

Increasing Your Dental Marketing ROI

February 28, 2020

by Naren Arulrajah, Ekwa Marketing

How effective is your current marketing strategy? Surprisingly, many dentists can't answer that question, or at least not with any confidence. If you are getting enough new patients, you might say it is working. Of course, you would probably like more new patients, so it could be better. The challenge is figuring out which aspects are working, where there is room for improvement, and what is simply wasting your money.

Dental marketing ROI (return on investment) is a somewhat imprecise calculation, but invaluable none the less. Here is your simple guide to figuring it out.

What is ROI?

The formula for basic marketing ROI is quite simple:

$$(\text{revenue} - \text{marketing expense}) / \text{marketing expense} * 100\% = \text{ROI}$$

For example, if every \$50 spent on marketing generates \$200 in revenue, the return is \$150 (revenue minus marketing expense) on a \$50 investment, equaling 300% ROI. In dental practices, the revenue is calculated by multiplying the number of new patients by the average value of each patient.

More to ROI than meets the eye

The basic ROI formula is deceptively simple for a couple of reasons. First of all, it combines all marketing expenses, which does not tell you which strategies or campaigns are most effective. Secondly, it requires assigning the same value to all new patients. In order to truly analyze your marketing strategy, you need some specific information.

- Start by breaking down your marketing expenses into categories. For example, how much do you spend on your website, PPC ads, yellow page listings, etc.
- The next step can be more challenging. Try to determine how many new patients come from each marketing activity.

- Lastly, analyze the quality of patients in each category. For example, maybe most of the people who find you in the yellow pages visit once and never come back. The average value of those patients would be lower. Or perhaps patients acquired through your website tend to have more high-profit elective procedures. Those patients would be more valuable.

Bridging the data gap

In truth, many dentists don't know the source of their new patients. If their practices are doing well, they assume the current marketing plan is working. When total new patient numbers drop, they decide to change something – often without knowing what needs to be changed. However, tracking this information isn't as difficult as you might think. The most effective methods include:

- Call tracking numbers – This is the most accurate tool for identifying lead sources. Just use a unique phone number on your website (or other marketing channel), and you will know which calls it generated. Usually the calls are routed to the office's main phone, so there is no need for a second line.
- Discount codes – If you advertise a special offer on multiple platforms, assign a unique code to each.
- Cross reference – If you use mailers, keep a list of addresses from your list. Check the addresses of new patients against those from your mailings.
- Patient surveys – This is probably the least precise data source, because people might not remember where they heard about your practice. However, it can help fill in the blanks.

Beyond the numbers

The above steps should give you a clear picture of what is bringing in the most – and highest quality – new patients. However, those numbers don't quite tell the whole story. The reason is that in many cases there are actually multiple sources for one lead.

Here is an example. Mr. Smith has a broken tooth, so he Googles “emergency dentist” and finds your practice. He is happy with the service and becomes a regular patient. The next year, Mrs. Jones asks if he can recommend a good dentist, so he gives her your phone number. A different friend recommends the dentist down the street, so Mrs. Jones looks up both websites. She is impressed by your list of services and remembers hearing about you before, so she calls your office.

In the above scenario, the new patient would be credited to digital marketing if Mrs. Jones calls the tracking number on your website, but not if she uses the standard line listed on your business card. If your receptionist asked, she would probably say she was referred by Mr. Jones.

Is she a patient referral? Is she a digital marketing lead? The answer is both, although she would be recorded as one or the other.

The moral of the story is that there are three aspects of marketing with value beyond direct lead acquisition, making their ROI higher than the numbers indicate. These are:

- Internal – What happens in your office has a huge impact on your bottom line, well beyond generating patient referrals. A well-trained office staff will convert more leads to patients. Additionally, quality care and delivering on your promises improves patient retention. Both of these factors make leads from any source more valuable.
- Online presence – A lot of people begin their search for a dentist with Google, but not everyone. However, no matter where they hear about you, they will probably look at your website before contacting you. That means a good website can not only bring in leads, but also help convert those from other sources. Alternately, a poorly designed site (or none at all) can actually cost you patients.
- Reputation management – It is impossible to overstate the value of a good reputation, or the professional risks of a bad one. No matter how people discover your practice, what they hear (or read) others saying about you is extremely influential. Positive online reviews, word-of-mouth, and media coverage are invaluable.

Putting it all together

In reality, there isn't a truly foolproof formula for calculating ROI, because the factors mentioned above don't have an exact dollar value. However, you can easily determine which marketing efforts are worth your money by calculating the number of direct new patients, assessing the quality of those patients, and considering the value of a good reputation, strong online presence, and providing a great patient experience. The last step is listing your most valuable marketing strategies and comparing that to a list of the most expensive ones. You might be surprised at what you learn

About the Author



Naren Arulrajah, President and CEO of Ekwa Marketing, has been a leader in medical marketing for over a decade. Ekwa provides comprehensive marketing solutions for busy dentists, with a team of more than 180 full time professionals, providing web design, hosting, content creation, social media, reputation management, SEO, and more. If you're looking for ways to boost your marketing results, call 855-598-3320 for a free strategy session with Naren.

