The Dental Practice:  
*Business Foundations*

**Background Information: Marketing**

What Is Marketing?
Marketing is a managerial process which focuses a practice's activities on the benefits sought by a target group of clients, thereby satisfying their needs and desires more effectively. Notice that marketing looks to satisfy the needs of a group of patients. The major task is to determine clients' needs, wants, and preferences, then to develop services and products that satisfy those needs. This affects how you deliver the service, and even how you organize the practice. It means listening to people and providing goods and services that they demand (or want). Marketing means that you view the practice through the patients' eyes (not yours), thereby generating and retaining patients in the practice (at a profit). It is almost as instructive to say what marketing is not, as to start by defining marketing. Marketing is not advertising, although advertising can be a part of marketing. Marketing is not the sales technique of a used car salesman, although sales technique is a component of marketing. Marketing does not mean high-pressure techniques, convincing people to buy what they don't need, or slick four-color ads.

Marketing looks at dental consumers' desires (not our professional assessment of their need). Those desires fall into three broad categories:

- To avoid something, such as pain, disfigurement, noise, odors, x-rays or cost.
- To gain something, such as health, a pretty smile, or relief from pain.
- To prevent something, such as pain, disfigurement, or embarrassment.

Notice that consumers don't want amalgams, partials or bridges. Instead, from their perspective, they are avoiding, gaining or preventing something happening to them. You can probably provide a service that helps the patient achieve their goal. That service may be a prophylaxis, tooth whitening or orthodontics. If it solves the patient's wants, then you have acted with a marketing orientation. Part of the marketing orientation is to provide information to patients so that they know the procedures and techniques that are available. This education process makes consumers more aware of their needs, raising their level of wants and, therefore, their desire for your services.

Marketing then involves all of the practice decisions that you make to help attract new patients, retain existing patients, and convince them to purchase your services. External marketing looks at generating new patients to the practice, while internal marketing aims to retain existing patients. Both are necessary for a successful practice. The hours that you keep, the fees you charge, your insurance plan participation and they types of services that you do all affect patient generation and retention.

Why Dentists Market
Dentists market to gain patients for the practice. Dentists have marketed their services since the first dental practice. In recent years, dental marketing has become much more sophisticated as business
techniques have been brought to bear on the world of professional practices. Several factors have brought this on:

The increased competition among dentists for the available patient pool has stimulated marketing. This is really a question of relative supply of practitioners and relative demand of patients. The supply of practitioners is influenced by factors such as the number and age of dentists, auxiliary utilization patterns, technology and practice patterns. The demand for service is influenced by the number of patients, utilization patterns, disease patterns, third party reimbursement and efficiency of preventive measures. When dentists see holes in their appointment book, the first thing they try to do is encourage more patients to come to the office. In other words, they market their services.

Dentists have two kinds of competition. The first is to gain the attention of the potential patient and to have the patient patronize you, instead of another near-by dentist. In this sense, dentists compete against each other for their share of the available patient pool. Your internal operational policies (such as the hours that you keep) and the external marketing strategies (such as advertising campaigns) help to determine the number of potential patients that you attract. Once the patient comes to the office, then the dentist faces a second, equally important marketing problem. That is to educate and convince the patient that their dental needs are important enough to spend (often large amounts of) money to repair. Since most of dentistry is considered a discretionary service, then we compete against other forms of spending for the consumer's dollar. In this sense, we don't compete against other dentists, but compete against travel agents, home remodelers, big screen television salesmen, and fine dining restaurants. Convincing the patient to come to us involves external marketing plans. Once the patient is in the chair, then our internal marketing and sales techniques become more important.

The changing nature of 3rd party contracts has encouraged many dentists to market their services. Various contract organizations (CDO's, Cap Plans, referral plans) may limit where patients can go for reimbursed dental care. The very act of deciding whether to participate in one of these plans is, in itself, a marketing decision since it addresses the number of potential patients that you attract. Once the patient comes to the office, then the dentist faces a second, equally important marketing problem. That is to educate and convince the patient that their dental needs are important enough to spend (often large amounts of) money to repair. Since most of dentistry is considered a discretionary service, then we compete against other forms of spending for the consumer's dollar. In this sense, we don't compete against other dentists, but compete against travel agents, home remodelers, big screen television salesmen, and fine dining restaurants. Convincing the patient to come to us involves external marketing plans. Once the patient is in the chair, then our internal marketing and sales techniques become more important.

The Ethics of Professional Advertising
The question of whether it is ethical for professionals to advertise is still active. There are those who believe that a professional person shouldn't advertise, because it “cheapens” the profession and makes

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us little more than businessmen and hucksters. On the other end of the spectrum are those who believe that the public simply wants information to make an informed consumer decision. Advertising merely provides that information. Those in the middle see an appropriate role for advertising, but question whether an ad is “tasteful” or “professional” in nature.

