Paid Referral Sources Are Set to Take More of Your Money . . . Again!

By Susan Saldibar

How is your new year shaping up so far?

Hopefully, you put more money in the budget for aggregators in 2019.

Because, chances are, you're going to need it. I spoke recently with Valerie Whitman, VP of Senior Living for LeadingResponse (a Senior Housing Forum partner) who told me she has been hearing a lot of buzz lately about a move by at least one major fee-based referral source to take a larger slice of the move-in revenue pie from senior living operators in 2019.

Here is what she and her colleagues are hearing:

- Increasing fee from 85% to 95% and, in some cases, 98%. Valerie tells me she's hearing that in a few years these fee percentages could reach 150% of the first month's rent and services.

- If an operator accepts a lead for one community, they must accept it for other communities (which hurts providers that have multiple communities within the same markets)

- Providers will now only have 3 days to accept/reject a lead otherwise they automatically accept it, (previously there was a 5-day window).

The purpose here isn't to throw shade at aggregators. Far from it.

In fact, Valerie is quick to note that there is a reason that aggregators are still a "go-to" lead generator. They provide a virtually hands-free way to advertise for many operators who lack the time and resources to do it themselves. That said, few would deny the love/hate relationship operators have had with aggregators ever since they came on the marketing scene. "I remember at one conference, sitting down at a round table where the topic was 'how to prevent aggregators from owning all the online leads'," Valerie tells me. "And that was 15 years ago!"

Not everyone is going the aggregator route, however.

Valerie sees more and more new communities opting out of the aggregator model altogether. "They now have the tools and databases to generate their own leads from day one," she says. Starting out fresh allows them the ability to say no thanks to digital aggregators and focus on other lead source strategies that offer a much lower cost per acquisition. That's why, even for established communities, she recommends working slowly towards breaking the reliance on aggregators. "No one suggests you should just shut down the aggregator channel," she tells me. "I've always suggested, however, that operators take about 10% of what they pay aggregators and explore alternative lead generation platforms."

And there are plenty of alternatives. Those that provide valuable face time with prospects are gaining in popularity. Valerie shared with me a few numbers that have made their educational dinner events a popular alternative to aggregators:

- **Cost per lead:** Estimated $95, about one quarter of the cost per lead to use aggregators, as reported by clients.

- **Cost per move in:** Estimated $1,500, about one third the cost when using an aggregator, as reported by clients.

- **Lead ownership:** Leads are 100% owned by the senior living operator, not shared with 6-7 other operators as is the case with aggregators.

Events aren't the only way to garner good leads.

As a marketer, however, Valerie realizes that events aren't the only way to garner good leads. There are technologies, like marketing automation, that can be very effective in existing lead cultivation. The point is that there are now more tools and creative alternatives available to help operators reduce their dependency on aggregators. Valerie recommends that senior living community marketers not shy away from trying new things. Whether it's direct mail invitations to face to face events, digital marketing campaigns using platforms like HubSpot to automate marketing activities or something else altogether, she urges operators to get out there and reclaim your marketing programs.

"The aggregators will always be there to take a larger and larger chunk of your move-in revenues," Valerie says. "I'm not saying not to use them. Just be aware of the facts. And know that there are plenty of alternatives out there."