

MARKETING STRATEGIES FOR PRIVATE PRACTICE OPTOMETRISTS

By

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MARKETING STRATEGIES OF PRIVATE PRACTICE OPTOMETRISTS

We, Raul Auza and Chad Kresnak hereby release this paper as described above to Ferris State University with the understanding that it will be accessible to the general public. This release is required under the provisions of the Federal Privacy Act.



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ABSTRACT

Background: This research study explores the marketing strategies of private practice optometrists throughout two Midwestern states. *Methods:* Surveys were sent out, with the questions focusing on percentage of income spent on marketing, the most frequently used marketing strategies and a brief explanation of the most successful/efficient marketing strategies. The results are geared towards giving new OD's an idea of how to approach marketing to create a successful optometry practice. *Results:* The results of the study showed that a large percentage of the surveyed practices used phonebook ads, recall cards and direct mail. Almost every surveyed practice stressed the importance of establishing a great reputation that builds word of mouth marketing. *Conclusions:* There are many different ways to market a private optometry practice. Some are more effective than others, but the most beneficial method is to build a good reputation and increase word of mouth marketing.

ACKNOWLEDGMENTS

We would like to thank all of the people that took the time to complete our survey. We would also like to thank our advisor Dr. Robert Carter. Very special thanks goes out to our families who have helped us grow and succeed as students and will be there for us as we move on to our careers.

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INTRODUCTION:

For a new Doctor of Optometry who wants to become a private practitioner, there are many challenges. One of these challenges is how to efficiently market a practice to a target population. The growth and success of a private optometric practice is highly dependent on making the public aware of the goods and services a practice offers. Whether the OD starts a solo practice from the ground up, joins a group practice, or becomes an associate with intent to buy-in, he or she faces the challenge of marketing the practice efficiently. According to The American Marketing Association, marketing is defined as “an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”¹ As business owners, private practice OD’s face the challenges of creating a viable patient base, communicating the goods and services available, and delivering superior service. A survey was conducted in an attempt to determine which strategies are the most efficient/successful for private optometry practices.

METHODS:

A survey was sent to 800 private practice optometrists in Michigan and Illinois and sixty-three responses were received. The following survey was sent (See Appendix A). The survey was sent electronically, and returned also electronically anonymously.

RESULTS:

Response data of the following questions was analyzed and is shown bellow.

1. What percentage of your gross income is spent on office expenses?
 - a. Mean = 56.9%
 - b. Median = 51.5%
 - c. Mode = 70.0%
 - d. SD = 19.3

2. How old is your practice ?
 - a. Mean = 27 years
 - b. Median = 43 years
 - c. Mode = 35 years
 - d. SD = 21.4

3. How did your start your practice?
 - a. Cold = 42%
 - b. Buy-in/partnership = 54.8%
 - c. Subleased = 3.2%

4. What percentage of your gross income do you spend on marketing/advertising your practice?
 - a. Mean = 3.4%
 - b. Median = 5.5%
 - c. Mode = 3.5%

d. SD= 2.2

5. Please rank the following strategies, from the most used to the least used, and estimate of your marketing budget that goes towards each of them? The following options were given in the survey:

- a. Phone recall
- b. Mail recall
- c. Phonebook ad
- d. Newspaper ad
- e. Radio
- f. TV ad
- g/ Event sponsoring
- h. Word of mouth
- i. Internet
- j. Referral system
- k. Promotional Sales
- l. Other

Due to the highly variable responses, we have omitted the ranking of most to least used strategies. For answers to the second part of the question, see **Table 1**.

6. Which marketing strategy do you feel is the most successful in promoting the growth of your practice? (**See Table 2**)

Word of mouth: 47.3%

Phone/mail recall system: 21.0%

Vision Service Plan (VSP) website: 7.9%

Newspaper: 6.3%

Newsletters: 5.3%

TV/Radio: 4.5%

Yellow Pages: 4.1%

Cupons/sales: 3.6%

7. How much has your practice grown in the last ten years? (Financial growth)

This question was used in an attempt to quantify financial growth and the possible correlation to the marketing strategies being practiced. Responses to questions two, five and seven were used to create **Table 3** and **Table 4**.

