The Importance of Customer Relationship Management in a Changing Australian Aged Care Market

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Contents

Foreword

The Australian aged care market is undergoing a significant period of change and growth. By 2061, 22 percent of our population will be 65 years and older[1]. At the higher end of population projections, this equates to 10.6 million people. Comparatively, the 2012 proportion was 14 percent, equating to 3.2 million people[1]. Add increased life expectancy into the mix, and it is clear there are significant opportunities ahead for Australian aged care organisations.

The Baby Boomer generation has both greater wealth and greater expectations of aged care than generations before them. Therefore, the successful aged care organisations of the future will be those who ensure the resident's experience is at the centre of everything they do.

As service demands and life expectancy continue to grow, the value of the aged care customer over the duration of their care will grow, too. With heightened competition in the aged care industry, and easy access for today's consumers to research alternate care providers, customer retention becomes increasingly important.

Effective customer relationship management (CRM) is imperative in managing and capitalising on the abovementioned change, which is why we developed this resource for the aged care market.

[1] Research ABS, Population Projections, Australia 2012–2101. Cat. 3222.0. November 2013.

Customer Relationship Management in Aged Care

A win-win relationship is not possible unless you truly understand your residents.

CRM in Aged Care

Fundamentally, CRM is about developing and maintaining profitable relationships with residents throughout their whole aged care journey. It is about having a win-win situation. Residents remain loyal because they recognise the value of staying with your organisation, and inturn, your organisation develops a long-term relationship which repays the cost of customer acquisition and delivers ongoing profits.

This level of win-win relationship is not possible unless you truly understand your residents.

KPMG research[2] into customer personas of the South Australian 60 to 80-year-old demographic uncovered that segmenting the market by age was not an effective strategy. Socioeconomic, physical, and social factors along with a resident's age and behaviour all shape how these consumers make decisions.

This underlines the importance of a robust CRM strategy which is supported by technology. Leading CRM platforms today facilitate seamless data integration, automation, and analytics. They are an enablement tool which provides contextual insights and personal engagement opportunities.

As an aged care organisation, your relationship with a resident begins well before you record or set them up as a client. It is therefore important you build insights from the earliest of touchpoints as enquiries and consultation unearth valuable information which needs to be captured and managed. Doing so is an important first step in effectively managing customer relationships.

[2] KPMG, retrieved 6 April, 2018, from
https://home.kpmg.com/au/en/home/insights/2017/12/understanding-aged-care-customers-through-research.html

A Changing Landscape

There is no doubt that the market for aged care services in Australia is set to change dramatically.

The Australian Bureau of Statistics population projections[1] indicate that our resident population could more than double in the period 2012–2061. By that stage, almost one in four (22 percent) Australians will be 65 and over, where only a few short years ago, this proportion was one in seven (14 percent). Staggeringly, this translates to growth from 3.2 million to as high as 10.6 million people.

Additionally, the incidence of people over 85 years old is also predicted to skyrocket.

One in 50 people in Australia in 2012 (420,300) were aged 85 years and older. By 2061, this proportion is expected to grow to one in 20. At the higher end of projections, this would translate to over 2.4 million people in Australia aged 85 and over.

Beyond the increasing number of people approaching the age bracket for care, the needs and wants of the modern aged care consumer is also growing. Cumulatively, these changes are translating into new opportunities for the aged care sector, evidenced by the enhanced demand for home care, which has seen daily approval numbers grow by nearly 24 percent since March 2017[3].

With increased investment into a growing market and continued consolidation of aged care providers, those organisations which aspire to grow will require a comprehensive CRM strategy and software system.

[3] Australian Government, Department of Health, Home Care Packages Program Data Report 1 July–30 September 2017.

