

Satisfied Residents Won't Recommend Your Community, But Very Satisfied Residents Will

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ABSTRACT

This article explores attributes of independent living communities that correlate with the willingness of residents to recommend their community to friends. Data collected in a study of 1,042 residents who moved to their independent living community within six months of the date of the survey revealed:

- Very satisfied residents are four times more likely than satisfied residents to recommend their community to friends.
- The primary way new residents learned about their community changed from newspaper advertising and direct mail marketing to residents of the community and family and friends during the third year a community was open.
- Nonphysical attributes of communities have a stronger correlation with residents' willingness to recommend their community than the physical attributes.

INTRODUCTION

Customers who are very satisfied are significantly more likely to recommend a product or service to their friends and remain loyal to a company than those who are satisfied. In fact, there is an asymmetrical increase in the proportion willing to recommend when satisfaction moves from satisfied to very satisfied. Bowen and Chen (2001) showed that even a small difference in the satisfaction rating by hotel guests, a “7” versus a “6” (on a seven-point Likert rating scale where 7 = very satisfied and 1 = very dissatisfied), changed the proportion who were willing to recommend the hotel from 63% to 30%. Jones and Sasser (1995) reported that very satisfied Xerox customers were six times more likely to buy again from the company than satisfied customers. And perhaps the most compelling research to support the importance of ensuring one creates very satisfied customers is reported by Reichheld (2003), who wrote that the percentage of customers who were enthusiastic enough to refer a friend or colleague—perhaps the strongest sign of customer loyalty—correlated directly with differences in business growth rates among competitors.

Very satisfied customers are loyal and are apostles or advocates for a business or product. Conversely, satisfied customers are not loyal and defect when something new or better becomes available and are significantly less likely to recommend a product, service, or community to a friend than those who are very satisfied.

This article documents the importance of very satisfied independent living residents and their willingness to recommend their community to a friend, particularly as an independent living residence becomes older, and explores both physical and nonphysical attributes of communities that correlate with the willingness of independent living residents

to recommend their community to friends. Very satisfied residents are the most likely to recommend their community to friends and serve as an advocate for the community.

Maintaining high occupancies and profitability in an independent living community is dependent on a variety of factors, not the least of which is referrals by residents. A resident who is willing to recommend his/her community to friends is a critical component in generating leads and sales; thus, he/she directly impacts the success and profitability of the community. This research seeks to identify the antecedents and processes that impact the likelihood of resident referrals occurring in a senior living community.

METHOD

Source of Data

Between June 1 and October 13, 2008, 1,042 individuals who moved to an independent living residence in the previous six months completed a 94-item written survey. Completion of the survey offered the resident a chance to win one of 50 \$100 cash prizes. Respondents did not include personally identifying information on the survey and all data remained anonymous.

Sample Selection. Independent living communities were identified from the NIC MAP database¹. Communities with 90 or more independent living residences were categorized by type of community: entrance fee continuing care retirement community, rental continuing care retirement community, community with independent living and assisted living (with or without residences for persons requiring memory care services), and freestanding independent living communities.

An equal number of communities of each type were selected randomly from the list and invited to participate in the study. Representatives of com-

¹The NIC MAP® database is a compilation of revenue, occupancy, and supply information captured quarterly from more than 12,500 market rate independent living, assisted living, memory care, nursing care, and continuing care retirement communities located in the 100 largest metropolitan areas in the U.S. Permission to identify the names and addresses of the properties was granted by the National Investment Center for the Seniors Housing & Care Industry (NIC).

munities that agreed to participate completed a questionnaire identifying attributes of the community and distributed surveys to each of the residents who moved to the community within the prior six months. Residents completed and mailed their surveys to the research center independently.

Residents who moved to an independent living community within the past six months completed written surveys about the following: their decisions to move to the community; the process they used to shop and select the community; their impressions of the community while shopping; their current and former residences; various attributes of their lives, including their demographic information, family, physical and emotional health status, physical abilities, use of health care services, and psychographic profiles; their financial information; their perceptions of their lives today, including social and recreational pursuits; and their satisfaction with their residences, their daily lives, and the independent living community overall.

