

A GUIDE TO MARKETING YOUR ORTHODONTIC PRACTICE BROUGHT TO YOU BY OREC.

INTERNAL^{and}EXTERNAL DATABASE MARKETING

**DATABASE MARKETING – A
LONG TERM STRATEGY FOR
PRACTICE SUCCESS**

HOW TO PROTECT YOUR MARKET
AREA AND DEVELOP A NEW
SOURCE OF PATIENTS

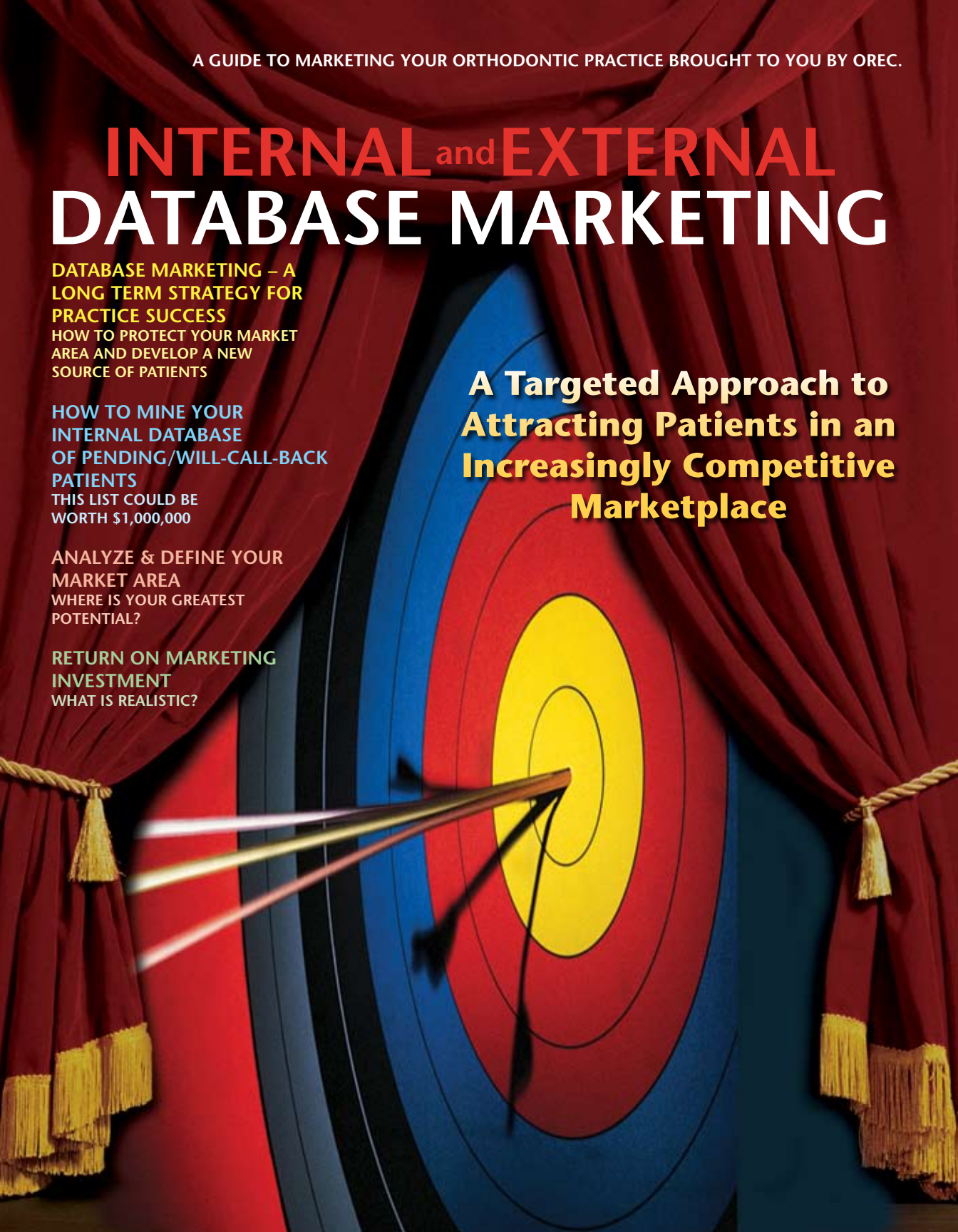
HOW TO MINE YOUR
INTERNAL DATABASE
OF PENDING/WILL-CALL-BACK
PATIENTS

THIS LIST COULD BE
WORTH \$1,000,000

ANALYZE & DEFINE YOUR
MARKET AREA
WHERE IS YOUR GREATEST
POTENTIAL?

