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# Environmental Scan— Plan With Your Eyes Wide Open

If you expected to flip open the first chapter of *Inside Advice on Marketing Senior Housing* and read all about advertising advantages and sales strategies, you will have to fast-forward more than a few pages. Those marketing components are covered much later in the book, and later on is exactly where they belong. Right now, it's time for a little homework. Your first assignment is to perform an environmental scan.

If the mere thought of a detailed analysis makes you nod off, then consider this: To succeed, you must understand the rapidly changing environment in which you operate—and then use this intelligence to formulate a marketing plan that navigates the changing terrain. Begin your marketing unaware of the world around you, and you'll be flying blind and by the seat of your pants.

When an environmental scan is performed for an entire organization, it's referred to as a SWOT analysis—a study of strengths, weaknesses, opportunities, and threats.

The environmental scan is an extension of an operational SWOT, except it is framed in a marketing context. Think of this first critical marketing component as a research tool that provides a snapshot of your local market, your target market, your competition, and how well your organization is serving your market through its products and services. Insights from this study enable you to create a program to leverage marketing-related strengths, capitalize on opportunities, rectify weaknesses, and thwart threats. Let's disconnect from the academics of organizational management and get down to the brass tacks of planning with your eyes wide open. Effective marketing planning requires a strategic mind-set. You're seeking answers to four basic questions:

- Where is your market?
- Who is your market and what do they want?
- Who is serving your market?
- How well is your organization serving your market?

## The Market Area—Mark Your Territory

A market service area (or market area) is the geographic region from which you derive the majority of your residents. Knowing the exact geography of your market service area is important, for the idea is to patrol and protect your borders while you market to the inhabitants within them.

The general rule of thumb is that approximately 70 to 80 percent of your residents will originate from a particular geography. While this area is visually definitive, it's not a perfect circle that surrounds your site. It's usually an odd shaped footprint whose size is influenced by many elements. Foremost is a factor known as "neighborhood affiliation." Older adults want to remain close to home and near family, religious, recreational, and healthcare connections. If your community location is considered to be "in the neighborhood," you can count on that neighborhood being in your market service area.

Topographical boundaries, such as rivers, mountains, and major highways; city, county, and state lines; and area economics and ethnicity also define your operational borders. However, these elements take a backseat to one factor that can shrink your domain: predatory competition. A new competitive player who sets up shop in your backyard can transform the terrain overnight. Your market area just got smaller because the consumer-rich geography that you once laid claim to is now being gobbled up by the new guy on the block.

Before you can protect your market service area, you first have to define it. This is easily done by determining where your residents resided before they moved to your

community. While zip code data is the most common geography of study, you can also define your market service area by a mileage range or by county. For example, a community that is located in a densely populated area may draw residents who live just a few miles instead of several zip codes away. Conversely, a rural-based community may serve residents throughout an entire county.

The *Marketing Plan Template* provides instructions and a Geographic Origin Analysis table to help you ascertain and analyze your market service area. As you work through your assessment, be careful not to falsely inflate the size of your market service area by including geography that only contributes a small percentage of your resident population—for example, those from which you’ve had only two or three move-ins. Remember that for every additional zip code, mile, or county that you include in the defined market area, the aggregate count of senior adult households rises. The key for inclusion is whether a significant number of households located in a particular area (zip code, mileage range, or county) will move to your location or opt for a closer alternative.

So you’ve assembled the data and you can state with authority that you know the geography of your market service area. Now what? Here’s where you translate dry data to actionable marketing information.

The immediate and obvious application of this data is in marketing planning. Your market service area is the bull’s-eye for your outreach and advertising efforts, and the upcoming chapters will discuss the multiple tactics used to target this important geography.

As you update your market service area data each year, you’re also able to spot important patterns, particularly if contributing zip codes have changed. Perhaps your analysis surfaced a small but growing number of individuals originating from a new and previously untapped zip code or neighborhood. This seemingly obscure finding represents a gold nugget, and you’ll want to mine for more gold where those sales came from.

Or you may find that your market area is shrinking in size. This is a sure symptom that something is amiss. This something is usually new competition. Today, many providers find themselves hemmed in by competitors. Let this trend go unchecked and you’ll find yourself on the drought side of adequate market supply.

There is one final point to make before we move on. No matter how hard you try, marketing strategies—and specifically advertising—cannot artificially expand an established market area; they will not induce folks who do not identify with your area to migrate to your area. You can spend yourself broke trying to reach senior consumers in distant lands—and in the end, they’ll opt to remain in the neighborhood that they know so well. It is possible, however, to increase your reach and penetration within your market service area. You’ll learn how to bolster your backyard marketing efforts in the chapters to come.

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