Analysis of Selected Data from Survey of Recent Move-Ins to Independent Living Communities. The analyses completed for this article focused on identifying the physical and nonphysical attributes of the communities that correlate with high satisfaction and the willingness of the resident to recommend his/her community to a friend. Studying both physical and nonphysical attributes is important because once the community is built, the physical attributes (size and type of residences, building type and structure, and amenities) are difficult to change without significant investment. The nonphysical attributes, on the other hand, can be improved continually with relatively minor investment. It is assumed that management has a greater opportunity to change the nonphysical programmatic attributes of the community than the physical plant of a community.

Data Analysis. The primary analyses for this article explored the relationship of both the physical and nonphysical attributes of the communities with the satisfaction of the residents and their willingness to recommend their community to a friend. Pearson's

product moment correlation (analysis to identify the relationship between two interval variables), chi-square analysis (to determine if there were differences in satisfaction and willingness to recommend, both of which were two categorical variables), and factor analyses (principal component analysis to reduce the number of variables to a series of factors) were used. Significance levels of all correlation analyses reported were less than $p < .001$, and all chi-square analyses were $p < .01$.

The variables (survey questions) used in these analyses included:

- three satisfaction questions (five-point satisfaction scale, 5 = very satisfied, 1 = dissatisfied);
- one question assessing the strength of willingness to recommend the community to a friend (five-point agreement scale, 5 = strongly agree, 1 = strongly disagree)
- a series of 32 questions about both physical and nonphysical attributes of the communities that the residents rated relative to the degree each attribute influenced their decision to move to the community (seven-point scale, 7 = very positive influence and 1 = very negative influence)
- a series of five questions about the residents' agreement with their sense of control, privacy, safety and security, home, and ease of making friends (five-point agreement scale, 5 = strongly agree, 1 = strongly disagree)
- 77 amenities or services that were or were not available or were or were not provided, as indicated by the representative from the independent living community (1 = available or provided, 2 = unavailable or not provided)

Additional analyses of the differences between those who are very satisfied, satisfied, neutral, or dissatisfied are presented to demonstrate and document the importance of "high satisfaction" on the willingness of the resident to recommend their community.

RESULTS

How New Residents First Learned of Their Community

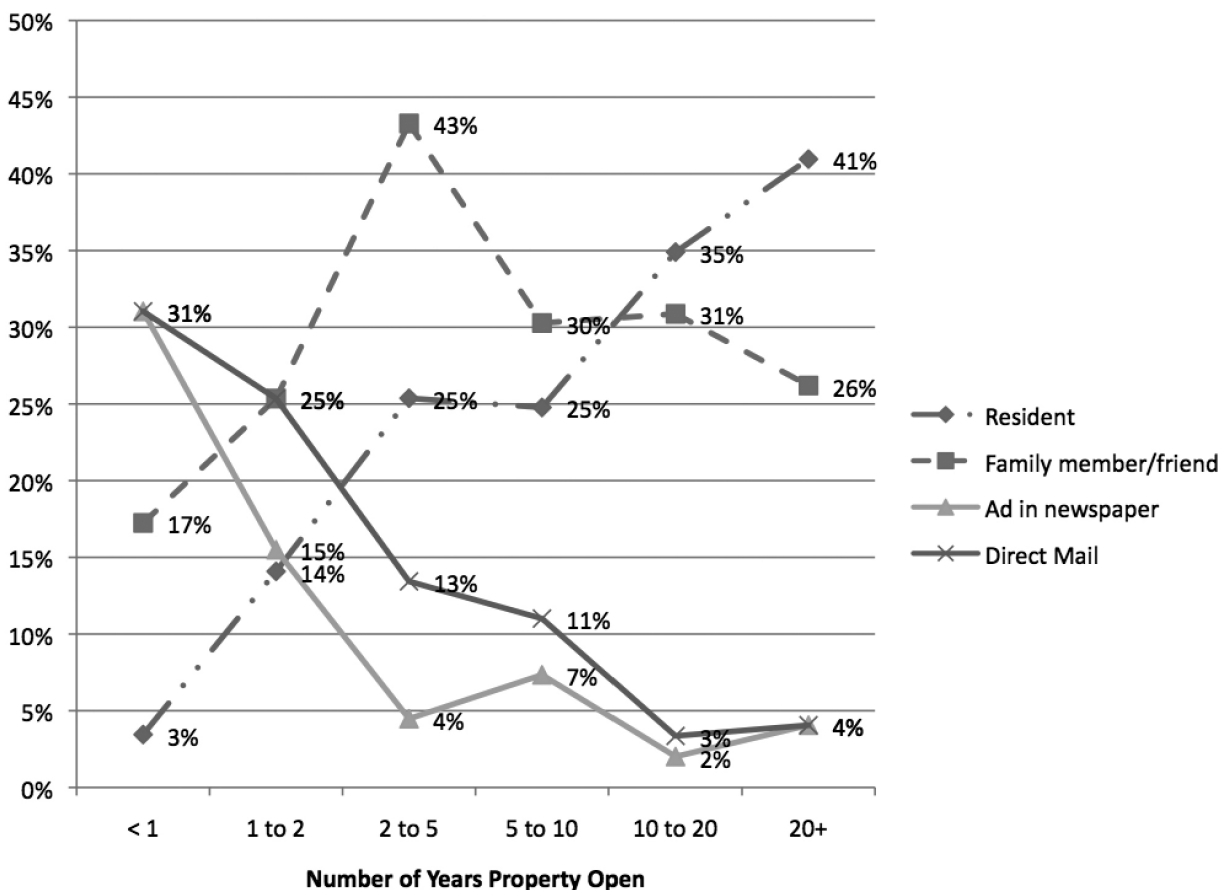
The residents identified how they first learned about the community in which they lived. The choices listed in the survey included:

- a friend or relative lives or used to live here
- someone I know works or used to work here
- a family member or friend told me about it
- a professional such as a physician, social worker, or nurse told me about it
- saw it or drove by it
- saw a sign or billboard

- advertising in the newspaper
- advertising in a magazine
- advertising on television
- advertising on the radio
- a publication (flyer, brochure, newsletter, etc.) I received in the mail from the community (direct mail)
- information on the Internet
- yellow pages
- other

There is a dramatic difference between how new residents learned about their community who moved to a community that had been open less than two years and new residents who moved to a community that had been open for more than two

Exhibit 1. Percentage of Recent Move-ins to Independent Living by How They First Learned About the Community and the Age of the Community in Years.



years. As the age of the property increased, a significantly greater proportion of the new residents learned about the community from a resident living at the community, and fewer learned about it from advertising or direct mail marketing. During the first year their community opened, 62% learned about the community through newspaper advertising (31%) or direct mail marketing (31%), 17% learned about it from a family member or friend, and 3% learned about the community from someone who lived at the community (**Exhibit 1**). In contrast, the proportion of new residents who learned about the new community from another resident was 14% of the new residents who lived in a community opened for one to two years, 25% of the new residents living in communities opened between two and 10 years, 35% in communities opened 10 to 20 years, and 41% who lived in communities open more than 20 years.

The percentage of residents who first learned about their community from all the other sources listed on the survey ranged from zero to a maximum of 10% across the years the property was opened.

