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Senior Living Sales Cycle Disruption Continues as Pandemic Drags On

By **Tim Regan** | September 9, 2021

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For many senior living providers, sales cycles changed dramatically as the Covid-19 pandemic took hold last year.

With the pandemic's end still not in sight and the recent dominance of the delta variant, when the industry will settle into a new sales status quo is anyone's guess. But there are some who see signs emerging that a "new normal" has taken hold, possibly establishing a baseline for the future.

But, operators are responding to different consumer dynamics depending on variables such as location and level of care. Some, like Trilogy Health Services, are seeing sales cycles shortening again after they increased during the height of the pandemic.

Others, like Irvine, California-based MBK Senior Living, have seen sale cycles for lower-acuity independent living units grow to as much as two years, up significantly from the year or year-and-a-half lead times the company saw for new independent living residents before the pandemic. On the assisted living and memory care side, MBK is currently averaging about 200 days between lead and move-in, which is around what the operator saw before the pandemic.

And for Omaha, Nebraska-based Heritage Senior Living, the average sales cycle is currently lengthening into a more normal cycle after shrinking across all care types last year.

In theory, operators want a shorter average time from lead to move-in, as that would help them move in residents and grow occupancy faster. But a holistic sales approach for most providers will include both "quick win" prospects urgently needing senior living services and slow-burning leads that have been in the sales funnel for months or even years.

For that reason, focusing too closely on the sales cycle as a number indicating forward or backward progress might be missing the forest for the trees, according to Sherpa President and Co-Founder Alex Fisher.

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"Put some sales intelligence and professional wisdom into every lead and don't give up on them too soon," Fisher told Senior Housing News. "You're going to move in the person that was in your lead base six months ago, you're going to move in the person that was in your lead base for a year and you're also going to move in the person that just inquired and has urgency."

Then and now

It's no secret that sales cycles underwent seismic changes at the beginning of the pandemic in 2020.

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For some providers — especially those that had previously subsisted on a more long-term lead base — the sales cycle lengthened during the early days of the pandemic as prospective residents became more hesitant to make the move into senior housing. For others, especially those with higher-acuity assisted living communities, the sales cycle compressed in 2020 as they focused more on urgent move-ins.

Louisville, Kentucky-based Trilogy falls into the former category. During the height of the pandemic in 2020, sales cycles elongated for the operator's senior living communities. So, too, did the number of touchpoints required to secure a move-in, according to Lisa McClure, the company's senior vice president of business development.

"We were having to communicate and create different ways of moving them through the sales cycle, which elongated," McClure told SHN.

MBK, similarly, saw its sales cycle compress in the early days of the pandemic as longer-term prospects waited it out and needs-based move-ins continued to flow. But this year as demand returned to the senior living industry, the company's sales cycle have started to lengthen again — evidence that some long-term

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prospects are indeed coming back to MBK, according to Vice President of Sales and Marketing Christy Van Der Westhuizen.

“We are starting to see a lot of the prospects that inquired during the pandemic … move in now,” Van Der Westhuizen told SHN. “I think that’s because of the relationships that we built during the pandemic to cause the prospects to keep MBK communities at top of mind.”

At Heritage, the time from lead to move-in shrank across the board last year. Now, those time sare lengthening and moving closer to pre-pandemic levels, according to Heritage’s vice president of sales and marketing, Gretchen Vakiener.

“The sales cycle is now reverting back to a longer cycle,” Vakiener told SHN. “Now, it’s a little bit more normal, where there’s the inquiry call and the research and the tour process and people are looking into it sooner.”

Inside the data

Data from Sherpa, a St. Louis-based firm offering a sales enablement platform helps fill out the picture. The company’s database shows a spike in the average sales cycle length for independent living and memory care providers in 2020, while assisted living lead times decreased.

Fast forward to the end of July, and the average number of days from lead to move-in is down for all three care types compared to 2019 levels.

“This is not an indication of selling effectiveness, necessarily,” Fisher said. “The pandemic has in some cases increased prospects’ readiness to buy, [and there is] also a bigger focus on ‘quick move-ins.’”

Data from Sherpa

Data from Enquire, which provides customer relationship management, marketing automation and contact center solutions to the senior living industry, offered a similar view of the sales cycle.

Sales cycles for independent living communities from first inquiry to move-in tracked by the company went from about 150 days in 2019 to around 200 in 2020, according to data from Enquire. As of the second quarter of 2021, the average sales cycle for independent living had ticked up to 215 days.

