

INTERNAL VS. EXTERNAL MARKETING FOR THE MICHIGAN OPTOMETRIST

by

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ABSTRACT

Background: The goal of marketing should is to attract new customers by promising superior value and to retain current customers by delivering satisfaction. There are many tools and strategies to become successful at marketing, but there exists discrepancies between the importance of internal vs. external marketing, and the amount of gross revenue to be expended. This study was conducted to answer questions on which type of marketing Michigan optometrists find most valuable. *Methods:* An anonymous survey of Michigan optometrists was conducted concerning modes and opinions of internal vs. external marketing and percentage of gross revenue expended. *Results:* According to this study's results, 71.1% of Michigan optometrists believe they are spending a sufficient amount of their annual gross revenue on marketing. Out of this group, 82.5% are spending 1-5%. 88.7% of Michigan optometrists value internal marketing over external. It is concluded that marketing trends among Michigan optometrists agree with most literature dealing with budget, types, and strategies.

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INTRODUCTION

The goal of marketing should be to attract new customers by promising superior value and to retain current customers by delivering satisfaction.¹ There are many tools and strategies to become successful at marketing, but there exist discrepancies between the importance of internal vs. external marketing. Internal marketing is done in office and usually consists of: word of mouth (recommendations), recall cards, and high quality of service.² Literature states that an estimated 27% of patients choose their optometrist on the recommendation of relatives or friends, and for an established practice, about 65% of patient flow is derived from previous patients.³ Service is not just a good idea but is critically important to the success of a practice.⁴ With the changing times, patients are beginning to expect the same level of attentive service from their health care providers that they receive as customers of other types of businesses.⁴ Many factors influence the public's decision to choose one practice over another.^{4,5} In some instances the choice even comes down to the external appearance of the practice and the amount of advertising distributed to the public.⁵ The most common form of external marketing is advertising. This includes but is not exhausted with: the yellow pages, radio, television, direct mail, and brochures. It is obvious that advertising costs more than internal marketing therefore, how much is this needed and how much should we be spending on such a strategy?

It is estimated that an established practice spends 4% to 6% of annual gross revenue on marketing.¹ An additional 2% to 6% may be needed for a new practice in order to achieve patient awareness and gain market share.¹ How this money should be divided

depends on many aspects such as: competition, location, patient demographics, etc. With all of these issues and strategies to consider, marketing can become very challenging especially for the new O.D. This survey was conducted to help answer some of these questions and find out how Michigan optometrists are currently balancing the weight of marketing.

METHODS AND MATERIALS

Study Design

This study was approved by the Human Subjects Review Committee at Ferris State University (see Appendix A). A survey of Michigan optometrists in the upper and lower peninsulas was conducted with anonymous results via the United States Postal Service. These 200 surveys consisted of 11 multiple choice questions concerning modes and opinions of internal vs. external marketing and percentage of gross revenue expended (see Appendix B).

Subjects

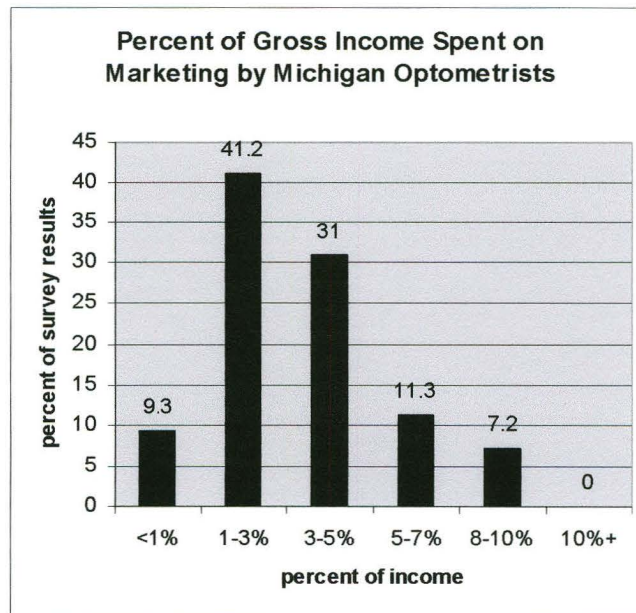
The subjects consisted of male and female Michigan optometrists in the upper and lower peninsulas. They were of all age ranges and different modes of practice. The addresses were obtained using the Michigan Optometric Association.

