

# The Logic of Demographic Mail

by Gary Smith, President - Orthomarketing

*This article is written for doctors who are starting a new practice, opening a new office and for doctors experiencing declining new case starts / slow growth.*

## Here is my premise:

### There are fundamentally three ways to acquire new patients:

1. GP Referrals
2. Patient Referrals
3. Other – (marketing)

### What we know:

For many Orthodontists referrals from GPs are declining or difficult to get started. Patient Referrals are unpredictable or slow to build momentum. In general, it is difficult to control “the rate” at which someone will refer you.

### Conclusion:

If case start levels are to be maintained or growth is to occur, lost referral volume must be replaced or new volume must be stimulated. The only logical option for growth must be generated from the Marketing category.

### 1. GP Referrals - the hard facts

A segment of the GP community is becoming competitors and providing their patients with orthodontic services.

In some areas, possibly because of liability concerns, GPs are referring more than one Orthodontist. This is not good if you were the doctor with the monopoly.

There is a generational bias that exists in the industry. As older dentist retire, established Orthodontists are not getting as many referrals from younger dentists.

If you are starting a practice, dentists have their referrals already directed to specific doctors. Changing the GPs referral habit may take time and some will never change current relationship channels.

Relying on GP referrals to help grow your practice is no longer a guaranteed strategy. Other alternatives need to be considered to maximize income.

### 2. Patient Referrals – unpredictable, uncontrollable

Patient referrals are a very important part of any practice, but can you control the rate of referrals? Can you influence current patients to refer more families?

I would argue you can not consistently control referral rates – no matter how creative the contests become in your office or how much you may pay a consultant.

Both GP and Patient Referrals have an important role to play – but they are passive strategies, forcing the Orthodontist to be reliant on others. This dependency culture creates a practice environment unable to grow to its full potential.

A “proactive” option is needed where actions can be taken to increase the number of consultations regardless of referral rates.

### 3. Marketing – the missing link

The only proactive option available to stimulate new case starts is marketing. To put marketing in the context for an Orthodontic application we will define marketing as;

“Specific actions that influence *decision making behavior* resulting in families selecting you as their Orthodontist.”

The same elements that bring results in Orthodontics are the same elements that bring success in marketing:

- ◆ Analyze the current conditions
- ◆ Plan a strategy to achieve desired goals
- ◆ Execute those plans consistently and with quality over a period of time

*Random acts of marketing over sporadic time frames do not work – save your money.*

*To achieve consistent growth, Marketing must become a core system in your practice. Just like scheduling systems and accounting procedures, marketing is critical to achieve more control over desired results. Marketing is not about rolling the dice. There is math and logic driving all good marketing ideas.*

### The Best Marketing Solution

The most logical marketing option to increase new case starts is Demographic Mail. It is by far the one idea you can invest in and get proven results... if done correctly.

The fact can be supported that there is no better way to “proactively” increase new case starts than to communicate directly to the families that have the highest probability of engaging in orthodontic services in the near future.

How do we find and communicate to these “high probability” families? First, let me define the target audience - families that have the correct demographics:

1. **Correct income levels for services**
2. **Children in the appropriate age ranges**
3. **Homes in close proximity to your office**

This demographic list can be compiled for your specific community. A professional mail piece can be designed and delivered to target family’s encouraging them to visit your practice for a consultation.

This “invitation” is sent at a correct frequency rate during maximum read times. Impressive statistical results can be forecasted if a campaign is managed correctly.

The other mathematical reality is this; if zero attempts are made to reach high probability families - there is a 100% chance no one will respond.

### **Caution!**

Demographic Mail campaigns have many moving parts that must be in synchronization to get results.

It is important to understand that Demographic Mail is both a science and an art. It is not just about printing and mailing postcards.

### **There are many major elements that must come together to get results:**

- Frequency strategy
- Attention / interest design technique
- Quality copy
- Use of effective photography
- Print production cost control
- Correct list acquisition
- Mail rate optimization
- Database parameters that fit your market

### **The management of all these variables and MORE determines failure or success of a campaign.**

Most practices are not prepared to execute a successful Demographic Mail campaign... neither is the local printer. A specialist is required to get results.

