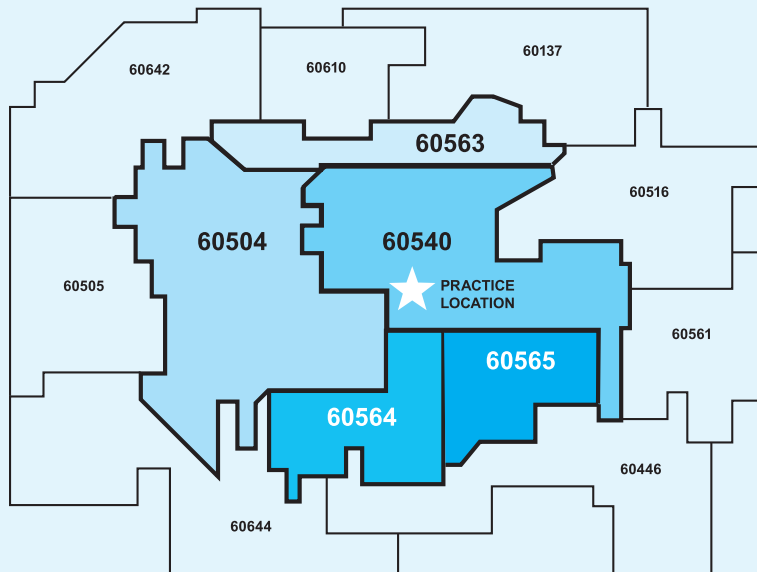


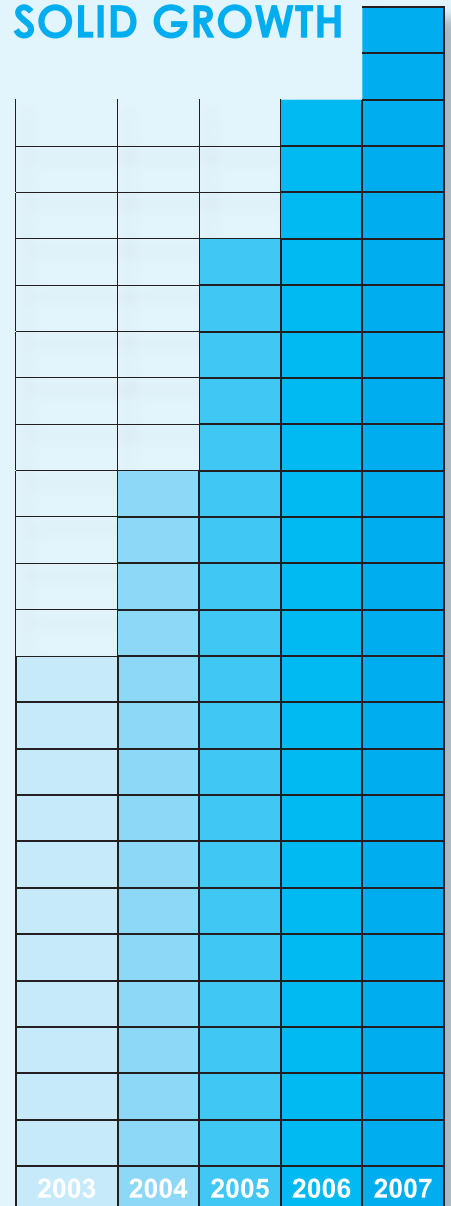


# The Direct Marketing of Orthodontics

## MARKET AREA DEFINITION



## SOLID GROWTH



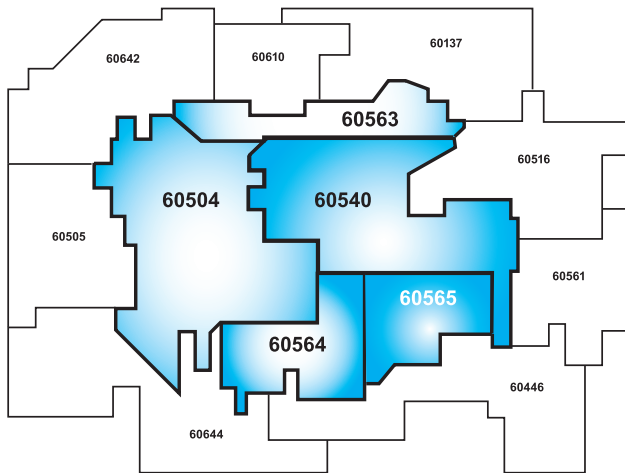
## DEMOGRAPHIC ANALYSIS

Zip Code	City	Qualified Households with Children Ages 6-14 AND Household Incomes of:		
		\$40,000 +	\$50,000 +	\$75,000+
60504	Aurora	3,268	3,122	2,436
60540	Naperville	2,573	2,528	2,242
60563	Naperville	1,332	1,282	1,064
60564	Naperville	3,241	3,190	2,953
60565	Naperville	3,168	3,110	2,787
<b>Grand Totals:</b>		<b>13,582</b>	<b>13,232</b>	<b>11,482</b>