The dental practitioner legally may advertise their services. Each state places slightly different restrictions on the types and content of permitted ads. Most require that the ad not be false or misleading (“the best dental care in town”). Normal commerce is allowed a certain amount of “puffery” in their ads. Not so professionals. They must be strait forward and factual. Slogans and logos are allowed, as long as they are not false or misleading. Many ads may seem distasteful or “unprofessional” to members of the profession. Remember, the ads are aimed at the public, who generally share the view that advertising provides information for an informed decision. They don’t have nearly the qualms that we do about the professionalism of ads. While “tasteful” is in the eye of the beholder, you do need to be mindful of community norms regarding professional advertising. People who are outside those norms are often viewed as pariahs or charlatans by their fellow professionals. It may become difficult to develop professional relationships or referral patterns with others who view you in this light.

### Ethical Issues

- Information presentation
- Not false or misleading (No “puffery”)
- Specialty announcements
- What is customary for the area
- What is legal in the state (Dental Practice Act)
- “Tasteful” vs. “Unprofessional”

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### Internal Marketing Strategies

Dental office marketing efforts are grouped into two types, internal and external. Internal efforts focus the attention on the existing patients of the practice, while external efforts focus the effort on people who are not present patients of the practice. Internal marketing efforts are those that dentists have traditionally called “professionalism.” These efforts cater to the existing patients, with the hope that they will stay with the practice and bring in additional new patients.

### Branding

Branding is an internal function with large external implications. Your brand is the image of your product in the marketplace. It is how you are perceived by consumers to be different from other similar providers in the area. Their information and expectations about their dental experience should be the same as their actual experience. If so, you will be seen as both relevant to solving their problem and unique in that ability. Branding involves all of the intangibles that drive consumer perception of your business. These include your logo, stationery, advertising, office décor and ambience, staff training and attire, and website. These should all be consistent and offer consistent messages about the value of the service you provide. If you are able to establish a strong brand image, then you have more freedom in pricing and other management decisions that lead to increased profitability.

### Performance

The single most important trait of a dentist (according to public opinion surveys) is quality of care delivered. Quality care is the basis of the “product” that you provide. Quality dentistry is necessary for a successful practice. But quality dentistry alone is insufficient to guarantee a successful practice. Your performance of the technical side of dentistry is an assumed trait by the public. If you violate that assumption, the patient will be dissatisfied and probably leave your practice. It is not even your actual performance that the patient judges, but rather the patient's perception of the performance compared to the patient expectation of your performance. Patient expectations then become crucial to their
satisfaction. If the patient’s expectations were not met, they will be dissatisfied with the service, even if their expectations were unrealistic in the first place. (To their mind, they were realistic!) Even if you do the most technically perfect procedure, if the patient doesn’t like it (or they way it was delivered), they will be dissatisfied. If you build patients’ expectations with slogans such as “special care,” “painless,” “low fees,” or “cowards welcome,” then you better deliver what you promise. The worst thing you can do is to gain someone’s trust to come to your office, and then not deliver promised services. Other examples of influencing patients’ expectations include promptness, pain control, availability, and amount of health information provided.

Facility
Your facility presents who you are and makes a very important statement in marketing dentistry. As a healthcare facility, the public absolutely expects cleanliness. (Cleanliness includes dust, cobwebs and fingerprints.) The public also values modern material, equipment, methods and support. You should match decor to the desired clientele. It includes color, lighting, furniture, and open or closed operatory arrangement. Accessibility for disabled and geriatric patients is important for those groups. You should try to isolate the reception area isolated from the noise and odors of treatment area. Labs are usually very messy. Hide the lab from view either by placing it the back of the office or keeping the door closed. Try to have diversions in the reception area. Most practitioners have reading material that is appropriate for their patients. Many others have an aquarium or a “kid’s corner” to use as a diversion for their patients.

Communications
Your office communicates in several different ways. **Verbal communication** is the most obvious form. Your (and your staffs’) choice of words is important. A word that has common and innocuous meaning to you may strike fear into the heart of an apprehensive patient. (Does “operatory” mean that you are going to do an operation?)

**Nonverbal communication** is as important as verbal communication. The tone of voice, by the provider or person on the telephone, tells more than the words themselves. Kinesics (body language) and proxemics (personal space) are understood by patients on an intuitive level. Be aware of how you and your staff use these techniques.

**Written communications** should all convey the sense of professionalism that you want your office to project. All communication should support your branding efforts, so that the public and patients receive a consistent message about the types and level of services that you provide. These include letters, brochures and information, post operative instructions, and payment options and plans.

Recall (Recare) Systems
Your recare system is one of the most visible internal marketing efforts that your office makes. (“Recall” implies defective care, as in a product recall. “Recare” or “periodic maintenance” imply ongoing care.) All of your efforts in this area should be aimed to help patients achieve an optimum level of oral health. All communication should support this idea.

