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## DENTAL MARKETING STRATEGIES FOR 2006

When discussing dental marketing, it is important that we get the following fundamentals out in the open before we get to the actual strategies and tactics we use to grow a dental practice.

The Cost to Acquire a New Patient  
The Lifetime Value of a Patient  
New Patients versus Existing Patients  
Marketing Leverage  
Practice Equity

Let's start with number 1 and work our way to number 5. Hopefully by that time the beginning of dental marketing will all come together and you'll have a firm understanding of how all of these things will affect your practice and, more importantly, your personal and financial wellbeing.

### 1. Cost to acquire a new patient

The first thing to consider when thinking about dental marketing is the cost to acquire a new patient. This is simply how much you pay for each new patient who comes into your practice. This cost can easily be calculated by dividing the amount you spend on dental marketing each month by the number of new patients you see a month. For example, if you spend \$3,000 on advertising and marketing and get 25 new patients from that investment your cost per new patient is \$120 ( $\$3,000 / 25 = \$120$ ). That may seem like a lot of money, or it may not. Before you draw any conclusions on the figure let's discuss #2.

### 2. Lifetime value of a patient

The lifetime value of a patient is what your average patient will be worth to you, in dollars, over the lifetime of them being your patient. In the dental industry the average lifetime value of a patient is about \$22,000. If you didn't already know that, you're probably in a bit of shock right now. Now that you know how much the average patient is worth to you, here's the question: is it worth \$120 to get that patient in the door? What about \$240? What about \$480? Now, we're getting a bit excessive, but we're trying to make a point. If that patient will turn into \$22,000 over the years, it's important to look at every dollar you spend on dental marketing and advertising as an investment rather than an expense and do whatever it takes to get the person in the door and keep them around.

Now that we understand the cost of acquiring a new patient and each patient's lifetime value, we need to get a major misconception cleared up, which leads us to our next point.

### 3. New patients versus existing patients

Many dental marketing companies will talk about how many new patients they can drive into your practice. New patients are exactly what you need and the Avandant program drives in a ton of them, but that's not where the real money is made in dentistry. Allow us to explain. When a new patient comes in, they're probably responding to an advertisement with some kind of offer. The amount of money they'll spend on their initial visit is not going to be that much since they're probably just going to receive an x-ray, exam and cleaning or maybe some minor treatment. Now, we all know that the real money in dentistry is made from treatment plan fulfillment and long-term patients who return time and time again.

Here's what most dentists fail to understand...when a new patient comes into your office they're simply "checking you out." They want to meet you and your staff, see if you're gentle, have sterile equipment, and more or less get an overall feel for your practice. Just because they come in once, doesn't mean they're committing a lifetime of dental work to you. Even if they like you, they still might not come back. Don't worry about why they don't, it's just human nature. They might get an appealing offer from another dentist, they might move, they might not have the time. Whatever the reason, a lot of them won't come back unless you employ the right retention and reactivation strategy.

A patient is only worth \$22,000 if you have them over several years, they accept a treatment plan and they refer other patients. They're only worth an average of \$800 in the first year you have them. This is why focusing exclusively on new patients will cost you a lot of money. You should focus on acquiring and keeping patients in order to build a solid practice. We've met plenty of dentists who have patients going out the back door as fast as they have new ones coming in the front. While this is quite common, it is very costly. Dentists should work towards having a productive and profitable practice while decreasing their marketing budget and new patient flow over time. This is a realistic objective when you have a good retention and reactivation strategy in place.

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