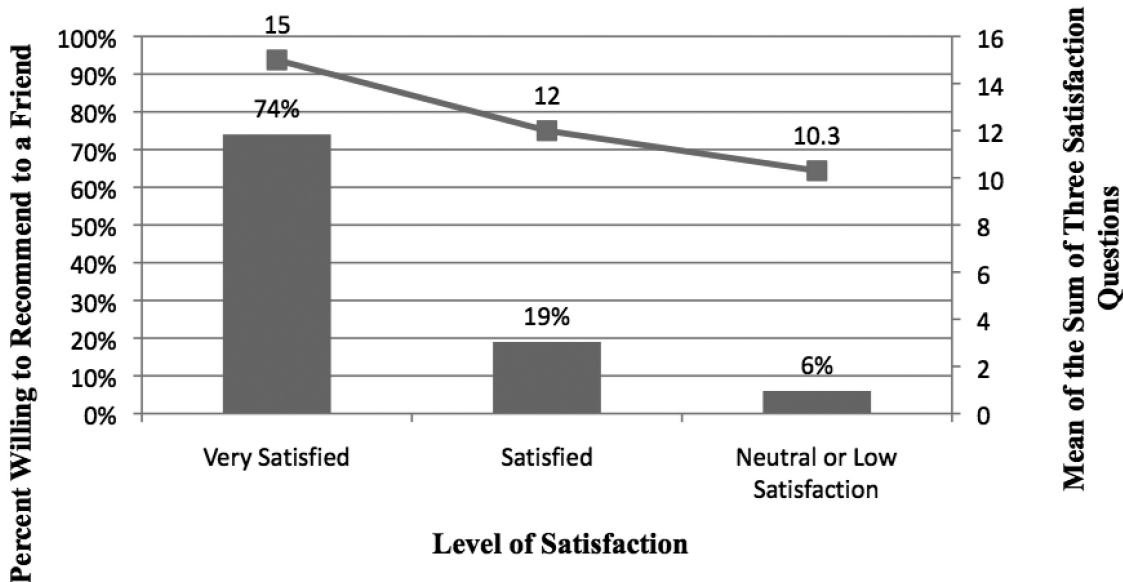
Satisfaction and the Willingness to Recommend the Community to a Friend

The survey completed by new residents included three questions about their satisfaction and used the five-point response scale of 5 = very satisfied, 4 = satisfied, 3 = neither satisfied nor dissatisfied, 2 = dissatisfied, and 1 = very dissatisfied:

- How satisfied are you with your residence today?
- How satisfied overall are you with this community?
- How satisfied are you with your daily life in this community?

Very satisfied residents were almost four times more likely to recommend their community to a friend than satisfied residents were. Seventy-four percent of the new residents with high satisfaction (mean total sum of 15 on the three satisfaction questions) strongly agreed they would recommend their community to a friend. Nineteen percent of the satisfied residents (mean total sum of 12) and 6% of

Exhibit 2. Percentage Willing to Recommend the Community to a Friend by Their Level of Satisfaction and Mean of the Sum of Three Satisfaction Scores.



the new residents with low satisfaction that included those who were neither satisfied nor dissatisfied, dissatisfied, or very dissatisfied (mean total sum of 10.3) strongly agreed they would recommend their community to a friend (**Exhibit 2**).

Analyses of Physical Aspects of the Communities and Their Relationship to Willingness to Recommend Their Community to a Friend

Data Combined of Residents in Four Types of Communities. Data of the residents who rated their health when compared to others their same age as excellent or very good from the four types of communities were combined for the correlation, chi-square, and factor analyses. The sample size in these analyses was 431 residents.

Analyses were completed among residents who rated their health as excellent or very good because there were statistically significant differences in satisfaction and willingness to recommend a community among the residents relative to their health and abilities. Residents with health issues or physical limitations were significantly more likely to have lower satisfaction and to be less likely to recommend their community to a friend than residents with excellent or good health.

There were differences in satisfaction among the residents in the four types of communities in the variables that had the highest correlation with their

willingness to recommend their community to a friend. For the most part, however, the differences in ratings among the community types related only to the relative strength of the correlation. For example, the highest correlation observed for residents of entrance fee continuing care retirement communities was for the variable “I feel as if my residence is my home,” while the highest correlation for the other three types of communities was, “It is easy to make friends.” The variables with strong correlations were the same across the four types of independent living communities; however, some were slightly stronger for one type of community than for the other types of communities.

Seventy-four physical attributes of the community were explored to identify if in any area there was a relationship with overall community satisfaction. Among the attributes measured using an interval scale, none had a Pearson correlation higher than ($r = .279, p < .001$).

The physical attributes² of the community that had a modest correlation with the overall sense of satisfaction and willingness to recommend the community to a friend included type of residences available ($r = .279, p < .001$), types of dining venues available ($r = .278, p < .001$), size of residences available ($r = .262, p < .001$), and appearance of the buildings ($r = .254, p < .001$). All of these attributes are difficult and expensive to change once construction begins.