Information for Patients
Dental patients want information to make health care decisions. They want information both about dental issues and general health concerns, so many dentists provide brochures about these topics. (For example, “What is a root canal?” or “How can I stop smoking?”) Many also have video / DVD presentation about dental care topics that they can show to patients. This helps in educating patients.
about complex procedures, helps in the informed consent conversation, and decreases the time that the dentist spends in direct patient conversation.

People who use dental services preventively usually have a preventive health lifestyle that shows as other healthy lifestyle habits and procedures. They also exercise more, smoke less, eat healthier foods, and use seatbelts more than those who don’t use dental services preventively. This preventive lifestyle group especially values health information. They appreciate and recommend you because of it.

External Marketing Strategies
External marketing efforts are intended to bring new patients into the practice. The hope here is that they will stay with the practice and bring in even more additional new patients.

Many people use several sources of information when making their choice of dental offices. They may find you as a participating provider on their insurance, see your add in the yellow pages, look up your web site, and then talk to friends and acquaintances about you. They did not use a single item for their purchase decision, but instead blended the information from several sources.

Public Relations
Public Relations often involves speaking to groups. It is important that you identify who you will be speaking to and what you want the outcome to be. Is your desired outcome a better educated group? Or do you want to generate three patient referrals from the presentation? Depending on your desired outcome, your talk will have a different orientation.

Public relations efforts often involve brochures or newsletters. You may write these yourself, or you can purchase them already written (prefabricated or off the shelf). (As a word of caution, making your own newsletter involves a significant amount of time that might be spent more productively doing other tasks.) You can purchase prefabricated newsletters from many dental form and stationery companies. You can then have your name printed on them to customize the look.

Professional Relations
Professional Relations is the second important part of your external marketing effort. You need to let other professionals in the area know where you are and what you can do for them regarding patient referrals. This usually takes the form of announcements to physicians and other area dentists when you open your practice. Be sure to join local study clubs to learn and share special procedures. Agree to take emergency "call" for local established dentists, being sure that their patients return to the dentist of record for follow-up treatment. Specialists appreciate referrals from generalists and often refer different patients to the generalist. Don’t be afraid to get on the phone and ask for help if you run into a particularly difficult problem. If you refer regularly, the specialist will usually be glad to help you out. Many dentists give a bonus to their own staff who refer patients and send gifts to the staff of their referring dentists.

Signage
Office visibility is crucial for your success. The public needs to know that you exist and where you practice. Where you locate your office is very important in this regard. The most visible location is on a busy arterial feeder street where thousands of cars pass every day. If you have a visible sign on such a busy road, your location will be known by thousands of people a day. Keep the sign simple. The “ 40 – 40 rule” says that a person should be able to read your sign from 40 yards away at 40 miles per hour as they drive past. This does not mean that they will all come to see you, but when they decide to see a dentist, you will be one of the group of dentists that they consider. You should “cut through the clutter” of other signs in the area. If all businesses have 20 foot wide neon signs, your one foot black and white sign
simply won’t be seen. Internal lighting makes it viewable at night. If you locate your office in a site that is not easily visible, then you will need other forms of marketing to make up for the problem location.

**Third Party (Insurance Plan) Participation**

Whether or not you participate in a given insurance plan has a large impact on generating patients for the practice. People generally gain their dental benefit through their work, often with little input into which plan to choose or the specifics of the plan. Many are then given a list of providers who have contracted with the plan. They then choose a dental provider based on which ones are providers for the plan. The insurance carrier then steers hundreds or thousands of patients to participating providers.

From your perspective as a practitioner, you may gain many patients if you are a participating provider. (You must also offer the patients substantial discounts from your normal fee.) If you are not a participating provider, then you may lose patients as their insurance package at work changes. Because of this, you will need to compare insurance plans and decide with which, if any, you wish to participate. This is currently one of the greatest marketing issues faced by dental practitioners.

**Web Sites**

Web sites are becoming a more important source of information for consumers. This depends to a large degree on the type of clientele you seek. For example, if you seek young affluent families, then a web presence is important. If you are seeking elderly patients with prosthetic needs, then a web site is less valuable as a marketing tool. Other forms of distributing your message are more important for this group. Your web site can introduce your services, introduce the doctor and staff members, inform prospective patients of your hours and policies, and provide health information. You can also post forms (such as health history or HIPAA forms) that patients can download and complete before they come to the office.

**Mailings**

Direct mailings can reach potential patients in an inexpensive way. These can be targeting to the ZIP codes or areas near the office or other target groups. You can purchase brochures and mailing packages from marketing firms or develop your own. Direct mailings are especially effective for a “blue collar” or working class neighbourhood, especially when they include a coupon or other saving enticement. If you use these direct mailings, use them for at least three to four months to imprint your name on the minds of those who receive the mailings.