DISCUSSION:

Many private practitioners have a negative perception of marketing. They may feel this way because marketing is often confused and mixed with selling, which is viewed as unprofessional and separate from being a health care provider. However, marketing is more than just selling. The goal of marketing, in any business setting, should be to provide customer value and satisfaction while making a profit. According to Kotler and Armstrong's *Principles of Marketing*, the goal of a marketing program is to attract new customers by promising superior value and to retain new customers by delivering satisfaction.² For optometrists marketing is more than advertising/upselling, it involves patient perception and comfort with the doctor.

Part of this survey involves determining how much private optometric practitioners spend on marketing. Question one asked what percent of their gross income was used for office expenditures. The average of the responses indicates that 56.9% is spent on office expenses with

a standard deviation of 19.3. This value may be low, as indicated by the mode of 70%, therefore we feel that 70% is a more accurate approximation of how much the average optometric practice's expenses are. There may have been some confusion as to what each participant considered to be an office expense since the range of values was so large. The marketing budget of a practice is part of an office expense. The results from question four indicate that the average optometric practice spends 3.4 percent of their gross income towards marketing. There did not seem to be any correlation between percent of gross spent on marketing and growth of a practice. This indicates that it is important to market efficiently than to simply spend money on marketing.

Question five explored how each surveyed practice distributed their marketing budget. From the table it is apparent that nearly one-third is spent on phonebook advertisements. According to Thal and Hisaka, phonebook advertisements account for only 4.6% of new patients.³ It has been shown that patients seeking care for red eyes, decreased vision, visually related learning disabilities and contact lens fitting were more likely to respond to phonebook advertisements.⁴ Mail recall garnered about one-fourth of the marketing budget for all practices that were surveyed. Mail recall is effective, but it does not promote growth of a patient base, only patient base maintenance. For the average practice 67% of patient flow comes from established patients.³ Newspaper/TV/Radio advertisements accounted for 16.3% of the marketing budgets from our survey. These are considered to be mass marketing strategies, which could create the largest potential market, but a recent study showed that these three account for only 5% of new patients in optometry practices.³ The "other" category accounted for sixteen percent of the responses. It included mostly newsletters, but also school presentations and vision screenings.

Question six asked the optometrists being surveyed, what they feel is the most successful marketing strategy. As seen in table 2, word of mouth was the most common response with 47%. Word of mouth may be the most effective, yet hardest to establish marketing strategy because there are so many variables. One highly important variable of word of mouth marketing is exceeding the patient's expectations. If a patient's expectations are exceeded he or she is more likely to recommend an optometrist's services. Personal sources (family/friends, etc) as opposed to commercial (advertising/sales), are the most influential sources for consumers.⁴ Our survey also indicates that most practitioners rely on a strong word of mouth system. According to recent surveys, 27% of patients chose their OD on the recommendation of relatives or friends.²

Eight percent of the participants felt that the VSP website was their most successful way of obtaining new patients, which was the third most common response. According to a recent study, 50.4% of OD's use a sponsored website (ie VSP) to market their practices.⁵

Question seven asked for the amount of practice growth over the last 10 years or since the practice started if younger than 10 years. We have chosen 10% growth per year to illustrate the practices that are making healthy progress in increasing their patient base. Table three shows the breakdown of the marketing budget for practices that have met the 10% growth per year. Table three looks very similar to table one, with a large portion of the budget going to phonebook ads and mail recall and other (newsletters). Table 4 represents the practices that have shown less than 10% growth over the last 10 years. Mail recall received the highest percentage, which probably represents established practices with lower growth rates that are trying to maintain a current patient base. When comparing tables 3 and 4 it is apparent that the practices with more than 10% growth have a more diverse marketing plan which will theoretically create a larger percentage of new patients. The practices with less than 10% growth rely heavily on mail recall

and phonebook advertisements. A vast majority of responders with 10% growth mentioned that a highly specialized service is offered in their practice (i.e.: medical optometry, specialty contact lenses, pediatrics/vision therapy). This undoubtedly makes these practices stand out compared to their competitors, which is an important factor in competitive markets.