### **Time for Action?**

Orthomarketing is a specialist in managing Demographic Mail campaigns for Orthodontists. There is a difference in working with a firm that understands Orthodontics.

If you have not already done so - please review the “Mathematics” article on Demographic Mail also on our website. We want to provide you with the facts that can help you make an informed decision.

One thing is certain - change is occurring in how new patients are acquired. There will be a shift in market share as proactive doctors using demographic mail win over more of the families in the market than the “referral only” practices.

### **What will your response be to a changing industry?**



*Gary Smith is a graduate of the University of North Carolina-Chapel Hill where he received his BS degree in Marketing. Mr. Smith is also the president of The Transform Group, a company he founded in 1985. TTG serves over 3500 clients nationally. OrthoMarketing is a specialized marketing-operations division of TTG that provides turnkey marketing services to Orthodontists that need to increase new case starts. Mr. Smith resides in Atlanta, GA with his wife Margaret and their four children.*

# The Mathematics of Demographic Mail

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The math element is an important part of determining if Demographic Mail is right for your practice. Based on documented studies on mail response rates by the Direct Marketing Association (DMA), a conservative estimate can be derived for a Demographic Mail Campaign for an Orthodontic practice.

## 1. Number of mailings in a campaign — five minimum, six recommended —

Regarding frequency, studies conclude a single mailing has a very low probability of success. Multiple contact rates of five and higher create an average response range of 0.005 to 0.02 respectively.

## 2. Number of “qualified families” targeted — 3,000 minimum —

Note: “qualified” families are defined as:

- ◆ Families with appropriate income for services
- ◆ Children in the correct age range
- ◆ Homes is in close proximity to office

## 3. “Invitations” mailed over a designated period — 18,000 —

We use the term “invitations” because that is the correct classification based on function. Orthodontists are inviting qualified families to come for a consultation.

### Family Responses

Figures are based on an overall campaign response rate of 0.01 respectively.

Mailing	M1	M2	M3	M4	M5	M6	Total
Quantity	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Responses	4	5	6	5	5	5	30

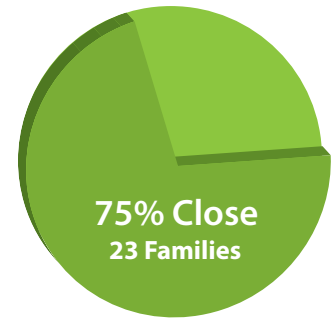
## 4. Response Goal

In this model we use a conservative 0.01 response rate.  
(3,000 x 0.01 = 30)

Note: A typical response range is between 0.0025 to 0.02.

## 5. Close Rate

Using a total of 30 families, closing at a conservative 75% rate, translates to 23 families starting a relationship with your practice.



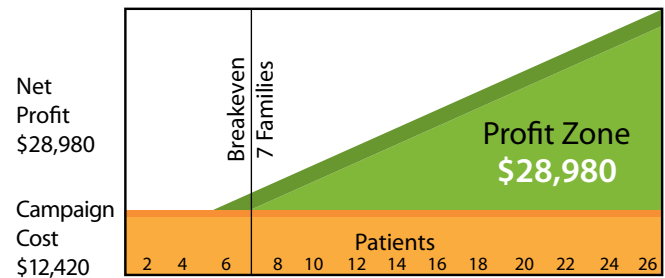
## 6. Profitability / Return on Investment

- ◆ There is \$115,000 in revenue generated from 23 starts at \$5,000 per new case start.
- ◆ There is an average of \$1,800 profit per case start x 23 families = \$41,400.
- ◆ Estimated campaign cost: \$2,070 per mailing, \$12,420 total investment.

Note: Your payments are spread out over the duration of the campaign.

### Profit Picture

For every \$1.00 invested, you can earn \$2.33 in profit. Seven new patients is the breakeven mark for your investment. The eighth family starts the profit zone.



These numbers don't take into account “bonus cases”. We estimate that 35% of your new case starts will “spin off” another new patient. This could be siblings, parents and referred families.

## 7. Conclusion

Demographic Mail Campaigns should be evaluated for your specific geographic market. This solution has a high probability of being a very profitable strategy... if done correctly.