RETURN ON MARKETING
INVESTMENT
WHAT IS REALISTIC?

**A Targeted Approach to
Attracting Patients in an
Increasingly Competitive
Marketplace**



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Orthodontists
have to take
care of
themselves.

DATABASE MARKETING

A Long Term Strategy For Practice Success

Changing rules and temporary windows of opportunity make now a compelling time to review and revise marketing strategies.

Today many orthodontic practices are operating substantially below capacity despite the fact that they could and would like to start more patients. The past few years have seen an increase in competition from orthodontists, from general dentists, from pediatric dentists and from producers of goods and services such as appliance stores and automobile dealerships that are aggressively chasing the consumers' shrinking discretionary dollar.

One thing has become more and more apparent: both internal and external marketing have become increasingly important in building and sustaining a successful practice. Internal Marketing has been around forever and has traditionally involved relationship building with patients and referral sources in the community. External Marketing has consisted primarily of print advertising with some radio and TV. Today computers and new digital printing technology make it possible to promote orthodontic treatment to prospective patients selected by doctor or demographic criteria.

Thirty years ago practices relied on Internal Marketing and for the most part the only type of External Marketing being done was Yellow Page Ads and Patient T-shirts. As the marketplace grew more competitive that all changed and there is now an increased emphasis on External Marketing. There is a tremendous potential for a more targeted and disciplined approach to External Marketing over the next few years, as many people who need treatment are not getting it. A targeted approach to marketing is more efficient and gives you a greater return on your promotional dollar.

Every orthodontist is his or her practices CMO, Chief Marketing Officer. The emphasis on marketing and its necessity in today's competitive marketplace can sometimes seem overwhelming as practices are evolving into something similar to a small corporation where it is not uncommon for the CEO, CFO and CMO to be the same person. But the orthodontist is also responsible for production and treating the patients. So how does one effectively market orthodon-

tic treatment with everything else there is to do?

To guarantee long term practice success and insure a steady flow of patients you should consider Database Marketing.

Database Marketing – A New Patient Source

Database Marketing is a combination of traditional advertising and Direct Marketing. It can be an incredible source of new patients - new patients from existing sources, new patients from new sources and new patients from referrals of both of those sources.

The most important thing to understand about Database Marketing is that it is a strategy, not a tactic. It's not a yellow page add, a mailing, a web site or a newsletter. It's a commitment to capturing new patients and staying in relationship with them and current and former patients to insure future referrals. By definition strategy is large scale long range planning and tactics deal with specific use of activities that support the strategy.

The benefits of such a strategy are twofold: An immediate increase in patient starts and revenues, and assuming you give those patients a good experience and a good result, future patient referrals.

Database marketing is most effective when used as part of a marketing plan or overall practice plan. There are a number of clever marketers who know how to develop individual tactics that bring in patients. What is rare are people who can put a number of these tactics into a long range coherent strategy. A marketing plan or a practice plan with a marketing section will help you do that.

Only you can choose OBJECTIVES, STRATEGIES, TACTICS, a MARKETING BUDGET and determine whether or not to incorporate Database Marketing into your practice. However, merely defending your market area from intrusion by a database wise competitor is a good reason to learn about the power of database marketing.

Effective Orthodontic Promotion

Database Marketing allows you to create an advertising curriculum that teaches as it sells. A curriculum is a learning system that teaches one bit of information at a time. Each advertising message can be built on the learning of the previous one. This approach not only allows you to stay in front of the prospect, it gives you the opportunity to provide them more information than they had before.