Another form of direct mailing is to send current patients of the practice newsletters or other information about the practice. When you purchase a practice, the outgoing practitioner often has a bank of patients that have not been active (seen in the practice) for one to several years. Sending a letter to these people is a very cost-effective way to generate additional patients for the practice.

**Yellow Pages**

Many people will use the Yellow Pages to screen possible choices in dentists. They may use location in a large city, or services offered as a screening criterion. (Be sure to include a map of your general location so that people can easily find your location.) A yellow page ad can be very expensive, especially as the ads grow larger to be more easily noticed. If it generates enough patients, then it can more than pay for itself.

**Media (Radio / Television)**

Media Use is the most frequently thought of external marketing effort. Advertising is intended to keep you on the top of the public’s mind for the time that they do need a dentist. If you use radio, TV, or magazine advertisements, you should use a media or advertising consulting firm that will help to develop ads and place them in appropriate media slots. The cost of poor or misplaced ads is very high. Many chain or franchise operations find that they can use the mass media more effectively than an individual practitioner, since each of the locations receives the benefit of a media advertisement.

**Tracking the Effectiveness of Marketing Efforts**

Marketing efforts are expensive and time consuming for the practice. Therefore, it is important to track how many patients are generated by each marketing effort so that you can decide if the marketing effort
has been worth the cost and time spent. The best way to determine how a patient found your office is obvious - ask them. When the patient first calls the office, the receptionist who takes the call should ask, “And how did you hear about our office?” The patient may respond with one specific method (“I was referred by Doris Smith”) or may mention several methods (“I saw your ad in the Yellow Pages and looked up your web page online”). All modern dental management computer software has fields for entering this information. At the end of the month (or quarter) you then generate a report that lists all of the patients who listed each marketing source (e.g., “Yellow Pages”) and the amount of dentistry treatment planned and completed for the source. By comparing the cost with the amount generated, you can establish if a program is worth continuing.

When we look at this relationship in more depth, we can see that the cost to generate a patient needs to be allocated by type. For example, assume you spent $1,500 per month on yellow page ads, generating 3 patients, each with $400 worth of dentistry. You also spent $3,000 per month for direct mail program, generating 15 patients with an average of $400 per month. The yellow page ad patients “cost” $500 each, losing $100 each. The direct mail patients “cost” $200 each, earning you $200 each per patient. Given these numbers, the direct mail campaign, while more expensive, is more profitable.

The Financial Impacts of Marketing
Marketing is necessary for success
Marketing brings patients, both new and repeat, to your practice for treatment. Without patients, there is not practice. Many dentists claim that their office budgets do not allow them to spend money on marketing (“I can’t afford to spend money on marketing.”). This view assumes that marketing is an optional practice activity. The correct view should be “What do I need to spend on marketing to drive the number of patient visits that I need to meet my financial projections?” This second view says that marketing is the engine of practice growth. If you want to grow the practice, you need additional patients. Marketing expenditures bring these patients to the practice. To the extent that you limit marketing expenditures, you limit practice growth.

Value of a new patient
Each new patient is worth a certain dollar value to the practice. That value is the average amount of dentistry that you perform on new patients. It can be found by adding the total collections for dentistry done on all new patients divided by the total number of new patients. That dollar value is compared to the average amount spent on marketing per new patient. On a basic level, if the dollar value of the patient is higher than the amount spent to generate the patient, the marketing program was worthwhile. If not, it wasn’t.

Taking this analysis one step further, the cost of performing the dentistry should also be allocated to the new patient to determine profitability. The issue here is if there are “slack resources” or empty chair time. If you have no slack resources (your chairs are all completely booked) then all of the costs of the office should be divided and allocated to all patients. If, on the other hand, there is empty chair time, then the cost of seeing an additional patient is only the variable costs associated with production (dental supplies, dental lab and office supplies). The rent and utilities have already been paid, staff have been paid (they are sitting around filing their nails), and you are doing the crossword puzzle in the morning newspaper. Your only costs for seeing another patient are small - the additional costs associated with lab and material for doing the dentistry.

Repetition
Marketing means repetition. Dentists, who are used to the scientific method, believe that if something works once, then it will work always for all similar circumstances. When sending your message to people, you have to tell them over and over again. People hear your message when they are ready to listen, not simply when you are ready to tell them. Someone may drive past your office every working day for five years, but it is only when they decide they need to find a dentist will they notice your sign. For the same reason, Proctor and Gamble constantly advertises Tide laundry soap, so that when you are ready to buy laundry soap, you will think “Tide.” This “top of the mind awareness” means that you may not see an effect of your marketing efforts in the first week, month or even several months. Repetition is required of
even a good marketing message. While this appears to increase the cost of the marketing effort, it also increases its effectiveness and therefore its value.