**A Practical Field Guide to Developing and Implementing a Targeted Mailing Program**

By Larry Barrett, with special analysis and insight provided by Dean C. Bellavia, Ph.D, M.S. and Joseph F. O'Neil, D.M.D.

# Introduction



This Practical Field Guide is designed to bring you new insights on the effectiveness of targeted mail in orthodontic marketing. For the past twenty two years respondents to the JCO Orthodontic Practice Studies said they could handle an additional 50 patients without increasing staff or practice size<sup>1</sup>. This is surprising because if we assume a \$4500 treatment fee and a 15% variable overhead the respondents passed up \$225,000 in collections and approximately \$191,250 in net income per year by not starting the additional patients.

While many practices are busy, most could and would like to start additional new patients. The best way to generate new patient starts is through marketing. For an orthodontist there are really two effective types of Marketing; relationship-building with patients and referring dentists (internal marketing) and marketing to patients selected by demographic criteria (external marketing). Historically, most orthodontists have relied on a combination of internal and external marketing programs with the emphasis on internal marketing. Today, as orthodontics becomes more and more competitive, the trend is shifting toward a

much broader use of external marketing. There is a tremendous potential for orthodontic marketing over the next few years. The problem today is not how to provide great treatment - the United States has the best trained orthodontists in the world - the problem is how to sell it!

## Acknowledgements

I particularly want to mention a debt of gratitude to those who helped me in many special ways with the development of Custom Demographic Practice Promotion.\*

Nine years ago, **Dr. Bob Matlack**, an orthodontist in Santa Cruz, California realized he was no longer in the profession of orthodontics – he was in the business of orthodontics. He had practiced in Santa Cruz for over 25 years and when he attended a local Chamber of Commerce function, he was shocked to learn that only 2 or 3 of the people there knew he was an orthodontist. For him internal marketing was no longer enough to accomplish his objective. Dr. Matlack became our first mailing client and urged me to continue and expand the service. He provided me with detailed feedback from every mailing and together we upgraded and perfected our targeted mailing program.

Another early mailing client, **Dr. Keith Hilliard** provided feedback on different types of direct mail pieces and worked with us in the development of coupon style offers with expiration dates that have become key elements of today's most successful mailings. His practice experienced a return of 10 to 1 when comparing new contracts written, verses the cost of OREC's mailing program. Dr. Hilliard further analyzed the impact of OREC's mailing program from a practice management standpoint by doing a detailed study with Dr. Dean Bellavia. The study focused on the percentage of exams starting treatment from the OREC Post Cards verses the percentage from all other exams. The results showed that, for the 14 month



period studied, the percentage of exams starting treatment was the same from both sources. In other words, the Post Card-generated exams that started treatment actually equaled the percentage of exams starting treatment from all other sources of referral.

A few years ago, **Dr. Jim Hilgers** urged me to consider adding larger postcards to our Custom Demographic Practice Promotion Program. His input helped lead to the development of “Jumbo Post Cards” which now account for almost 90% of all our client mailings. He also encouraged us to use full color printing on both sides instead of one side. At that time however, full color printing of post cards in small volume was very price prohibitive. New printing technologies have since enabled us to develop an extremely cost-effective method of printing both sides of a post card in eye-catching full color. This breakthrough also makes it possible to print client logos in color, on the front side of a post card, at no additional cost.

When we first began offering our demographic mailing services back in 1995, our initial post card mailings, while successful, were not nearly as sophisticated and targeted as they are today. As the mailings became more effective one client told another and before we knew it OREC had become the world’s largest orthodontic targeted mail company. We, along with our clients have traveled a long way over the last 9 years and in the following pages, I hope to share with you some of the things we have learned.

I am fortunate to have had many stimulating discussions with **Dean C. Bellavia, Ph.D., M. S.** and **Joseph F. O’Neil, D.M.D.** They have made a significant contribution to this Field Guide and their “Pearls of Wisdom” in the areas of The Marketing Mindset and Return on Marketing Investment help put the often debated topic of orthodontic marketing in perspective.