Scoring

The surveys were collected and reviewed. The data was put into groupings to obtain common trends. From this information conclusions were drawn about what Michigan optometrists' opinions are on the importance of internal vs. external marketing.

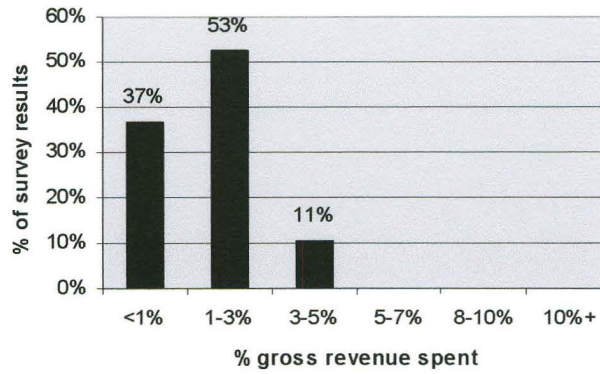
RESULTS

Two hundred surveys were sent out with a return of ninety-seven. The results have been tallied and put into graphs as follows:



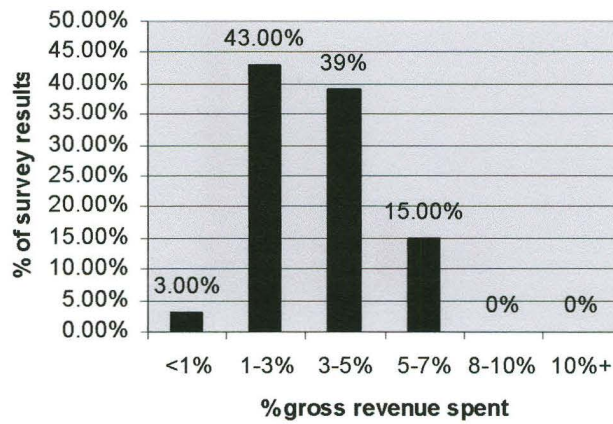
Graph 1

**Amount of Gross Revenue Spent
Yearly on Marketing by Michigan
Optometrists Who Report They Spend
Too Little**

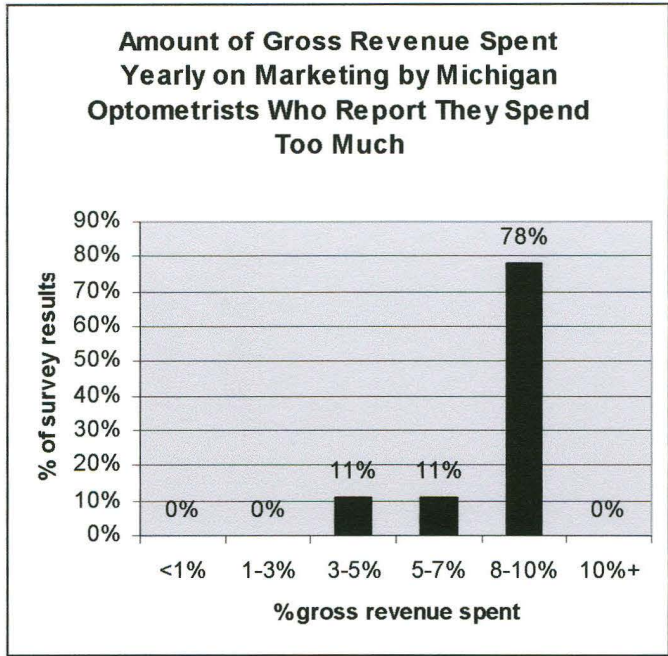


Graph 2

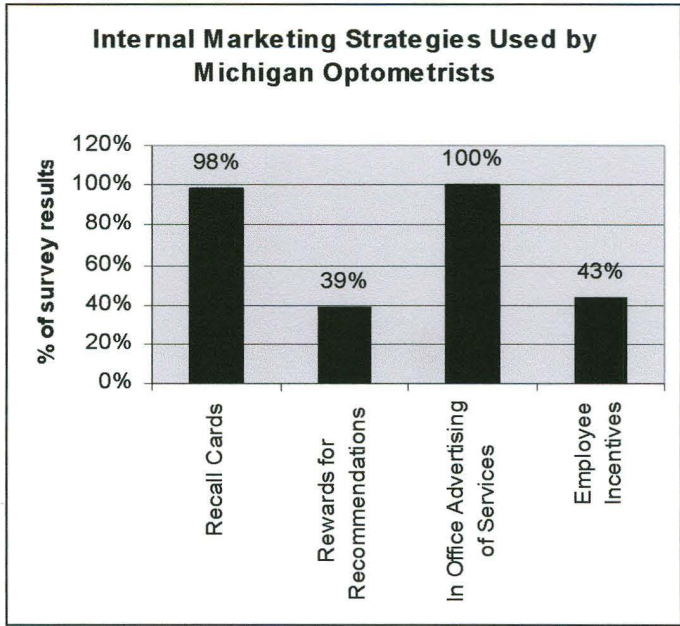
**Amount of Gross Revenue Spent
Yearly on Marketing by Michigan
Optometrists Who Report They Spend
a Sufficient Amount**



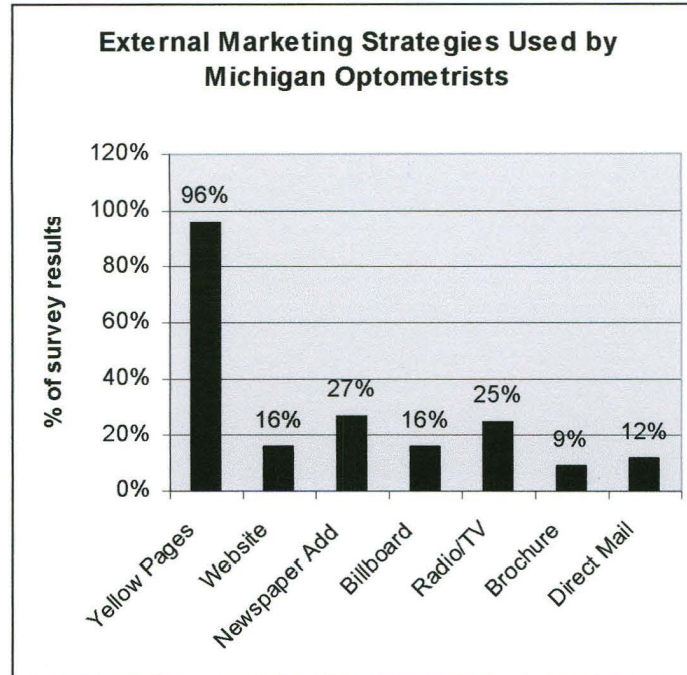
Graph 3



Graph 4



Graph 5



Graph 6

The percentages of responders in each mode of practice are as follows:

Sole Proprietor	= 53.6%
OD/OD partnership or group	= 23.7%
OD/MD	= 22.6%

Overall results when Michigan Optometrists were asked about their opinion on the amount of money spent on marketing are as follows:

Too Little	= 19.6%
Sufficient	= 71.1%
Too Much	= 9.3%

DISCUSSION

It can be concluded (Graph 1) that the majority (72%) Michigan Optometrists spend 1-5% of their annual gross revenue on marketing. These results are comparable with 82% of respondents spending 1-5% of gross revenue reporting they spend a sufficient amount

on marketing (Graph 3). Of the optometrists who reported spending too little on marketing, 89% spend 1-5% of gross revenue. All optometrists who reported spending 8-10% of gross revenue on marketing think they spend too much (Graph 4).