What is the desired end result? A beautiful smile. Increased Self-Esteem. You must create a need for it!

What is your offer? You have to put something into a prospects hand that he or she must do something with. A deadline, a discount, a reward for acting right away. Today all products and services have reached parity in the eyes of the consumer - they are all just as bored as the rest of us. So offer them something - give them a pay-back or a reason to at least pick up the phone and call you.

In tough economic times marketing response rates and orthodontic conversion rates typically decline. To improve treatment acceptance rates practices must begin to offer lower down payments, no interest payment plans and flexible payment arrangements such as automatic credit card charges or bank drafts. Give prospective patients a reason to act now, not later. Consider patient incentives such as creative financing, bonuses and gifts.

Market Consistently

Everyone has been guilty of spending marketing dollars at one particular point - when starts lag. That's the time when you find enough money to do a brochure, a mailing or re-decorate the office. Once the crisis passes marketing is back on the shelf until the next time. Over time everyone experiences slow periods. One reason to market consistently is to make sure patients are coming to you at all times. Consistent marketing is often the difference between a good practice and a great practice.



Multiple Exposures and the Domino Effect

It is now generally accepted that it takes multiple exposures before someone is ready to commit to an expensive or sophisticated product or service.

An exposure can be something as simple as a prospective patient driving by your office and viewing your signage, or as powerful as a doctor or patient referral. The objective is to deliver multiple messages to the same targets. More contacts are needed because one or two will not supply enough exposure to your offering.

Adding other marketing tactics to the mix can also help. Everything you do from an Internal and External marketing standpoint helps the effectiveness of your Database Marketing program and Database Marketing complements all of your other internal and external marketing activities.

If you haven't been doing a lot of External Marketing and your case is a textbook example, your first exposure will be your least successful. That's not to say it won't at least break even or make money. The second exposure will be more successful than the first, the third more successful than the second and so on. When one considers the lag time

in exposures, whether they be monthly or quarterly, it could realistically take 3 to 6 months for a marketing program to kick in and provide an acceptable Return On Investment. When it comes to promoting orthodontics you have to have staying power and be committed for the long term.

What Will Database Marketing Do for Me?

- Make practice less dependent on referring dentists
- Provide a new source of patients
- Activate dormant referrals
- Increase awareness of who needs orthodontics
- Increase name recognition
- Help communicate with current and former patients

It can do all these wonderful things plus lower your cost of marketing and offer product line extensions and revenue generating opportunities such as aligner treatment.

Types of Database Marketing

- **Internal** - Pending, "Will-Call- Back" and Recall Patients.
- **External** - Marketing to prospects selected by demographic criteria.

As we have discussed there are two types of Database Marketing for the orthodontist. You have to analyze your strengths and weaknesses. If you are a high energy extrovert the interpersonal aspect of Internal Marketing is a natural. If not, you may want to do more external marketing utilizing your internal database, a combination approach. However, Internal Marketing that has to do with providing the patient with a great result and great experience should be done by everyone. It is by far the most important thing you can do and should result in many future patient referrals.

Internal Marketing should be done first and is important because it enables you to build a practice foundation. You

can also use your internal database to target existing and former patients with an external marketing approach.

Then you can add demographically determined database driven external marketing which will work on it's own as well as complement everything you do internally. *See example on page 7.*

Ideally, you are doing Internal and External Marketing concurrently. If there is a sudden change in your practice such as the loss of a large referral source you can always increase your External Marketing. It is less risky to have a mix of patient referrals and External Marketing than a limited number of traditional referral sources and no ongoing External Marketing.

Practice Objective

What is your **objective**? You can have one or multiple objectives. They are the most important part of a practice plan, or marketing plan. Once the objective is defined you can then determine the **strategies** that must be implemented to achieve them. Each strategy should be supported by **tactics**.