By 2061, projections show that Australia could be home to
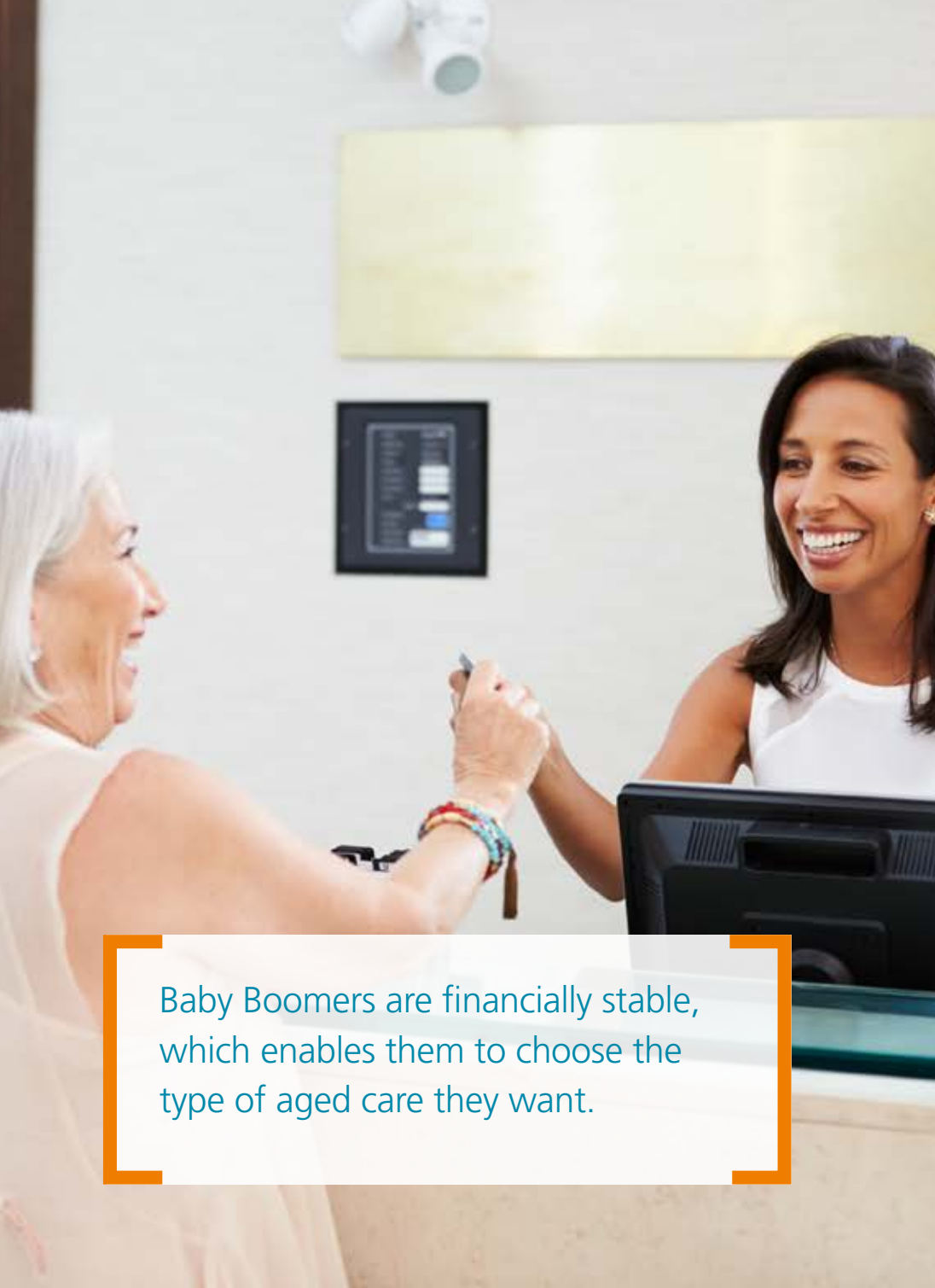
10.6
million people aged 65 and over

2.4
million people aged 85 and over

The ARC Centre of Excellence in Population Ageing Research[4] states that one in five people aged 65 and over identified that they need care. Moreover, in their remaining lifetime, two-thirds of the women and half of the men in this same age category will—according to lifetime risk estimates—require formal aged care.

Of those reaching retirement age, many are bringing with them unique life experiences and certain expectations for a duration of healthy living post-retirement[5]. In part, this is influenced by recent rising property prices. According to McCrindle[6], the average 55+ Australian household has a net worth of over $1 million, and—compared with other generational cohorts—is experiencing the fastest wealth increases.

Baby Boomers are a financially stable generation, which enables them to choose the type of aged care they want. This capacity for choice may also increase throughout their retirement. The Center for Retirement Research at Boston College[7] in the U.S. estimates that Baby Boomers will inherit $8.4 trillion by 2030.

It is imperative that aged care organisations identify their target customer base, use effective CRM tools and strategies, and support a well-developed value proposition to attract and retain these residents in what looks set to become a fiercely competitive market.

> Baby Boomers are financially stable, which enables them to choose the type of aged care they want.

[4] ARC Centre of Excellence in Population Ageing Research, Aged care in Australia: Part I – Policy, demand and funding, 2014.