In terms of internal vs. external forms of marketing, 88.7% of Michigan optometrists reported that internal marketing has benefited their practice more, whereas 11.3% give more credit to external forms. All optometrists surveyed reported using at least two forms of internal marketing. According to these results (Graph 5) the forms of internal marketing used most often are recall cards and in office advertising of services. Data indicates 97% of responders use at least one form of external marketing, 96% of which use the Yellow Pages. Other sources varied amongst survey responders, see Graph 6. 87.6% of survey responders believe their patient base is sufficient for their practice, 12.4% disagree.

Potential Problems/Future Changes

If this study was to be repeated, there are certain changes I would make. The first change would be to list more forms of internal and external marketing strategies for the subjects to choose from. Employee incentives was the only write in for internal marketing, this number may have been higher if it were an actual choice, as well as many others. I suspect many optometrists are doing more internal marketing than they have reported due to the 88.7% reporting this making a bigger impact on their practice. Also, when asked when asked which forms of external marketing are used, I would specify currently used. There may have been some confusion here.

I have chosen not to report on some of the data collected due to its relevance for this study. For instance, due to group and partnership practices, some surveys checked both female and male gender. There is no way to know the number of males and females at each practice or if gender was indicated only for the optometrist filling out the survey in some instances. Also, the population was left blank on some surveys, which would lead to inaccurate results. The number of years at the current practice seems irrelevant to marketing results. In order for this data to correlate to the results a question on who makes the marketing decisions and budget for the practice would have to be asked. I believe this same point corresponds with the number of years in practice.

CONCLUSION

According to this study's results, 71.1% of Michigan optometrists believe they are spending a sufficient amount of their annual gross revenue on marketing. Out of this group, 82.5% are spending 1-5%. 88.7% of Michigan optometrists value internal marketing over external. It is concluded that marketing trends among Michigan optometrists agree with most literature dealing with budget, types, and strategies. Further studies are needed to gain future evidence.

REFERENCES

1. Woodruff, CE. Part 1: An Introduction to Marketing. *Optometry* 2004 Feb;75(2):129-31.
2. Rinkov MH, Otto RA, Rice RS, et al. Practice Growth Ideas. Management and Business Academy for the Eye Care Professionals. MBA-CE.com, all rights reserved; c2007. Available from http://www.mba-ce.com/practice_growth-ideas.php
3. Classe JG, Thal LS, et al. Business Aspects of Optometry. Philadelphia: Elsevier Inc., 2004: 313-15.
4. Gerber G. Top Practices Make Service a Priority. *Optometry* 2005 Aug;76(8): 482-3.
5. Bleything WB, Lindberg SA, et al. Office Image as a Determinate in the Choice of an Optometrist. *JAM Optom Assoc*. 1990 Apr;61(4):268.

APPENDIX A

APPLICATION FOR APPROVAL OF A PROJECT INVOLVING HUMAN
SUBJECTS
INITIAL REVIEW

**APPLICATION FOR APPROVAL OF A PROJECT
INVOLVING HUMAN SUBJECTS
INITIAL REVIEW (and 5 yr. renewal)
HSRC**

Dr. Connie Meinholdt, Chair
College of Arts and Sciences
Ferris State University
Big Rapids, MI 49307
PHONE 231-591-2759
FAX 231-591-2541
E-Mail connie_meinholdt@ferris.edu

DIRECTIONS: Please complete the questions on this application using the instructions and definitions found on the attached sheets.

1. Responsible Project
Investigator:

(Faculty or staff supervisor)
Name: James Miller, O.D., FAAO
Social Security Number: N/A

Additional Investigator(s):

Name: Jamie Norton
SS# or Student ID#:

Department: Optometry
College: Optometry

I accept responsibility for
conducting the proposed
research in accordance with the
protections of human subjects as
specified by HSRC, including the
supervision of faculty and student
co-investigators.