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<sup>1</sup>Journal of Clinical Orthodontics Volume XXXVII Number 10, October 2003. 2003 JCO Orthodontic Practice Study, Part I, Trends.

\*Custom Demographic Practice Promotion<sup>SM</sup> is database driven marketing through direct mail that enables orthodontists to target highly qualified households, with the presence of children between specific ages, in close proximity to their offices.

# The Marketing Mindset

By Dr. Joseph F. O'Neil



Dr. Joseph F. O'Neil has served on the adjunct faculties of five universities. He is the creator of a variety of innovative materials to increase referrals, treatment acceptance, and patient compliance. Dr. O'Neil is a nationwide recipient of the Pegasus Award for Creativity from the Council for the *Advancement and Support of Education*.

One of the interesting differences between a general dental practice and an orthodontic specialty practice is in the way that the practice grows. The general practice grows much like a tree, with annual apposition of patients, many of whom stay with the practice for years. In contrast, an orthodontic practice revolves in the sense that practically all of the patients graduate in two years or less. The implications of this revolving practice growth can be substantial.

The mature general dental practice usually has a sizeable reservoir of patients with unmet dental needs. This reserve often has as a buffering effect against a potential lack of busyness. The typical orthodontic practice enjoys no such buffer. It is for this reason that an orthodontic practice is vulnerable to sudden shifts in the market arena. These abrupt changes may come in a variety of forms, including the arrival of one or more competing specialists or the loss of a strong referral source.

To protect against the possibility of an unsettling change in the marketplace, it is wise to have a systematic approach to new patient enrollment. The most predictable marketing plans for orthodontic practices tend to address the market from a variety

of angles. A multi-pronged approach, or marketing mix, offers a high degree of predictability over the long term. Such a plan might include a word-of-mouth campaign, an adult patient component, referring dentist development, and methods for increasing referrals from existing and former patients. It is wise to employ tasteful practice-building methods both within the office as well as in the community.

There is an unmistakable four-to-six month lag time in many of the popular practice-building activities. This means that your marketing activities in October may not bring results until February or March. For that reason, it is important to continue marketing during busy periods, since you are actually marketing for months into the future. In fact, one of the key factors that separate highly successful practices from others is that these practices continue marketing during their busiest times.

Regardless of the particular marketing mix that you find comfortable and effective for your own practice, there are two principles that must be kept in mind: 1) Effective orthodontic marketing is going to require both *visibility and relationships*; and 2) Practice-building is an ongoing process, not an event.



# 15 Targeted Direct Mail Secrets

Fifteen Things All Successful Orthodontists That Utilize Targeted Direct Mail Know.

By Larry Barrett

1. Every mailing program should be tailored to specific practice marketing strategies and objectives. The best place to start is with a Demographic Analysis that provides a clear overview of all appropriate information, coupled with color mapping of the Market Area.
2. Effective direct mail must be targeted to profile prospective patients utilizing demographics. Demographics refer to facts describing people that we can measure and record. Demographics includes income, age, presence of children, housing type and value, ethnicity, sex, marital status, type of automobile, occupation and other similar facts.
3. Targeted direct mail will access new patients, provide a new source of patients, make the practice less dependent on referring dentists, increase awareness of who needs orthodontics, increase practice name recognition and help communicate with current and former patients.
4. A prospect needs 7 exposures before he or she is ready to commit to an expensive or sophisticated product or service. The objective is to send multiple mailings to the same households. Why do we send multiple mailings to the same households? More mailings need to be sent because one or two will not supply enough exposure to your offering.
5. A successful targeted direct mail program requires a minimum of 12 different steps. Failures come from faulty planning and faulty execution. Planning success comes from creative strategy development. Execution success comes from doing the 12 steps right the first time. This is best accomplished by outsourcing the 12 database development and mail fulfillment functions to experienced professionals.
6. A methodology must be devised to determine the return on investment from marketing dollars invested. (See [Dr. Dean Bellavia's Return on Investment Article on page 7](#)). An objective should be established prior to initiating a mailing program and results should be compared to objectives as well as costs. Results should be monitored in calls generated as well as starts. If a mailing generates a large number of calls but few consultations or starts the database could be at fault or the receptionist and/or TC could need additional training.
7. Database analysis combined with new map technology can tell us a.) What our market area consists of,

*Fifteen Things All Successful Orthodontists That Utilize Targeted Direct Mail Know, Continued.*

b.) Where to look for prospects, c.) Drivetime to the office from different locations in the market area, d.) Where our competition is located and e.) Where to locate a satellite office. How useful is mapping in targeted direct mail? Sometimes a map is the best way to understand a situation. If a picture is worth a thousand words a map, can at times, be worth five thousand words.