CONCLUSION

Marketing is a highly useful tool to build and maintain a successful optometric practice. Essentially, there are two components to the marketing approach; internal and external marketing. Internal marketing involves providing information to an established patient about the services and products available, as well as developing a close relationship with the patient. External marketing involves educating and informing a target population of the goods and services offered by the practice, which is done by various forms of advertisement. Of all the strategies touched in this survey, we can conclude that word of mouth is the only way to approach internal and external marketing at the same time. Creating a close and loyal relationship with the patient is part of internal marketing, and leads to free external marketing. Let's remember, patients usually do not know how much their practitioner knows, however, it is easy for the patient to sense how much their practitioner cares. Other important factors shown by this survey are utilizing a diverse marketing agenda to attract more new patients, and offering a highly specialized optometric service that the competition does not offer.

APPENDIX A

Marketing Survey

1. What percentage of your gross is spent on office expenses (salaries, utilities, etc)?
2. How old is your practice?
3. How did you start your practice?
 - A. Solo/cold
 - B. Buy in/Partnership/group practice
 - C. Other
4. What percentage of your gross income do you spend in marketing?
5. Please rank from the most used to least used marketing strategy and estimate the percentage of your marketing budget that goes towards each.
 - A. Phone Recall
 - B. Mail recall
 - C. Phonebook Ad
 - D. Newspaper Ads
 - E. Radio
 - F. TV Ads
 - G. Event Sponsoring
 - H. Word of Mouth
 - I. Internet
 - J. Referral System
 - K. Promotional Sales
 - L. Other
6. Which of these strategies do you feel is the most successful in promoting the growth of your practice? Please explain why.
7. How much has your practice grown in the last ten years? If your practice is less than ten years old, please estimate its growth since it opened.

Table 1

Breakdown of Marketing Budget of all Responses

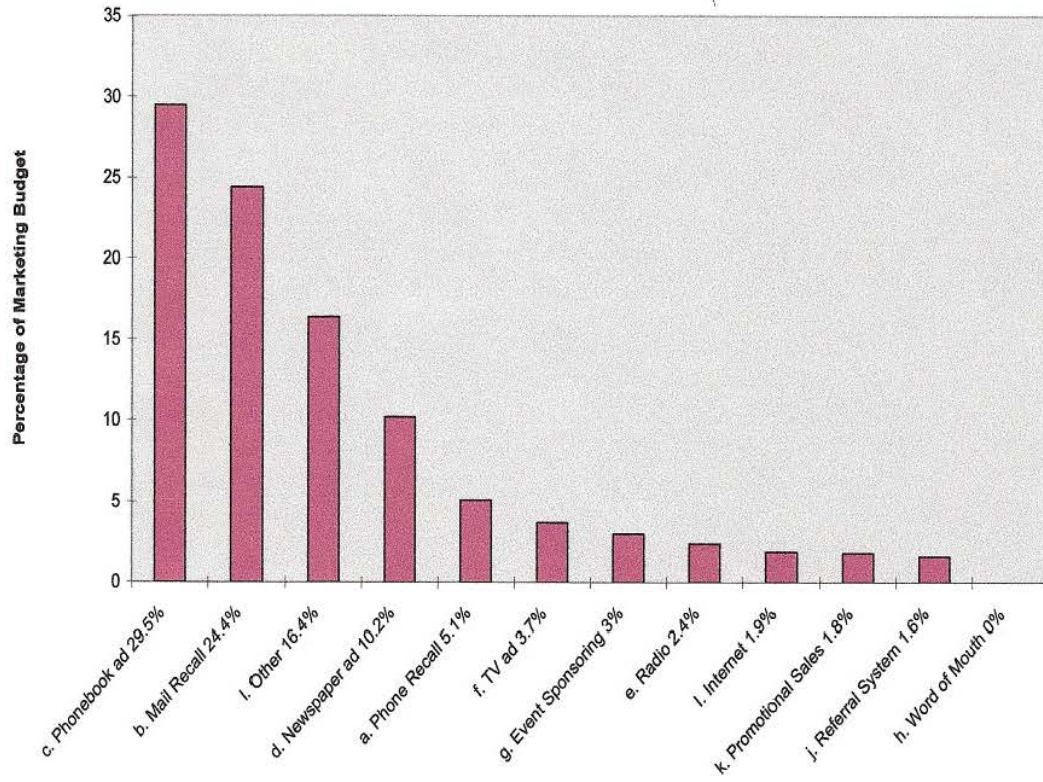


Table 2

Table 2: Most Successful Marketing Strategies (Responses to question 6)