Signature:

2. Address: If there are more than two investigators, please indicate who should receive correspondence, and provide further addresses on a separate page.

Responsible Project
Investigator
Jamie Norton
101 Sandstone Creek Dr. #5
Grand Ledge, MI 48837

Additional Investigator(s) N/A

Phone #: 317-496-4577 _____

Email:
Jamie_adamski@yahoo.com

3. Title of Project

A Survey of Michigan Optometrists and Their Use of Internal vs. External Marketing.

FOR OFFICE USE ONLY

Subcommittee _____ Agenda _____

4. Funding (if any) _None

FSU Contracts and Grants app. # _____ if applicable

5. Has this protocol been submitted to the FDA or are there plans to submit it to the FDA?

No Yes

If yes, is there an IND #? No Yes IND # _____

6. Does this project involve the use of Materials of Human Origin (e.g., human blood or tissue)?

No Yes

7. When would you prefer to begin data collection? February 20, 2008

Please remember you may not begin data collection without HSRC approval.

8. Category (Circle a, b, or c below and specify category for a and b.

a. This proposal is submitted as EXEMPT from full review.

Specify category or categories: 1-C

b. This proposal is submitted for EXPEDITED review.

Specify category or categories: _____

c. This proposal is submitted for FULL sub-committee review.

9. Is this a Public Health Service funded, full review, multi-site project?

No Yes

If yes, do the other sites have a Multiple Project Assurance IRB that will also review this project?

No. Please contact the HSRC office for further information about meeting the PHS/NIH/OPRR regulations.

Yes. Please supply a copy of that approval letter when obtained.

10. Project Description (Abstract): Please limit your response to 200 words. The purpose of this project is to determine if Michigan optometrists value internal or external marketing for reasons of increasing or maintaining their patient base. This is valuable information concerning an optometrist looking to open a new practice or trying to expand the number of patients. Also, this is very useful for the new optometrist concerning the most productive ways to advertise and how much to expect to spend for their practice.

11. Procedures: Please describe all project activities to be used in collecting data from human subjects. This also includes procedures for collecting materials of human origin and analysis of existing data originally collected from human subjects

All data for this study will be collected by surveying male and female Michigan optometrist, of all age ranges, in the upper and lower peninsulas, via the United States Postal Service. The addresses will be obtained using the Michigan Optometric Association. The type of information that will be collected includes: mode of practice, estimated population of city, years in practice at the current practice, estimate percent of gross income used for advertising, what modes of marketing used (internal: word of mouth, recall cards, etc. vs external: yellow pages, billboards, etc.).

The surveys will be collected and reviewed. The data will be put into groupings to see common trends. From this information conclusions will be drawn about what Michigan optometrists opinions are on the importance of internal vs external marketing and if this correlates to the population size of their city and/or years in practice.

12. Subject Population: Describe your subject population. (e.g., high school athletes, women over 50 w/breast cancer, small business owners)

All optometrists that are currently licensed and practicing in Michigan.

a. The study population may include (check each category where subjects **may be included by design or incidentally**):

- Minors []
- Pregnant Women [X]
- Women of Childbearing Age [X]
- Institutionalized Persons []
- Students []
- Low Income Persons []
- Minorities [X]
- Incompetent Persons (or those with diminished capacity) []

b. Number of subjects (including controls): approximately 250

- c. How will the subjects be recruited? (Attach appropriate number of copies of recruiting advertisement, if any.)

Subjects will be recruited from the Michigan Optometric Association's list of current practitioners.

- d. If you are associated with the subjects (e.g., they are your students, employees, patients), please explain the nature of the association.

No current association.

- e. If someone will receive payment for recruiting the subjects please explain the amount of payment, who pays it and who receives it.

No monetary incentives involved.