² The physical attributes of the community explored in the correlation with overall satisfaction with the community included where it is located, appearance of grounds, appearance of buildings, number of residences, type of residences available, size of residences available, natural light in residences, view from residences, fitness center, library, swimming pool, chapel, medical facilities, types of dining venues, number of full bathrooms in residence, size of residence in square feet, number of bedrooms, number of half bathrooms, and total number of units (residences) in the community.

³ The physical attributes of the community explored in the chi-square analysis with overall satisfaction with the community included coffee shop, ice cream or soda shop, bakery, convenience store, guest suites, business center, laundry center facilities for residents, banking services on site, automatic teller machine, beauty or barber salon, manicure station(s), pedicure station(s), indoor heated swimming pool, outdoor heated swimming pool, outdoor swimming pool (not heated), indoor/outdoor heated swimming pool, aqua-therapy pool, warm-water pool, lap pool, resistance pool, chapel, computer room, Internet café, exercise center, fitness classroom(s), multipurpose room, movie theater, performing arts theater, TV center, library, ballroom, crafts room, woodworking shop, hobby shop, art studio, music room, billiards or pool room, card and/or game room, golf simulation room, walking trails or paths, dog walking area or park, outdoor barbeque area, outdoor fitness stations, outdoor seating areas, water features, fishing pond or lake, bocce ball, putting green, chip and putt, golf course, gardening area, covered parking, public garage space separate from residential building, surface parking in parking lot, private garage space attached to residence, and community garage space in building structure.

Exhibit 3. Highest 19 Correlations of “I Am Willing to Recommend This Community to a Friend” with Nonphysical Attributes of Independent Living Communities.

Nonphysical attribute	Pearson Correlation
I feel that my residence here is my home	0.603*
It is easy to make friends with other residents	0.595*
I have control over what I do	0.496*
I feel safe and secure here	0.487*
I have privacy when I want	0.428*
The social opportunities	0.311*
The educational opportunities	0.297*
The cultural opportunities	0.292*
The variety of menu choices	0.288*
Sales counselors	0.284*
The entertainment opportunities	0.283*
The arts/crafts opportunities	0.279*
The type and quality of food	0.275*
Other staff	0.258*
The times available for dining	0.256*
The musical opportunities	0.253*
Executive director	0.219*
Receptionist	0.219*

* $p < .0001$
n varied from 887 to 987

Two physical attributes³ had a significant relationship with the proportion of residents who were very satisfied: indoor heated swimming pool (72% very satisfied with a pool; 54% very satisfied without a pool, $p < .001$) and a woodworking shop (69% very-satisfied with a shop; 56% very satisfied without a shop, $p < .01$).

Analyses of Nonphysical Attributes of the Communities and Their Relationship to Overall Satisfaction with the Community and Willingness to Recommend to a Friend

The primary focus of this article is on nonphysical aspects of the community that can be monitored, managed, and improved once the community has been built.

Eighteen nonphysical attributes⁴ of the community had a modest to strong positive correlation with willingness to recommend the community to a friend (**Exhibit 3**). The correlation coefficients ranged from the high of .603 for “I feel that my residence here is my home” to .219 for the coefficient for influence of the executive director or the receptionist. The chi-square analyses of nonphysical attributes⁵, specific services that were available and included in the monthly fee, available for an additional fee, or were not available at the community did not have a significant relationship with the willingness of the residents to recommend the community to their friends.

A principal components factor analysis⁶ was performed using data from new residents who were

⁴The nonphysical attributes of the community explored in the Pearson product correlation analysis with overall satisfaction with the community included dining services, transportation services, housekeeping services, residents in the community, sales counselors, receptionist, executive director, other staff, the times available for dining, the variety of menu choices, the type and quality of food, the social opportunities, the educational opportunities, the entertainment opportunities, the arts/crafts opportunities, the musical opportunities, the cultural opportunities, reputation of community, I have control over what I do, I have privacy when I want, I feel safe and secure here, I feel that my residence here is my home, it is easy to make friends with other residents.

⁵The nonphysical attributes of the community explored in the chi-square analysis with overall satisfaction with the community included housekeeping at least every other week, flat linen service at least every other week, personal laundry at least every other week, scheduled transportation to medical appointments, scheduled transportation for shopping, scheduled transportation for leisure, personal transportation services, personal emergency response system, utilities, garbage pickup, water, sewer, cable TV, Internet access, personal phone service, facials, massage, aromatherapy, personal trainer, convenience and services area score.