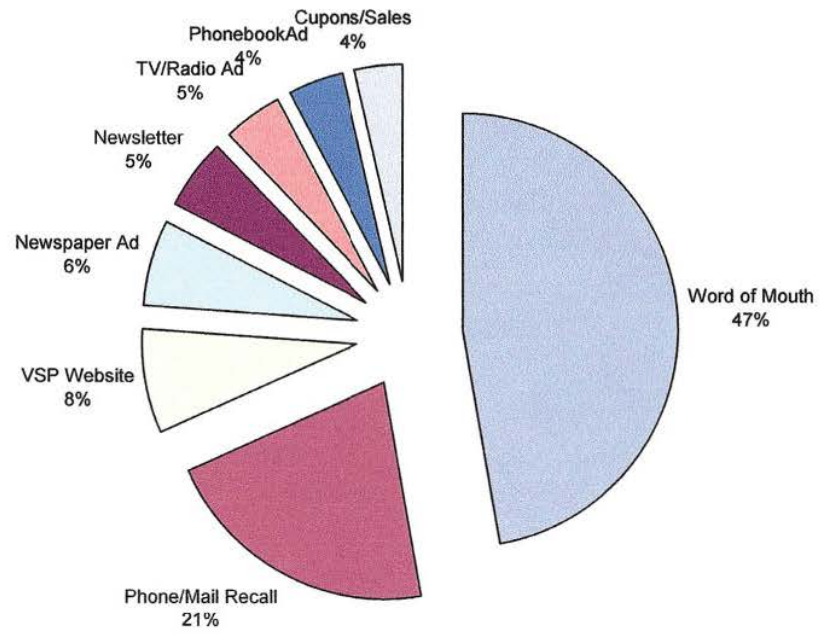


Table 3

**Breakdown of Marketing Budget for
Practices with Growth of at least 10% Per Year in the Last 10 Years or Less**

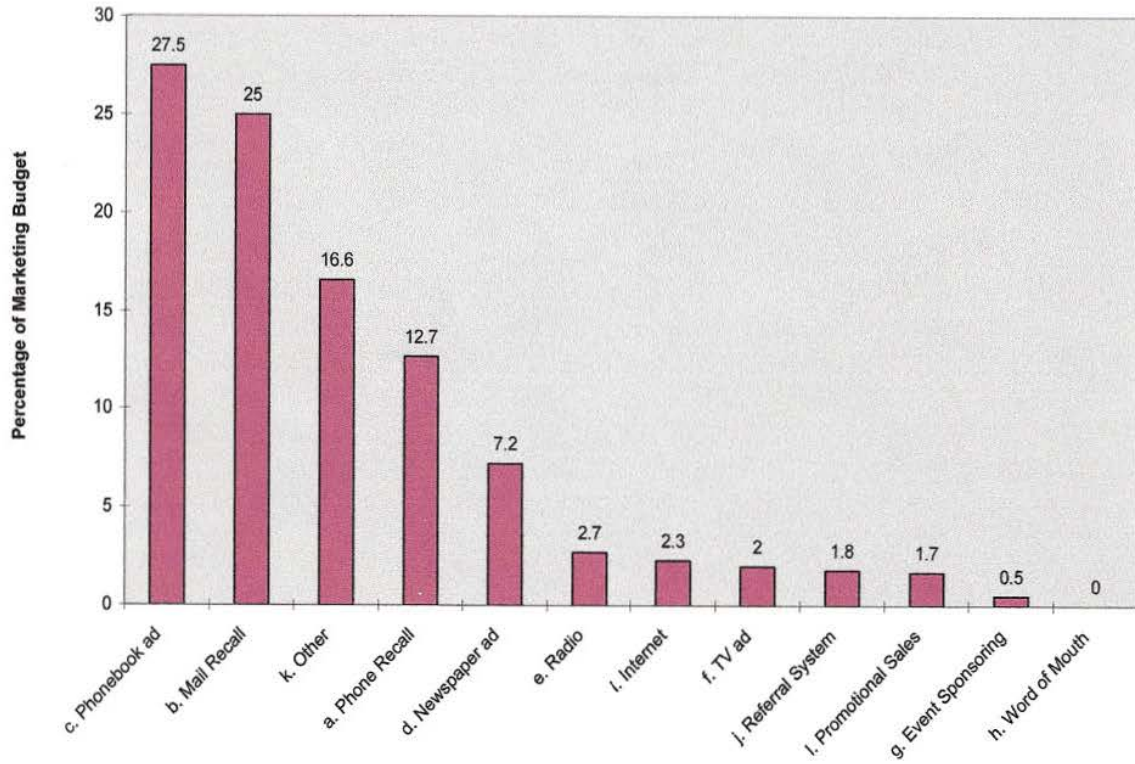