[5] National Seniors Australia, retrieved 6 April, 2018, from
https://nationalseniors.com.au/be-informed/research/publications/ageing-baby-boomers-australia

[6] McCrindle, retrieved 17 February, 2018, from
http://mccrindle.com.au/the-mccrindle-blog/income-and-wealth-distribution

[7] Forbes, retrieved 10 April, 2018, from
www.forbes.com/sites/bryanpearson/2017/01/03/appealing-to-the-affluent-older-consumer-a-retail-guide

The cost of acquiring new customers can be between five to 25 times the cost of retaining existing customers.

Deeper Relationships

Your resident's needs, over time, will change, which is why it is important to track their requirements and the resultant variations in their client record. Doing so builds a "true story," with one single client record across their whole aged care journey from different rooms, to different locations sites, to different types of care and medical needs.

It is not possible to provide a great customer experience without the insight into these changes and preferences. In a market filled with financially resourced consumers who have high expectations, aged care organisations that are complacent will lose customers to a growing number of competitors.

The cost of acquiring new customers can be between five to 25 times the costs of retaining existing customers[8]. This illustrates the financial imperatives of managing customer relationships effectively.

Successful organisations today recognise the importance of having a considered value proposition which attracts clients that are suited to the organisation's core competencies and strategic objectives. Leading CRM systems provide a 360-degree view of the resident's client profile and reporting tools which add context to that data—providing insights pivotal to cultivating such relationships.

[8] Harvard Business Publishing, retrieved 6 April, 2018, from https://hbr.org/2014/10/the-value-of-keeping-the-right-customers

Baby Boomers are financially stable, which enables them to choose the type of aged care they want.

Learn more about the benefits of mobility for aged care organisations in the Epicor eBook; Why CFOs Can No Longer Ignore the Growth of Cloud.

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Social CRM

In modern business, success comes from value co-creation. It is no longer enough to push messages out to the market, it is now more necessary to listen and respond.

Modern software solutions allow organisations to build interactive two-way relationships. Despite some perceptions that this may be less relevant for older generations, in fact, the opposite is true. Baby Boomers are technology literate, and research has shown that this generation is driving the sustained growth in online activity[9]. Notably, more than two-thirds of baby boomers are online, and they are as likely as any other age group to have broadband access at home.

Therefore, aged care organisations should start conversations online and be involved in relevant discussions around industry topics, whether through blogs, social media, or community forums.

Business today is less about single transactions and more about interactions that lead to profitable, long-term relationships. Social media platforms like Facebook, Twitter, and LinkedIn have taught us concepts that can have a valuable application in our enterprise solutions, including aged care software.

While working together to achieve an outcome is a simple concept, it is often constrained by rigid and outdated technology. Leading CRM software solutions, however, have social and mobility capabilities which foster collaboration within your organisation in real time, even with team members dispersed across different geographical locations.

Equipping your team with access to the CRM system via handheld devices allows them to respond quickly to resident and internal correspondence, and generally helps increase their productivity.

[9] Consumer Affairs Victoria, Consumer outlook: the baby-boomer generation's implications for consumer policy, retrieved 17 February, 2018, from https://www.consumer.vic.gov.au/library/publications/resources-and-education/research/baby-boomer-generations-implications-for-consumer-policy-2012.doc

Contextualised Insights

Leading CRM software platforms enable users to have a high-level view of their residents which can be expanded into granular insights. These granular insights include interactions, care needs, accommodation preferences, order history, emails, phone calls, and other attached documents.

This 360-degree view of the resident's profile not only provides a single source of truth for all required information, it also enables a proactive approach to care needs, effective business decision-making, and customer segmentation.

Research by Gartner[10] found that analytics and business intelligence were ranked by CIOs as the top differentiating technology. An effective CRM solution can serve up rich, contextualised data which provides valuable insights for innovation and growth. CFOs should be able to access data from either a single account or range of accounts across several business units, with functionality that allows them to drill down to a transactional level. Staff across other departments should also be able to access reporting functionality specific to their roles, aiding them in performing their duties to the best of their ability.

A sophisticated reporting engine from a software system which facilitates Medicare claims and adapts to varied funding structures is particularly valuable for organisations that need to submit detailed compliance reports. Aged care software should allow billing to be performed for funders such as Medicare, DVA, insurance companies, and other third parties.