Roughly 60% of independent living move-ins tracked by the company spent 60 or fewer days in the sales funnel in 2020. By the second quarter of 2021, that number had grown to 84%.

Assisted living providers also saw their average sales cycle time shift with the pandemic. About 69% of assisted living move-ins came from prospects who spent less than 60 days in the sales funnel in both 2019 and 2020, according to Enquire's data. In the second quarter of this year, that number was 87%.

"Essentially, what we're seeing now is more people moving in that have inquired … [and] that they're feeling comfortable to move in," said Erin Hayes, Enquire's chief revenue officer.

From the perspective of senior living sales and marketing firm G5 — which works with Trilogy, MBK and Heritage — pent-up demand drove occupancy gains and faster 30 to 45 day sales cycles across all care levels in the second quarter of 2021. That activity has leveled out now, with sales cycles trending closer to between 45 and 60 days, according to G5's data.

"It is speculative whether staff shortages and now vaccine requirements on staff are having measurable effects [on sales cycles], but the consensus is that these factors are very likely drawing the cycles out in duration," G5 Manager of Customer Success Steve Johnson told SHN. "Again, we are hearing this trend across all care levels."

Finding the new normal

One question yet to be answered is whether the senior living industry can return to pre-pandemic sales cycles, and when that might occur. Among senior living operators, there is a sense that the conditions seen in 2021 might just be the new baseline.

MBK is currently focused on creating meaningful relationships with prospects, even those who are not an imminent move-in. The company's sales staff are particularly focused on notching long-term wins, not just quick successes. That strategy is a reflection of the shift that the operator is seeing in its customers.

"I do think we're going to get back to normal, but I think it's going to be a tad bit different than what we remember it as," Van Der Westhuizen said. "I see the new normal as our consumers becoming more educated and coming to us more ready to make that decision."

While Heritage's Vakiener believes the industry's sales cycles are moving back toward "normal," she is also unsure whether the industry will ever go back to its pre-pandemic sales cycle averages. With the increasing availability of home care and other supportive services, prospects are waiting longer to consider a move into senior housing.

"And because of the fact that people are waiting, I think that when it becomes time to make a move, there is a higher level of urgency," she added.

Trilogy's McClure believes the industry will eventually settle back to its 2019 sales cycle averages. What will be different, in her eyes, are the number of touchpoints required to reach a senior living prospect in the post-Covid age.

"We're going to have higher level interactions that will hopefully increase the conversion ratios, regardless of our inquiries," McClure said. "Because we're going to be doing a better job connecting and truly understanding what they need."

Providers spend plenty of energy on speed-to-lead and reducing the sales cycle, and that will not change in 2021. But Sherpa's Fisher believes that focusing too heavily on quickly moving prospects through the sales funnel is a mistake, and a strategy that could leave perfectly good leads on the table at the end of the day.

"The speed-to-lead [sales pro] abandons the middle of the funnel and goes back up to the top to try to get the quick move-ins," Fisher said.

In fact, Sherpa's "top performers" often did not have the lowest average sales cycle in 2020.

The average number of monthly move-ins for Sherpa's top-performing independent living clients in 2020 was 45, with an average time from inquiry to move-in of almost 527 days. That beat the median of 26 move-ins with an average of nearly 358 days from inquiry to move-in.

And, those trends were similar in assisted living and memory care. What that tells Fisher is that operators that spend more time on their leads are more likely to succeed in netting the most move-ins.

"The best performers convert 50% to 130% more leads by working leads that are in our lead base, on average, 50% more days," Fisher said. "A bigger focus on quick move-ins may hurt our potential to capture move-ins from existing leads and our operating margins."

While Enquire's Hayes is still waiting on more data from 2021 to make a determination, she suspects sales cycles will eventually settle somewhere closer to 2019 levels. But, she also believes that the pandemic's effect of pushing the industry toward more remote forms of sales and marketing will have a lasting impact.

"It's so easy to fill out a contact-us form on a website, which goes into a CRM automatically and marks that as an inquiry day, as opposed to [the prospect] filling it out and not going in [the CRM] until they actually called," she said.

Trilogy takes a similar view of the future.

"I think the sales cycle itself will forever be changed, where our consumers will be more educated, but we'll know more about them as well," McClure said. "The touchpoints clearly will be different."

Companies featured in this article:

Enquire Solutions, G5, Heritage Senior Living, MBK Senior Living, Sherpa, Trilogy Health Services

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Tim is a lover of bad jokes and good beer. When he's not hunched over his work computer, Tim can usually be found hunched over his personal computer.

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