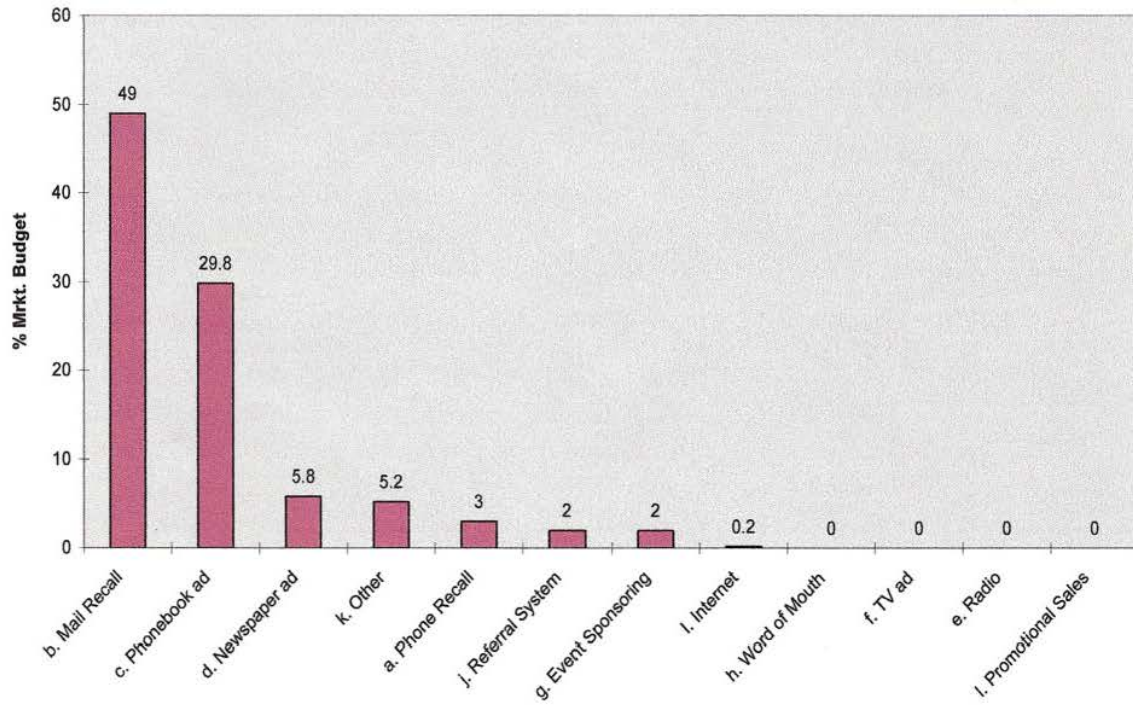


Table 4

Breakdown of Marketing Budget for Practices with Less than 10% Growth per Year in the Last 10 Years or Less



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