- f. Will the research subjects be compensated? No Yes.

If yes, details concerning payment, including the amount and schedule of payments, must be explained in the informed consent.

- g. Will the subjects incur additional financial costs as a result of their participation in this study? No Yes. **If yes**, please include an explanation in the informed consent.

- h. Will this research be conducted with subjects who reside in another country or live in a cultural context different from mainstream US society? No Yes.

(1) If yes, will there be any corresponding complications in your ability to minimize risks to subjects, maintain their confidentiality and/or assure their right to voluntary informed consent as individuals?

No Yes.

- (2) If your answer to h-1 is yes, what are these complications and how will you resolve them?

13. How will the subjects' privacy be protected?

No names will be used on the survey, and all surveys will be returned in pre-addressed stamped envelopes. No indication of their origin will be on the envelopes.

14. Risks and Benefits for subjects:

There are no foreseen risks with these surveys. Benefits to practitioners may include knowledge of productive marketing tools in order to start a patient base or expand one.

15. Consent Procedures

A doctor's consent will be understood if the survey is returned to the study investigator. Completion of the survey is up to the optometrist's own discretion.

CHECKLIST: Check off that you have included each of these items. If not applicable, state N/A:

Completed application

The correct number of copies of the application and instruments, according to the category of review

Consent form (or script for verbal consent), if applicable

Advertisement, if applicable

One complete copy of the methods chapter of the research proposal

APPENDIX B
MARKETING SURVEY

Michigan College of Optometry

Marketing Survey



You are being asked to participate in a study to collect data regarding the opinion of Michigan optometrists of internal vs. external marketing.

The results will provide a better understanding of what types and how much marketing is needed to maintain a sufficient patient base.

Thank you for your participation.

This survey will take approximately five minutes to complete.

No identifying information will be collected.

Please return in the pre-addressed, postage paid envelope provided.

Study results will be available 4-1-08 by contacting:
Jamie Norton
Email: jamie_adamski@yahoo.com

Questions or Concerns? Contact:
Dr. Connie Meinholdt
Human Subjects Research Committee
Email: connie_meinholdt@ferris.edu
Tel. 231-591-2759

- 1.) What is your current mode of practice?
- Sole Proprietor
 - OD/OD Partnership or Group Practice
 - OD/MD
 - HMO
 - Commercial
 - Other _____
- 2.) How many years have you been practicing optometry?
- 1 to 4 yrs
 - 5 to 9 yrs
 - 10 to 14 yrs
 - 15 to 19 yrs
 - 20+ years
- 3.) How many years have you been at your current practice?
- 1 to 4 yrs
 - 5 to 9 yrs
 - 10 to 14 yrs
 - 15 to 19 yrs
 - 20+ yrs
- 4.) What is your gender
- Female
 - Male
- 5.) What percent of your gross income is spent on marketing?
- < 1%
 - 1 to 3%
 - 3 to 5%
 - 5 to 7%
 - 8 to 10%
 - 10%+
- 6.) What is your opinion on the amount of money spent on marketing?
- Too little
 - Sufficient
 - Too much
- 7.) What types of internal marketing are used in your practice? (Check all that apply)
- Recall cards
 - Rewards for recommendations
 - In office advertising of services
 - Other _____

8.) What types of external marketing are used in your practice?

- Yellow pages
- Website
- Newspaper add
- Billboard
- Radio/ Television
- Other _____

9.) Do you believe your patient base is sufficient for your practice?

- Yes
- NO

10.) Which form of marketing has benefited your practice the most?

- Internal
- External

11.) What is the population of the city in which you practice?

- <1,000
- 1,000 to 4,999
- 5,000 to 9,999
- 10,000 to 19,999
- 20,000 to 49,999
- 50,000 to 74,999
- 75,000 to 99,999
- 100,000+

Thank you for completing this survey. Your participation is greatly appreciated.

Please return the completed survey in the pre-addressed, postage paid envelope enclosed.