8. A well thought out mailing program 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. If the message is also educational everyone including referring dentists will appreciate it. Each mailing should create a need for the end result such as a beautiful smile or increased self esteem. It should also make an 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.
9. There is a lag time of 4 to 12 weeks for marketing programs to be effective and provide an acceptable ROI. Multiple mailings should be budgeted for and planned in advance.
10. Good patients are too valuable to risk losing by being passive, indifferent or indistinguishable from the competition. Build your own database of current and former patients and take steps to maintain some type of relationship with them. Send birthday and anniversary cards. All patients are not equal. If you don’t stay in relationship with former patients and aggressively pursue new patients you could find yourself preempted if an important person in the community starts treatment with another orthodontist. The loss is not one patient but a patient plus many future referrals.
11. There are side benefits to an effective mailing program. Multiple sources report that 30 percent of new patients come from patient referrals. If a mailing program results in ten new patients starting treatment those patients will most likely account for up to 3 more new patients from referrals. A database cannot determine if a qualified prospect has a regular family dentist and in fact, approximately 50 percent of the U. S. population does not have one. Many long term mailing clients report that they now have the opportunity to refer more patients to their referring dentists than ever before.
12. When you use targeted direct mail you select exactly who you want to talk to and you do it with a precision not possible in any other advertising medium.
13. Targeted direct mail is efficient. You know that every dollar you spend is being directed at people who are genuine prospects for your service. You don’t pay for circulation or viewership that may not be relevant to your needs.
14. There is no guess work when it comes to the result of a mailing program. The results are easily measurable and as responses come in the value of your mailings speak for themselves.
15. Because you can prove that targeted direct mailing works it becomes its own justification. Targeted direct mail is not meant to replace the other items in your internal and external marketing mix. Rather its special strengths make an impressive complement to everything else you do which has the effect of greatly increasing total marketing effectiveness.

I suggest that merely defending your market area from intrusion by a marketing-wise competitor is just one reason to learn about the power of Custom Demographic Practice Promotion.

# Return on Marketing Investment

By Dean C. Bellavia,  
Ph.D., M. S.



Dr. Bellavia holds a PhD in Bio-Engineering from Carnegie Mellon University. Over the past 31 years, he has personally worked with hundreds of Orthodontic practices to optimize the way they work. Dr. Bellavia has published six books, has written over 30 articles on Practice Management and has lectured to thousands of professionals and staff.

Increase in Number of Full Starts Form Marketing	Increase in Charges/ Collections @ \$4,500 per start	\$ Increase in OVERHEAD (@ 85% Fixed, 15% Variable Overhead)	\$ Increase in NET INCOME	% Return on a \$3,750 Marketing Investment	% Return on a \$7,500 Marketing Investment	% Return on a \$15,000 Marketing Investment
1	\$4,500	\$675	\$3,830	100%	50%	30%
2	\$9,000	\$1,350	\$7,650	200%	100%	50%
3	\$13,500	\$2,025	\$11,480	310%	150%	80%
4	\$18,000	\$2,700	\$15,300	410%	200%	100%
5	\$22,500	\$3,375	\$19,130	510%	260%	130%
6	\$27,000	\$4,050	\$22,950	610%	310%	150%
7	\$31,500	\$4,725	\$26,780	710%	360%	180%
8	\$36,000	\$5,400	\$30,600	820%	410%	200%
9	\$40,500	\$6,075	\$34,430	920%	460%	230%
10	\$45,000	\$6,750	\$38,250	1020%	510%	260%
11	\$49,500	\$7,425	\$42,080	1120%	560%	280%
12	\$54,000	\$8,100	\$45,900	1220%	610%	310%
13	\$58,500	\$8,775	\$49,730	1330%	660%	330%
14	\$63,000	\$9,450	\$53,550	1430%	710%	360%
15	\$67,500	\$10,125	\$57,380	1530%	770%	380%
16	\$72,000	\$10,800	\$61,200	1630%	820%	410%
17	\$76,500	\$11,475	\$65,030	1730%	870%	430%
18	\$81,000	\$12,150	\$68,850	1840%	920%	460%
19	\$85,500	\$12,825	\$72,680	1940%	970%	480%
20	\$90,000	\$13,500	\$76,500	2040%	1020%	510%
21	\$94,500	\$14,175	\$80,330	2140%	1070%	540%
22	\$99,000	\$14,850	\$84,150	2240%	1120%	560%
23	\$103,500	\$15,525	\$87,980	2350%	1170%	590%
24	\$108,000	\$16,200	\$91,800	2450%	1220%	610%
25	\$112,500	\$16,875	\$95,600	2550%	1300%	640%