⁶Principal components analysis, rotation method: varimax with Kaiser normalization

Exhibit 4. Summary of Exploratory Factor Analysis Results for Nonphysical Attributes of Communities and Relationships with Willingness to Recommend the Community to a Friend.					
Variables Included in Factor Analysis	Factors				
	Quality of Daily Life	Dining Flexibility and Quality	Quality of Personnel	Personal Control in Community	Comfort in Community
	Rotated Component Matrix				
The cultural opportunities	0.860	0.187	0.128	-0.007	0.007
The musical opportunities	0.819	0.162	0.280	-0.047	-0.010
The arts/crafts opportunities	0.810	0.162	0.208	0.003	0.084
The educational opportunities	0.805	0.217	0.182	0.004	-0.055
The entertainment opportunities	0.740	0.396	0.225	0.026	-0.021
The social opportunities	0.582	0.494	0.251	0.110	-0.183
The type and quality of food	0.255	0.869	0.204	0.009	-0.040
The variety of menu choices	0.303	0.848	0.287	-0.013	0.012
Dining services	0.196	0.799	0.236	-0.026	-0.021
The times available for dining	0.261	0.782	0.282	-0.021	0.076
Receptionist	0.236	0.200	0.875	0.042	-0.004
Other staff	0.307	0.297	0.809	0.002	-0.002
Executive director	0.217	0.262	0.788	0.081	-0.111
Sales counselors	0.247	0.319	0.666	-0.057	0.079
I have privacy when I want	-0.033	0.003	-0.088	0.888	0.116
I have control over what I do	-0.019	0.055	0.000	0.823	0.082
I feel safe and secure here	0.034	-0.061	0.177	0.730	0.204
It is easy to make friends with other residents	-0.109	0.057	0.033	0.215	0.879
I feel that my residence here is my home	0.135	-0.098	-0.107	0.486	0.665
Percent of Variance Explained	21.9%	18.8%	16.2%	12.2%	7.1%
Cronbach's Alpha ($\mu = .883$)	.924	.881	.883	.799	.681
Number of Items ($\mu = 3.8$)	6	4	4	3	2
N ($\mu = 450$)	417	443	428	481	481

very satisfied (rating of “5” on all three satisfaction questions) and who strongly agreed they would recommend their community to a friend. The purpose of the factor analysis was to explore the relationships among the 19 significant nonphysical variables listed

in **Exhibit 3** and to reduce the number of variables to a smaller number of factors or dimensions that may better explain the nonphysical attributes of the community that predicted high satisfaction and willingness to recommend their community to a friend.

Five factors loaded (emerged) in this analysis that explained 76% of the variation among the 19 variables included in the analysis. None of the 19 items was eliminated. The names applied to the factors were: Quality of Daily Life, Dining Flexibility and Quality, Quality of Personnel, Personal Control, and Comfort (**Exhibit 4**). Overall, these analyses indicated that these five distinct factors underlie the willingness of the residents to recommend their community to their friends and that these factors were consistent internally (Cronbach's alpha between .924 and .681). These factors will be explained and recommendations will be supplied in the discussion section of this article.

DISCUSSION AND RECOMMENDATIONS

High Satisfaction and Willingness to Recommend Their Community

Discussions with managers of communities that conduct satisfaction surveys revealed that many consider a "4" or satisfied as an acceptable rating on a five-point scale. As suggested by Jones and Sasser (1995), "Most managers should be concerned rather than heartened if the majority of their customers fall into the satisfied category." The results from this analysis documented that a satisfied resident is significantly less likely to recommend his/her community than someone who is very satisfied. The importance of residents, their family and friends advocating a community is paramount to success. Satisfied is not sufficient. A community must have very satisfied residents to create advocates. People who are highly satisfied will recommend their community to their friends and advocate the community as the place to live.

