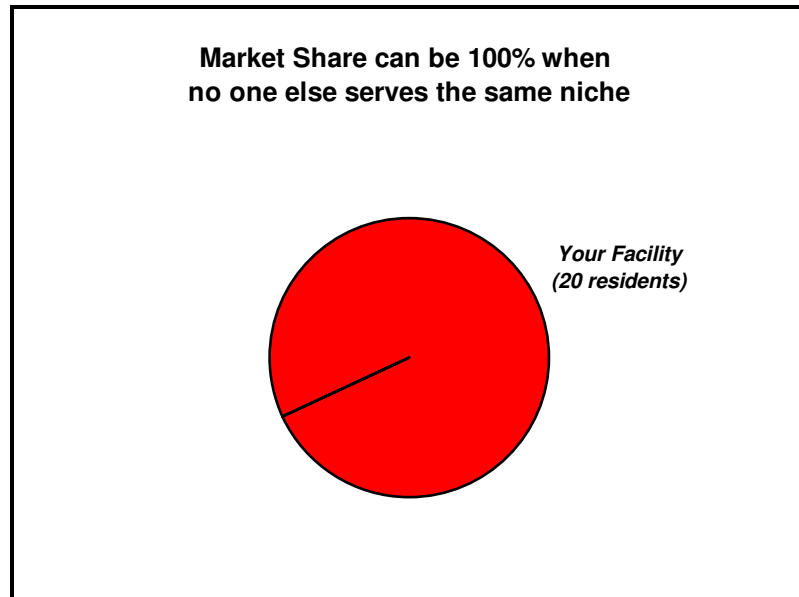
Let's look at how this works:

If you are one of 10 competitors in a market that has 100 customers, then an equal market share would net you 10 customers. If you are more effective than your competitors at getting your message out, your market share may be higher. If you are less effective, your market share may be lower. However, the fact remains that you are in combat with 9 others for the same customers.



The above chart illustrates your share of the pie when competing with 9 other RCFEs for the same residents.

Now, let's assume for the sake of this illustration that 20 of the 100 customers belong to a certain category. You can redefine the game and take them out of the competitive marketplace by specializing in serving those individuals and communicating directly to that niche. If no one else is doing so, you now are positioned to capture 100% share of a market of 20. This could net you 20 customers, rather than the 10 you would get by accepting a 10% share of a market of 100 customers.



A smaller pie, but you don't have to compete for the pieces. It's all yours.

It is not necessary to be the only one serving a given niche (although it is a tremendous advantage to be the first). You will need to make sure that there is a big enough market to support however many of you there are.

The following is a list of possible niches. For some, we know of homes that are currently working them. Others simply strike us as interesting possibilities. My primary goal here is to give you some food for thought. Maybe you can come up with more ideas. Here's our list for now:

Hearing Impaired

Visually Impaired

Parkinson's Disease

Alzheimer's Disease

Stroke Victim

Ambulatory only - (with the population in most homes becoming more frail and current residents complaining as facilities admit more and more non-ambulatory, this may actually become a niche in some areas.)

Cancer Patients

Incontinent

RESIDENTIAL CARE MARKETING

Non-Smokers

Religious

- Catholic
- Lutheran
- Jewish
- Methodist
- Etc.

There are many homes that are "Christian". Although this may help in defining their moral standards, it may be too broad a category to be a really effective niche.

Fraternal

- Masonic Lodge
- Elks
- Etc.

Women only

Men only

Nationality/language

- Japanese
- Hispanic
- Italian
- Etc.

Social Status Niches

- High end/high class home
- Low price (might be a niche in areas where all otherhomes are high-end)

Common Interest

I'm not sure what these might be. But many businesses in other industries have made their mark by appealing to groups of people with similar interests. In Hollywood there are a few homes for ex-actors.

A NICHE MARKETER IS A SPECIALIST

A word of warning -- If you decide to try this approach it is essential that you truly become a specialist - an expert in the chosen niche. It's not enough to simply say, "We're going after Alzheimer's". That may be effective targeting and can produce results, but it is not niche marketing because it doesn't position yourself as the place to go for people in that niche. In order to

own a niche you need to develop and then communicate a high level of expertise.

RISKS VS. REWARDS

When first choosing and developing a niche there is a bit of risk involved. You risk spending time and money to become better educated, in some cases acquiring accreditation, and perhaps even modifying your facility to care for a certain specialized population, only to find that for some reason they are not responding in the numbers you anticipated. However, if you're willing to take that risk, the rewards of owning a market niche can be substantial. In many cases perceived value will allow you to charge more; marketing costs are minimized because you have a smaller overall market to cover and less competition; and profits are more stable because of higher census, and as a specialist you become better able to anticipate needs and costs.

In addition, you can minimize the risks by doing a little homework first. Many of the market research techniques discussed earlier can be applied to the task of examining a potential niche. At minimum you'll want to find out the size of your market (how many people are in the niche within your area), and if there are others serving the same niche.

Less is more.

Robert Browning

Your homework should also consider how easy it will be to reach the people you hope to serve. There should be a vehicle for communicating to them without having to go to expensive media techniques to ferret them out. Associations, churches, clubs, lists, any group that has a commonalty that allows you to reach them in an efficient manner will further your cause.

ADVANTAGE TO THE LITTLE GUY

Small facilities may be in the unusual position of having the advantage here. You can choose a niche that is large enough to fill your facility, but not sizable enough for your larger competitors to rely on. It is also easier to be flexible and try new things when you are smaller. Of course, the normal disadvantage of having fewer resources is ever present. You can often make up for that by inviting influential individuals within the niche itself to work with you to better serve their population.