The most important aspect of marketing is how much return, if any, you will get on your marketing dollar. To know this you need to know how much you will spend on marketing and how much NET you get back for that amount spent. How much you spend is how much you spent; that's simple! How much NET you get back is a little more complicated. On the average, for a typical practice grossing \$500,000 to \$1M per year, the average practice net is about 45% of collections. Studies have shown that this 55% overhead is 85% (80% to 90%) fixed (occupancy, staffing, services, etc.) and 15% variable (clinical/clerical supplies & 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 & lab overhead; the rest is already paid for.

Other studies have also shown that the average practice can easily handle another 25 full starts with the present staffing and facility. With this in mind, one can calculate the NET return on a marketing investment as a function of full starts obtained from that marketing. If a practice has an average full fee of \$4,500 with a 15% variable overhead the table above shows the NET return to the doctor for his/her practice's investment in marketing.

As you can see, it takes only one full start to get 100% return if you spend \$3,750 and two starts if you spend \$7,500, etc. It is not untypical to get 20 starts for a \$7,500 mail-out cost, which would contribute about \$75,000 NET to your bottom line.

# As we celebrate our 12th year of providing CDPP<sup>SM</sup> Targeted Direct Mail Services and our 25th year in business in the orthodontic industry, we want to revisit and share a few of the many testimonials we have received from our clients over the years.

"Thanks OREC! No longer is internal marketing by itself enough. Today's families are constantly moving. Younger brothers and sisters may just as likely live somewhere else by the time they're treatment age. So, we've searched for a way to reach the new families coming into our community. That's where OREC's external marketing programs (customized direct mailings) have been so helpful in generating new patient visits to our office – and continued name recognition in our ever-changing community."

**Dr. Robert Matlack**  
*Santa Cruz, California*

OREC's direct marketing program has been remarkable. Time after time it has rewarded us with new patients that fit our demographic criteria perfectly. I'm one that needed convincing and this system has certainly done that!"

**Dr. Jim Hilgers**  
*Mission Viejo, California*

"Our first mailing resulted in postcard starts and new recalls that were enough to convince us to continue with OREC's direct mail program."

**Dr. Robert Miller**  
*Culpeper, Virginia*

"Our Practice has had a return of 10 to 1 when comparing new contracts written verses the cost of OREC's Mailing Program. According to Dr. Dean Bellavia, a renowned authority on practice management who recently did a 14 month analysis of OREC's Post Card Marketing Program in our practice, the percentage of starts generated by the OREC Post Card marketing program actually matched the percentage of patients starting treatment from all other sources of referral. We had no idea OREC's CDPP program could ever be that effective."

**Dr. Keith Hilliard**  
*Lakeland, Florida*

"We have averaged 18 new patient starts and 20 observation/pending patients per mailing since we began the OREC CDPP Targeted Direct Mail Program in August of 2002. OREC has worked closely with us in developing post card copy and a database that is aligned with our practice philosophy and objectives. We are extremely pleased with the results."

**Dr. Henry S. Zaytoun, Jr.**  
*Raleigh, North Carolina*

For some time now our office has been using high quality, extremely professional direct mail pieces designed by OREC for educating the general public about the benefits of orthodontics in general, and the benefits of receiving care in our office. I was initially concerned about us getting a reputation of being "advertising" orthodontists. These fears have turned out to be unfounded as patients, referrals, and the general public have all been very complimentary about them.

I was also concerned about cost effectiveness or return on investment. I am happy to state that the direct mail pieces are the third most common reason given for seeking care at our office after dental referral and existing patient recommendations. I would add that there seems to be an added effect that we have experienced over time. It seems that the repetition of our message (we do four mailings per year) has created a momentum that increases the number of new patients who call us each month from this source. I would highly recommend that any doctor seeking new sources of patient starts consider the OREC direct mail program."

**Dr. Terry Sellke**  
*Grayslake, Illinois*

"OREC's Custom Demographic Practice Promotion has been hugely successful in our practice. January was one of the top months we've ever had. An incredible number of new patients have called and the card mailings have been a large part of our success."

**Dr. Anthony Harwell,**  
*Harwell & Harwell Orthodontics*  
*Amarillo, Texas*

"Thanks again for helping us with our mailings over the past 5 years. We continue to receive good response to your fine work."

**Dr. Leon Leonard**  
*Conyers, Georgia*



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