Factors of High Satisfaction and Willingness to Recommend

This analysis revealed five nonphysical factors of communities related to high satisfaction among independent living residents and their willingness

to recommend their community to a friend. Each of these factors can be controlled, changed, and improved. These nonphysical factors had a stronger relationship with satisfaction and willingness to recommend than most of the attributes of a community that are often considered the primary benefits of an independent living community, e.g. services and amenities.

There were several other nonphysical services and aspects of the community that had a weak or no relationship with the satisfaction with the overall community or willingness of the individual to recommend the community to a friend. These included the services paid for in the monthly fees (housekeeping, flat linen service, transportation, emergency response system, Internet access, and personal telephone service) and those that are available for an extra fee (beauty or barber services, manicures or pedicures, facials, massage, aromatherapy, personal trainers, or concierge services). These aspects did not affect or had only a minor relationship with the new resident's sense of satisfaction or willingness to recommend the community to a friend.

Factors That Influence Satisfaction

The primary attributes that have a significant impact on satisfaction are not dependent on bricks and mortar. High satisfaction is dependent on top-quality personnel, creativity, planning, understanding who the customer is and what he/she wants, and adapting programs and schedules to match consumers' preferences.

Quality of Daily Life. The first component, "Quality of Daily Life," responsible for 21.9% of the explained variance, included cultural, musical, arts/crafts, entertainment and social opportunities (**Exhibit 4**). This factor was labeled "Quality of Daily Life" because these variables reflect the opportunities for residents to be entertained, improve themselves, avoid boredom, satisfy curiosity, enjoy a sense of novelty, or perhaps have a sense of competence.

Dining Flexibility and Quality. The second component, "Dining Flexibility and Quality," explained

18.8% of the variance among the 18 variables and focused on the type and quality of food, the variety of menu items, and the services and the times available for dining. Besides tasty and interesting food, these variables also are related to a sense of novelty and change and the opportunity for control in one's environment. All are important drivers for satisfying basic human needs.

Quality of Personnel. The third component is labeled "Quality of Personnel." This factor explained 16.2% of the variance among the variables and is related to the quality of interaction between the residents and key personnel and other staff. Employees who are capable of creating an environment that is open, supportive, and stimulating and builds a sense of belonging and being part of a family-like environment are fundamental to residents being very satisfied and being willing to recommend their community. Employees' knowledge of the residents and their creativity in ensuring the community offers a sufficient supply of opportunities for quality engagement will help keep residents very satisfied.

Personal Control. The fourth component labeled "Personal Control in Community" explained 12.2% of the variance and relates to the sense of autonomy and ability to control one's environment. Having a sense of privacy in a communal environment builds the individual's sense of control. The communal environment and the predictability of the community support the sense of safety and security.

Comfort. The fifth component, "Comfort in Community," (7.1%) relates to the resident's sense of comfort and competence in the environment. A resident who finds it easy to make friends has a sense of belonging and relatedness with other residents. And when he/she "feels that my residence here is my home," he/she has found the elements in the residence and the community that gives the feeling of "home." Home is not just a physical place or a house; home is a sense of self-identity, belonging, and a sense of being in and part of a community. When residents feel at home, it suggests they are not concerned about their basic needs, but that they have

built the sense of identity, belonging, social networks, and the complacent sense that home provides.

The fact that those who are most satisfied believe that it is easy to make friends suggests that this is another attribute, among all the others, that should not be left to chance. Communities with practices and plans that helps manage the integration of newcomers into the community and that helps bridge the connections with others are likely to have more advocates sooner than communities who have a once-a-month "welcome party" for residents and consider their job of introducing the resident to the community done.

CONCLUSION

Millions of dollars are spent to create and maintain lavish communities with built-in entertainment venues, and yet the willingness of residents to recommend their community to friends correlates most strongly with nonphysical attributes. These results suggest that a greater return on investment may be realized through providing greater attention to and more funding for nonphysical attributes of communities that relate to the management and team members of a community, such as their education and competence in resourcefully managing the basic ingredients of daily life in the communities; their understanding and devotion to delivering quality customer service throughout every aspect of the community; their freedom to be creative and to have the time to learn about and be with their customers; their aptitude in matching cultural, educational, entertainment, and other programmatic content to the preferences of their customers; and their ability to help new residents find friends and be at home.

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