Let's look at some typical orthodontic marketing strategies

- Maintain/expand existing referral base
- Capture potential patients that have been exposed to your practice
- Access new patients through non-traditional sources
- Generate future referrals

Do you know your conversion rate? If it's not 70% or higher you have room for improvement. Why aren't a high percentage of potential patients starting? Is your receptionist converting phone inquires to consults? Is your TC converting the consults to starts? Are you attracting the right patients? If improving your conversion rate is a strategy it should be supported by tactics such as staff training, scripting and languaging.

Examples of easy to implement and proven Database Marketing tactics such as direct mail, personalized orthodontic books and patient personalized calendars can be seen on pages 10 and 11. ■

How to Mine Your Internal Database

With many orthodontic practices operating below capacity it's smart to reconsider valuation and management of "pending/will-call-back patient" lists. Plus better management of recall lists.

The 2007 JCO Practice Study again reported the number of additional patients that could be handled without increasing the size of staff or facility stayed at 50, as in every survey to date.¹



*Orthodontists have to take care of themselves, like anybody else.
A disciplined approach to internal data mining is very important.*

Since it is common for orthodontists to offer complimentary consultations many practices have lists of "potential patients" that have taken the time to come to the office for a consultation, are in need of treatment, but for some reason have not started treatment. An established practice could easily have 200 to 400 or more of these patients. To place a value on these "potential patients" take an average fee (\$5000) and multiply by the total number of "potential patients" (400) $400 \times \$5000 = \$2,000,000$.

Obviously, the probability of these patients starting treatment and their value depend upon how effectively you stay in contact and what kind of incentives you offer them to start treatment. One thing is certain, better management of "potential patients" results in a higher number of patient starts and practice revenue.

Some practices make phone calls and/or send 3 follow up letters over 18 months and then purge these potential patients from the computer. Actively maintain your database and never purge a potential patient unless you can confirm that they have started treatment elsewhere or moved out of the area.

At OREC we often combine external targeted client mailings (postcards sent to potential patients selected by demo-

graphic criteria) with internal targeted mailings (postcards containing a special offer and message sent to potential patients in the practice pending/will-call-back database). This involves sending OREC names and address in an Excel file. We then dedupe the two databases or mailing lists to insure that no household receives more than one of your mailings.

Personalized books and calendars sent with a cover letter are also excellent ways to stay in front of these potential patients. After all they have taken the time to come to your office for a consultation and you have an investment of time in them. The timing may or may not be right for them to start treatment now, but if you stay in consistent contact and offer good incentives you have a high probability of making them the right offer at the right time sometime in the future.

Internal databases also contain recall patients (not ready to start treatment) and referring dentists. Separate targeted database strategies can and should be developed to stay in relationship with them. ■

¹Journal of Clinical Orthodontics Volume XL1 Number 10, October 2007
2007 JCO Practice Study, Part 1 Trends.

Analyze and Define Your Market Area

Market Area is defined by geographic location and where patients come from. Market Areas contain a number of dentists, active patients and people in the general population.

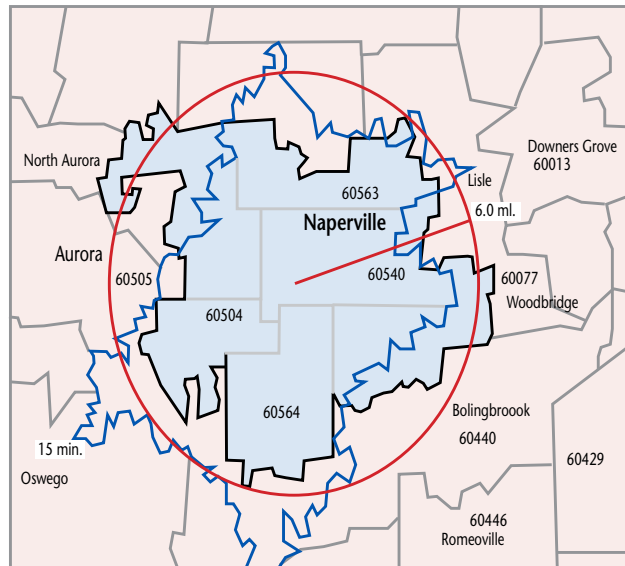
If the 6 mile radius shown in the map contained:

90 Dentists

500 Active Patients

190,000 General Population

Where is the greatest potential?