Australian aged care organisations often face discrepancies between expected and actual government funding. The Epicor Senior Living Solution (SLS), for example, uses resident event information, such as entry and departure events, their Aged Care Funding Instrument (ACFI) classification, and leave events to calculate expected funding, and it allows for any necessary reconciliations resulting from received funding discrepancies.

[10] Gartner, retrieved 16 February, 2018, from https://www.gartner.com/newsroom/id/3848671

Help identify your requirements for simplified legislative adherence, greater integration, scalability for future growth, and more.

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Integration

True context is seldom delivered without optimal system integration. Therefore, if you have various software systems and these are not integrated, you may limit your capacity to a great customer experience and may also reduce your operational productivity.

The data integration market is predicted to be worth $12.24 billion USD by 2022, almost double what it was worth in 2017[11]. This highlights the rate to which leading businesses are transitioning—if they haven't already—to a highly integrated operating environment.

Disconnected software systems have a number of direct and indirect impacts on your organisation that need to be explored and understood. Your CRM software is no exception. For example, here is the functionality we provide in Epicor SLS.

- ▶ Billing, Funding, and Claiming
- ▶ Workforce Management
- ▶ CRM
- ▶ Procurement
- ▶ Facilities Management
- ▶ Resident Management
- ▶ Project Management
- ▶ Financial Management
- ▶ Performance Management

With the opportunities and challenges that lie ahead, it is advantageous to use aged care software which can also allow you to integrate with third-party clinical care solutions. For example, when recording incidents, observations, and progress notes on a resident in your aged care software, you could generate significant benefits from being able to use this data in your care plans and then export the data to a third-party clinical care system for charting.

[9] Consumer Affairs Victoria, Consumer outlook: the baby-boomer generation's implications for consumer policy, retrieved 17 February, 2018, from https://www.consumer.vic.gov.au/library/publications/resources-and-education/research/baby-boomer-generations-implications-for-consumer-policy-2012.doc

Operational Efficiency

In the increasingly competitive Australian aged care market, care providers need to run streamlined operations to get the greatest value from their resources. An organisation's CRM system is one key area which can impact productivity both directly and indirectly.

Below are five impactful areas where an effective CRM tool can drive operational efficiency.

Call notes and history

Sharing resident information across the organisation is driven by a system which allows users to easily incorporate electronic communication in call history, and enter detailed communication notes and attachments to each call record.

Task management

Effective task management tools can provide each user with their own daily tasks list and easily generate follow-up tasks for employees when communicating with individual residents or prospects.

Email integration

Emailing residents or prospects directly from within the CRM system helps ensure email details are automatically stored as a call against the resident's record.
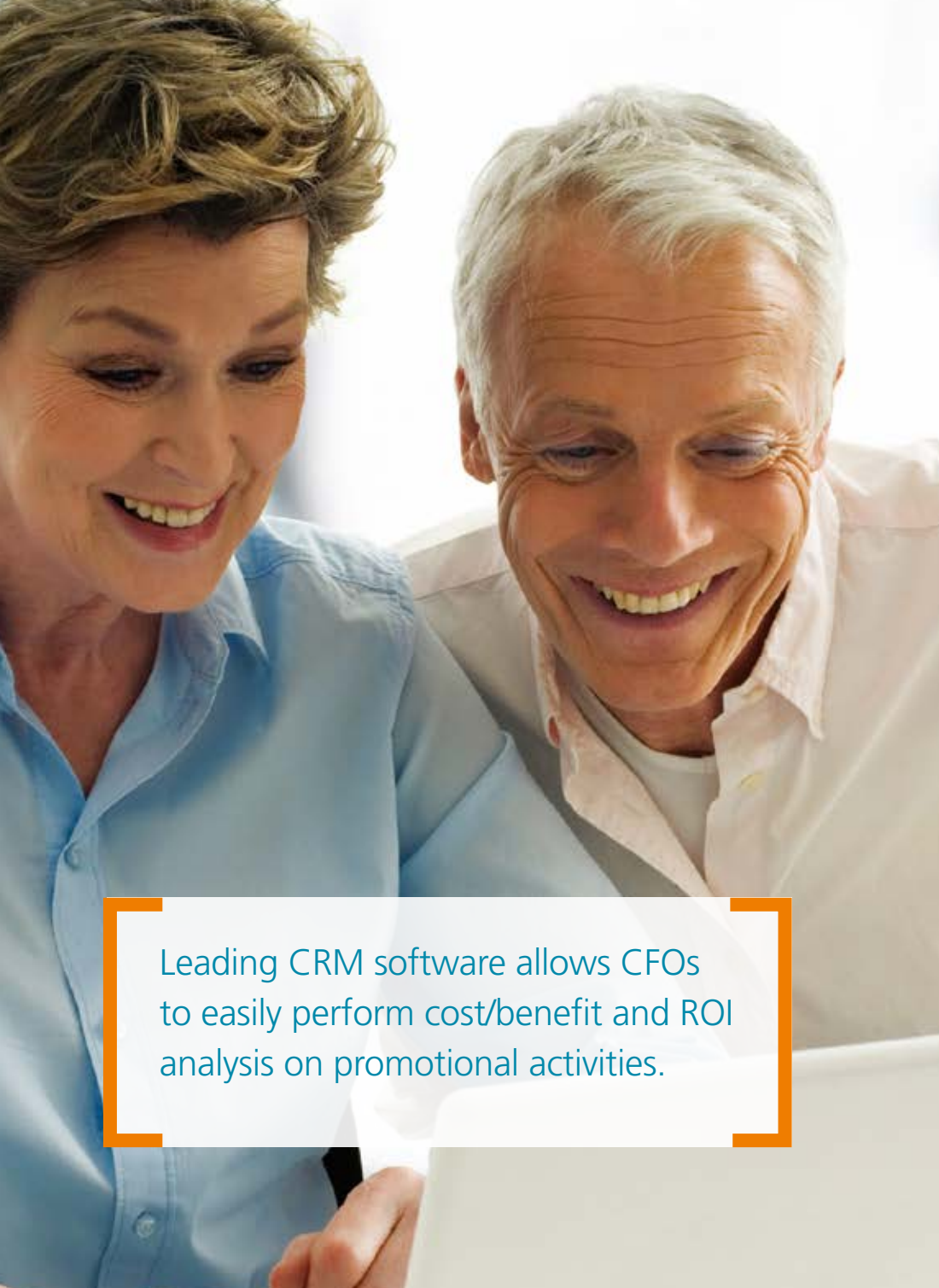
Synchronisation

