

Marketer's Ebook:

SENIOR LIVING COLLATERAL COST CONTROL

Do you know how much you are *really* spending on marketing collateral?

Senior Living Facilities Must Manage Marketing Costs To Thrive

A growing population of aging adults is driving “Senior Living Facilities”, or SLF, to the forefront of emerging U.S. industries. Aggregate revenues are expected to top \$83 billion this year, and continued developments in technology integration, brand differentiation, and increased competition could put pressure on achieving margin objectives. Thus, SLF providers must control both visible and invisible costs for marketing assets such as collateral (including sales and marketing brochures, welcome kits, facility information, and resident communications), branded promotional merchandise, and point-of-sale and community signage. As SLF services continue to expand from skilled nursing and telemedicine to dietary care to social services and counseling, management of complex marketing assets has never been more critical.

Did you know...

- *More than half of total spending associated with SLF marketing collateral is not a result of design and printing costs*
- *In fact, more than half the costs can be attributed to material obsolescence and marketing asset management activities such as redesign, procurement, fulfillment, inventory and distribution*
- *Getting control of SLF marketing asset spending begins with making the “invisible” costs of collateral management activities “visible” and integrating more flexible, cost-effective solutions for printed materials*

Prompted by growing demands from CEO's and CFO's, SLF marketers have created greater accountability and improved the overall productivity of marketing departments. As you know, SLF marketers have been continuously improving the ROI of targeted marketing campaigns by using data analytics that measure the effectiveness of more precise, personalized targeted marketing campaigns. While this effort has resulted in



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making SLF marketing messages more relevant, persuasive, and actionable, SLF executives cannot ignore the significant costs of managing these activities and the opportunity to be more efficient in doing so.

Thus, SLF executives have turned their attention towards improving the efficiency of internal marketing operations. By definition, SLF marketing operations include all of the activities and processes that are required to perform the marketing function.

This includes managing the design, procurement, production, and distribution of sales and marketing brochures, direct mail, signage, welcome kits, promotional materials, and resident communication collateral. The coordination of these activities with outside service providers takes tremendous internal human resources, and improving the efficiency of these marketing operations is a powerful way to stretch marketing dollars and improve profits. The equation is

simple: improving the efficiency of SLF marketing operations can enhance opportunities that can be used to fund expanded brand and marketing campaigns that produce new customers, new sales opportunities, and ultimately, more revenue. So today, leading SLF companies are putting marketing operational activities and processes under close scrutiny, and looking for ways to make those activities more efficient.

The potential for cost savings in SLF marketing operations, is substantial because of the number of people that require marketing materials, the growing number of unique marketing assets, and the importance of these materials in day-to-day operations.

For example, a Senior Living provider may use outside vendors to send thousands of direct response mailers and produce a variety of communication materials for both prospective clients and current residents. This same provider may have dozens of variants of other marketing collateral that reflects specific locations, new technology applications, and large format point-of-sale materials. In these circumstances, it's easy to see how that SLF provider could be using significant resources to design, redesign, print, store, process and distribute thousands of marketing requests.

So, how much cost savings are possible by improving the efficiency of SLF marketing collateral management and logistics? Recent research indicates that over half of total spending associated with the procurement, inventory, fulfillment, and distribution of marketing brochures, welcome kits, promotional items, and point-of-sale materials is a result of data obsolescence. Outdated information or other changes require marketing collateral assets to be rewritten, redesigned, and replaced. Given the probable inefficiencies and size of the opportunity, it's no wonder SLF companies are aggressively pursuing improvements to marketing logistics.

Improving the efficiency of SLF marketing operations is a powerful way to stretch marketing dollars. The dollars saved by improving marketing operations can be used to fund other campaigns that produce new customers.



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Another reason for the focus on internal operations is that many of the costs related to marketing collateral assets and other marketing materials are “invisible” to SLF company leadership. Most SLF providers can easily identify what they’re paying to outside suppliers such as marketing services firms, graphic designers, printers, and mailings. That same visibility, however, doesn’t exist for many other aspects of marketing operations – including obsolete collateral-related materials and costs.

For example, regarding obsolescence, a recent survey by the Chief Marketing Officer (CMO) Council revealed that only 25.9 percent of survey respondents said they track the obsolescence of marketing collateral and other marketing consumables. (“Define Where to Streamline,” CMO Council, 2009). That’s only 1 in 4 companies that recognize this expense, and therefore this opportunity to improve operational efficiencies.

In addition, other marketing asset and collateral management costs are generally “invisible” because they aren’t treated separately for accounting purposes. For example, the labor costs associated with processing and fulfilling requests for marketing materials are often placed in broad general ledger accounts like “Wages and Salaries,” “Payroll Taxes,” and “Employee Health Insurance.” Yet, as we all know, collateral redesign, coordination, tracking, refreshing, and distributing can consume valuable internal resources and take considerable amounts of marketing time that could be utilized elsewhere.

Over half of the total spending associated with SLF marketing collateral assets results from data obsolescence and other management activities.

So, how can you determine how much you’re really spending on marketing assets, collateral, communication, and point-of-sale marketing materials? A good initial step is to gather an accurate summary of your real costs. That process usually begins with identifying all of the marketing asset supply chain logistics that your company performs and then assigning costs to those activities. Here’s a sample list of questions for consideration as you engage and estimate costs for your particular situation:

- How many collateral requests are processed daily, weekly, or monthly?
- How much time is required to facilitate, order, and distribute each request?
- How often do changes occur in collateral design or content?
- How much time is required to update existing or create new marketing assets?
- What’s the average hourly labor cost + benefits of the employees who are involved in designing, processing, and fulfilling requests for collateral distribution?



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- Where do all the obsolete materials go?
- How much do you pay for dedicated warehouse space to store marketing assets?
- Are there shipping or other logistical costs?
- What percentage of assets are distributed, but never used?

The identification of these potentially hidden operating costs is relatively easy to calculate once you have this basic information. Obviously, internal management and support costs can be substantial and will be influenced by the assumptions and findings within your unique environment.

Additionally, as noted earlier, over half of the total spending associated with marketing collateral may be impacted by data obsolescence. Thus, put another way, if you're spending \$250,000 per year with advertising agencies, graphic design firms, and printers, then it's likely that collateral and asset management activities are adding another \$125,000 in "invisible" costs.

The point is, if your company is out-sourcing printed materials, maintaining and updating various versions, then storing and distributing them to meet communication demands, then there may be substantial opportunity for a more efficient process.

The good news for SLF providers is that technology facilitates effective ways to make the management of marketing assets more efficient, and thus reduce your company's overall marketing logistical costs. For example, an asset management system, or AMS, can automate the process of producing, ordering, inventorying, and fulfilling requests for marketing materials. In addition to streamlining your marketing supply chain, AMS can digitally manage marketing assets via a 24/7 online portal, allow automated tracking and reporting, reduce material obsolescence, provide brand consistency, and ultimately provide more money to spend on other marketing priorities. AMS also employ the use of templates and print-on-demand services that significantly reduce human intervention.

Experience Next. If you'd like to learn more about asset management systems and how they can benefit your company, contact us and let's begin a conversation about what's next.

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