First of all you must look at the dentists in your area. How many of them refer to you? Is there a high probability these referrals will continue in the future? How many more could refer to you? The average practice starts 250 cases per year and receives 50% of referrals from dentists resulting in 125 patients per year.

Secondly, if the average practice (250 starts per year) receives 30% of annual starts from patient referrals the yield is 75 patients per year. In this example referring dentists and patients account for 200 of the 250 annual case starts. The remaining 50 patient starts come from “other sour-

es.” That being the case the greatest potential is in the general population of 190,000. By doing a Demographic Analysis using criteria such as geographic location, drive time to your office, household income and actual presence of children in the household between specific ages we can typically identify thousands of patients with a high probability of needing your service. Once the Analysis is finalized the database becomes your list of potential patients.² These potential patients can then be easily accessed using a tactic such as direct mail. ■

²OREC has been doing Demographic Analyses for orthodontists throughout the United States for over 14 years. Refer to www.orec.com for additional information.

Return on Marketing Investment

A methodology must be devised to determine Return On Investment.

Prior to initiating marketing programs an objective should be established and each program result should be compared to program objectives as well as costs. Results should include new patient calls generated as well as starts. If a marketing program generates 30 calls but only 8 starts it is certainly worthwhile but the conversion rate is low. If this happens two areas should be reviewed: 1. Check to be sure the criteria used in building the database is congruent with the practice objective and marketing strategy and 2. Review receptionist and TC training.

Once the number of starts and start revenue from a marketing program is determined it is important to be able to measure the incremental profit percentage or Return On Investment. Incremental profits are higher than average profits because the calculation for average profit takes into consideration all overhead verses just the cost of each marketing program. In performing ROI calculations try to think like a visionary or marketer as opposed to a cost accountant. If a marketing program is burdened with all practice expense as opposed to the incremental expense and profit it brings in, no business would ever do any marketing.

Dean C. Bellavia, Ph.D., M.S. uses fixed and variable overhead calculations when figuring Return On Investment. "On average, for a typical practice grossing \$500,000 to \$1,000,000 per year, the average net is about 45% of col-

lections. Studies have shown that this 55% overhead is 85% (80% to 90%) fixed (occupancy, staffing, services, etc.) and 15% variable (clinical/clerical supplies and lab). This means that for every extra \$1,000, the doctor gets to keep \$850 because for every extra start he/she is only paying for the supplies and lab overhead; the rest is already paid for."³

Future Value

There is one other point to consider: Should each marketing program stand on its own or should long term implications

of marketing programs also be considered? If the average orthodontic practice receives 30% of referrals from patients, chances are that the marketing program in this example would net an additional 1.2 patient starts or an additional \$6,000 in revenue. If your patient referral rate is higher so are the Incremental Profit and Future Value. At the very least you should have a good chance of starting the

patient's siblings and parents – you have an existing relationship and genes working for you. ■

How Return On Investment is Calculated

A. Number of full starts from marketing program	4
B. Incremental revenue at \$5,000 per case	\$20,000
C. Variable overhead @ 15% (B x C)	3,000
D. Marketing plan cost	5,000
E. Incremental profit (B - C - D)	12,000
F. Return On Investment (E ÷ D)	240%

³The Direct Marketing of Orthodontics, OREC Professional Marketing System, Inc., 2005

Marketing versus Sales

Don't confuse Marketing and Sales.



A good mixture of internal and external marketing is like planting seeds.

A practice can have a top notch receptionist and treatment coordinator (salespeople) but if they aren't receiving large numbers of new patient calls and qualified prospective patients their expertise is underutilized.

One way to view the difference between Sales and Marketing is in terms of the difference between seeding a field and harvesting the crops. A good mixture of Internal and External Marketing is like planting seeds; without planting there would be no future crops. Good sales work is the

equivalent of efficiently harvesting the crops or converting consults to starts.