Synchronisation tools allow users to easily synchronise calendars, tasks and contacts, and applications which facilitate mail merge letters.

Waitlists

When preparing to make new room offers, waitlist tools allow users to easily access the resident's preferences at a facility, room type, application date, and preferred entry date level.

> Australian aged care providers need to run efficient operations to get the greatest value from their resources.

Marketing Management

As we have explored throughout this eBook, growth for aged care organisations will require an inherent focus on customer retention, alongside other marketing objectives. As such, their marketing departments will need to employ a wide range of tactics to do so.

The over-65 group is as diverse as any other part of the population. The aforementioned KPMG research identified five different personas within this 65+ year old demographic[2], further highlighting the need for innovative marketing solutions, driven by contextual insights.

Understanding the return on investment (ROI) of marketing expenditure can be notoriously difficult. However, an effective CRM solution can help overcome this challenge by providing your marketing team with effective segmentation, lead generation, and automated communications tools. Such CRM software would also allow heads of finance to easily perform cost/benefit and ROI analysis on promotional activities.

Well-considered marketing strategies engaging this audience are critically important. A truly end-to-end CRM system will allow organisations to generate and manage marketing campaigns and control every aspect of their interaction with residents from enquiry right through to producing the details required for the service.

> Leading CRM software allows CFOs to easily perform cost/benefit and ROI analysis on promotional activities.

[2] KPMG, retrieved 6 April, 2018, from https://home.kpmg.com/au/en/home/insights/2017/12/understanding-aged-care-customers-through-research.html

Summary

The Australian aged care market is approaching a period of unprecedented change. Customer demands are growing, and the increased level of competition in the market is emphasising the need for innovation and forward-thinking business practices.

The role of CRM software is fundamental to navigating this change and as we have discussed in this eBook, effective customer relationship management is equal parts strategy and technology—one cannot be truly effective without the other.

Placing the resident at the centre of everything you do in principle and in practice is paramount. The next wave of aged care residents lived through a modern economic transformation that taught them how to be effective consumers, and more importantly, that they have the freedom of choice.

As a result, outdated value propositions delivered through merely adequate CRM platforms will be the hallmarks of the care providers with declining market positions.

In contrast, the successful aged care organisations of the future will be those with well-considered value propositions serving a clearly defined target market. These value propositions will be delivered through an integrated, technologically progressive CRM system built for the Australian aged care market.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth. For more information, connect with Epicor or visit www.epicor.com.

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