DENTISTRY’S NEW NORMAL
OVERCOMING SLOW GROWTH PATTERNS

PART OF THE USA TODAY NETWORK

April 20, 2016
EXECUTIVE SUMMARY

While the American Dental Association (ADA) has advised dentists across the country to be prepared for a “new normal” of slowed growth, a media plan targeting the right audience with the right message in the right place can make the difference between empty chairs and full waiting rooms.¹ Practices can optimize their advertising strategy by targeting three patient groups with the greatest potential: The Nurturers, the Silver Linings and the Brighter Smiles.

BACKGROUND

Private dental practices have been facing challenges in recent years. According to the ADA, dentists in private practice have been experiencing slow or even negative growth in the number of patient visits each year, and nearly 40 percent of dentists say they are “not busy enough.”² Despite the economic recovery, visits have fallen even lower than recession levels.

Contributing to these challenges is the rise of corporate dental firms. While corporate firms made up just 10 percent of the market in 2013, they are expected to grow to 30 percent in the coming years. This rise is facilitated largely by insurance companies pushing for smaller networks, which favors a larger corporate business model over that of a private practice. In addition, they have benefitted from an influx of debt-ridden dental school graduates unable to afford their own practices. One in four new dentists seeks corporate positions upon graduation. Meanwhile, these large firms are also cutting into the business of dental specialists by offering more in-house treatment, such as orthodontics, endodontics and oral maxillofacial surgery.

FOR MORE INFORMATION, CONTACT MICHIGAN.COM AT 313-223-3203.

CHALLENGE AND OPPORTUNITY

Competing in the new normal requires a strategic marketing plan that pinpoints potential patients and understands their needs and where to find them. Many working adults age 18 to 59 are insured, which greatly increases the likelihood of regular dental visits. However, dental spend for this age group is flat and their visits are declining. They don’t think they need to visit the dentist because they feel healthy and they’re not in pain.

Children age 2 through 17, on the other hand, are the most likely to be insured and visit the dentist more often than any other age group. Parents are more likely to put their children’s dental health even before their own. Only 15 percent of insured children skipped a visit to the dentist in the last 12 months, compared with 32 percent of insured parents. And though they may not be as likely as their children to come in for regular visits, insured parents are more likely than childless insured adults to visit the dentist at least once in 12 months. Targeting these parents, the Nurturers, could provide a strong foundation for dental practices.

While dental visits from working-age adults are declining, visits from seniors are increasing and are expected to continue rising in the future. Thanks to modern dental innovations, including widespread fluoridation, the baby boomers will be more likely than previous senior generations to retain their teeth and remain active consumers of dental care. And though they may have fewer visits than children, seniors currently purchase more intensive services than younger patients and have a higher average spend. Targeting the Silver Linings, mid to upscale retirees, is a smart and forward-looking strategy for many general dentists and specialists alike.

FOR MORE INFORMATION, CONTACT MICHIGAN.COM AT 313-223-3203.

Figure 4 Source: CDC, 2013; “Dental Practice Management Overview,” Harris Williams, November 2014
*Percentage of adult visits is taken from the CDC. Prior ADA estimates are lower, possibly due to differences in the ages included in the category. The CDC categorizes adults as age 18-64, children as age 2-17 and seniors as age 65+.
Another area of growth is cosmetic dentistry. According to the U.S. Bureau of Labor Statistics, this upward trend is expected to continue as new technologies allow for faster, less invasive procedures. Dentists are able to achieve more attractive, realistic results than ever before, but not without cost. Veneers, the second most popular cosmetic dental procedure, carry an average cost per tooth of $1,100 and an average cost per patient of $7,000. While spanning households of all ages and life stages, the Brighter Smiles patient group is connected by expendable incomes and upscale or fashionable tastes.

The Nurturers, the Silver Linings and the Brighter Smiles all have one common obstacle that may keep them out of a dental office: cost. Cost is the No.1 barrier keeping people from visiting the dentist, whether they are insured or uninsured. For cosmetic dental patients, alone, it is the second highest concern after appearance. While the obstacle may be the same, however, the strategy to overcome it is different for each group.

FOR MORE INFORMATION, CONTACT MICHIGAN.COM AT 313-223-3203.

SOLUTION

The Nurturers are the most likely to have dental insurance benefits, at least for the children, if not for the entire household. However, misconceptions or lack of knowledge about coverage can keep insured patients from coming in – even for check-ups or cleanings. Two out of three insured consumers expect to pay something during a routine dental exam, such as a copay or additional services, and more than 25 percent do not fully use their benefits. They need advice on how to make the greatest use of their benefits and how to handle costs that may not be covered.

The Nurturers are heavy digital users. They read magazines and newspapers online and are less dependent on traditional media. Television will be less effective than other media because they’re only light watchers and are more likely to own DVRs and streaming devices that will eliminate commercials. They’re very into social media, however, and are more likely to click on ads they find in their feed. When targeting the Nurturers, include helpful insurance information in your messaging, using digital and social channels.

The Silver Linings are far less likely to have insurance, and this presents a major hurdle for them when seeking care. Only 2 percent of baby boomers who retire will have access to dental insurance and a full 70 percent of seniors are currently uninsured. More than half of baby boomers who have not visited a dentist in the past year cite lack of insurance and cost of care as the primary reason. For seniors living on a fixed income, unexpected dental expenses can feel unmanageable. When speaking to the Silver Linings, center messaging around financing and payment plans. Place most of these messages in traditional media. They are heavy print readers, particularly of daily and Sunday newspapers. Don’t entirely neglect digital, however. They like to access the Internet for news, email and medical information.

The Brighter Smiles may have more expendable income, but that doesn’t mean cost is not a consideration. According to the American Academy of Cosmetic Dentistry, 73 percent of cosmetic dentists who offered financing said the option helped lead their patients to a “yes” decision. Present Brighter Smiles with a value proposition of beautiful results and affordability, addressing concerns with financing or payment plans. Like the Nurturers, Brighter Smiles can be found online and in social networks. They are also more likely to click on ads they see in their social feed. For this group, optimizing for mobile is also a must, as is search.

CONCLUSION

To compete in the new normal of today’s dental market, practices look to these three patient groups: The Nurturers, the Silver Linings and the Brighter Smiles. Each group has a different combination of concerns relating to cost, payment and value and media habits.

The Nurturers are likely to respond to information and guidance that will help them understand and utilize their insurance benefits, and they will see this information online and in social media. The Silver Linings don’t have insurance to cover what are often costlier but necessary procedures. They need information on how they can pay for these services on a fixed income. They’ll find information in more traditional media and some limited digital. Lastly, the Brighter Smiles are looking for value in services that aren’t covered by insurance. They want to know that they can have beautiful results, but they’re also concerned about the cost. Like the Nurturers, you will find them online and social, but don’t neglect to optimize your mobile.

FOR MORE INFORMATION, CONTACT MICHIGAN.COM AT 313-223-3203.