A practice must plan for tomorrow to maintain growth. The primary sales effort begins with the receptionist converting new patient calls to consultations and ends with the TC converting the consultation to a start. If receptionist and/or TC effectiveness need improvement it makes sense to immediately contact one of the many excellent orthodontic consultants for help. Secondary sales efforts should always involve follow-up with recall and pending/will-call-back patients. ■

Three Key Database Marketing Tactics

Personalization (variable data) can increase response rates by up to 40%

1. Custom Demographic Practice Promotion (CDPP)

CDPP is an exclusive mailing program developed for the orthodontic industry over 14 years ago. It is database driven marketing through direct mail that enables orthodontists to target highly qualified households, with the actual presence of children, in close proximity to their offices.

The example below is a personalized postcard utilizing “variable data.” This means every card printed is unique and contains the recipient surname in the tagline and/or the coupon. All OREC mailings are done on a geographically exclusive basis and include a Demographic Analysis, mailing list, copy writing, art work and graphic layout, printing, sorting, bundling, delivery to the Post Office and postage.

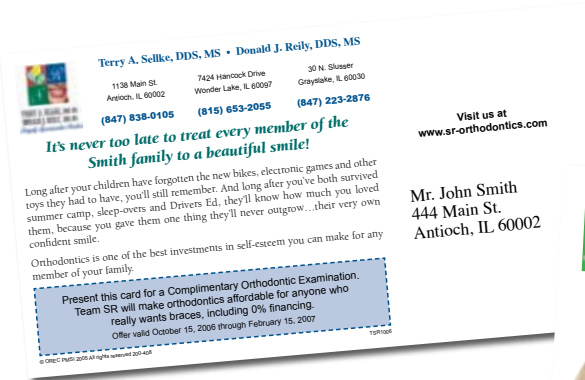
Benefits of CDPP Direct Mail

Target-ability. When you use it you select exactly who you want to talk to and you do it with a precision not possible in any other medium.

Efficiency. You know every dollar you spend is directed at people who are genuine prospects for your service. You don't pay for circulation to prospects that have low or no probability of needing your service.

Measurability. There is no guess work when it comes to the results of a CDPP campaign. As responses come in the value of your mail program speaks for itself.

Accountability. Because you can prove that CDPP works it becomes its own justification.

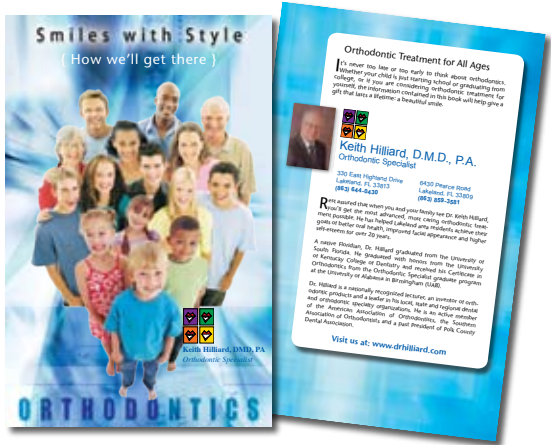


Visit www.orec.com
for more information.



2. Smiles with Style Books

The Smiles with Style book is a hit with patients and referring doctors. The books are available in personalized form and usually contain a doctor photo, biographical sketch, and orthodontic and practice information. They are a great educational piece to send to the pending/will-call-back database with a cover letter reminding the prospective patient about the benefits of orthodontics. Personalized books also function as elaborate business cards when given to top referring dentists. The dentists feel better handing the patient a high quality and educational booklet and it makes a much greater impact on the patient (and parents) being referred.



Visit www.orec.com to view book pdf's.

3. Calendars

A Loyalty and Branding Gift for Current Patients, Recall Patients and Referring Dentists and Staff. A great way to stay in front of prospective patients all year long.



Visit www.orec.com to view 12 month calendar pdf.



IS IT TIME TO PROMOTE YOUR PRACTICE? Choosing the best marketing strategies and tactics can be confusing but here's what clears things up: good, dependable, objective advice from OREC. We have been serving the orthodontic profession for over 28 years and our motivation is to do what's right for you. Visit www.orec.com or call 800-624-5517.



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