

## Marketshare and Mindshare Marketing, Part 2

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If you desire to grow your practice and enjoy predictable results, you need both marketshare and mindshare.

In the first part of this series we defined these like this: Marketshare is about attracting prospects to the office and then converting them a new patient. Mindshare, on the other hand, is about increasing the utilization of the services and products you offer in your office.

Your total marketing budget needs to be allocated to each category in order to maximize your results and achieve your desired outcome. If you place an emphasis on one over the other, you will have difficulty achieving and sustaining your desired outcome.

Those with a patient visit average (PVA) of 100 often have a very low new patient production (NPP), and eventually hit the glass ceiling with little improvement or declining results. Those with an NPP of 100 often need to work harder and invest more because their PVA is usually under 40. If you are a start-up, then 90 percent of your marketing budget will be allocated to marketshare and 10 percent to mindshare. On the other hand, if you are at \$1 million, you may want to allocate 40 percent to marketshare and 60 percent to mindshare. The specific allocation for your practice depends on your desired outcome. There are basically two methods for determining your marketshare and mindshare marketing budget.

*Percentage of Collection Method:* This is the typical method used by most chiropractors and consultants. However, it is often done incorrectly. Your marketing budget must be based on your desired and projected outcome in the next 12 months, not your collections from the previous 12 months. For example, if your desired outcome this year is \$500,000, then you must create a marketing plan and budget based on that amount. Many advocate that you need a budget of around five percent to 10 percent of your total projected desired income, but you will more likely require budget of 10 percent to 15 percent or even 20 percent if you desire to aggressively grow your practice.

*Cost Per New Patient Method:* With this method, you calculate your Cost per New Patient (CNP) and then multiply this number by the number of new patients you project. One way to calculate this is to tally your total marketing expenses and then divide by the number of new patients (three or more visits) during the same period. Example: If your marketing cost (MC) in the previous 12 months was \$36,000 and your number of new patients was 120, then your CNP would be \$300. Your actual marketing costs include: media ads, direct mail, events, promotional products, patient education resources, loyalty programs, newsletters, e-mail, consultants, staff labor, payroll cost, printing costs, marketing outsourcing and gift cards.

Too often, marketing expenses are not carefully categorized and get overlooked when assessing your CNP. Based on my research, your CNP will typically be in the \$250 to \$300 range. You can now calculate your budget by multiplying CNP by New Patient Production (NPP). If your CNP is \$250 and you desire 40 NPP per month, then your monthly marketing budget would be \$10,000.

The one key component of all this is that you must realize that you cannot multiply zeros. In other words, to grow your practice you must invest in some form of marketshare or mindshare marketing efforts. Your time and your staff's time is a cost of doing business. However, since you and the staff are already on the payroll, then available time can be redirected to marketing in order to grow the practice without the need for additional financial resources.

Think of it this way: your practice provides a salary (or it should) that maintains your lifestyle. You are compensated based on your contribution to the practice during normal office hours. If you invest your sweat equity working on marketing after hours, you must compensate yourself for your time in order to evaluate your marketing effectiveness. However, the more you work on your marketing beyond your normal office hours, the more you impact your personal lifestyle and impact your family. It may be less costly to outsource your marketing or hire a marketing associate.

## Marketing Performance

Once you begin executing and implementing your marketshare and mindshare marketing plan, you must track and monitor your results. If you are not hitting your targets, adjust your aim to ensure your success. There are three quick reporting ratios that you can track and monitor easily: percentage of income, NPP and patient lifetime value (LTV). If you are properly allocating your marketing expense in your accounting chart of accounts (consult with your CPA for assistance), you only need to see your total marketing expenses divided by your total collections to determine your marketing cost ratio. For example, if your marketing expenses are \$30,000 and your total collections are \$150,000, your marketing expense ratio would be 20 percent. Compare your results to your plan and adjust as needed.

There is one more preferred way to evaluate your marketing results that is virtually ignored by many chiropractors. The patient's relationship with your office over their lifetime provides you with an accurate indication of how well your marketing is working. The LTV calculation is simple to determine using available information from your practice management software. It incorporates the average number of months/years a patient is active, the average number of visits per year and the average number of referrals. The average patient has an LTV of \$50,000 or more. Using the same data from above, your return on investment (ROI) would be  $MC/(NPP \times LTV) \times 100$  or  $36,000/(120 \times 50,000) \times 100 = 0.6$  percent.

The power of marketshare and mindshare marketing is accurately reflected when you track and monitor your results using LTV. Companies from McDonalds to Rolls Royce use the LTV model to make marketing decisions. You cannot justify investing millions in marketing to sell a 99-cent burger or even a [\\$300,000 Rolls Royce](#). What you must be able to ascertain is how much will a single new customer contribute to my business over their lifetime of eating my burgers, purchasing and maintaining their Rolls Royce, or enjoying a healthier and more active lifestyle with your brand of chiropractic.

Each new patient you attract with your marketshare and mindshare marketing contributes more than an office visit. They provide a number of office visits over a period of time, increase their contribution when they utilize other products and services and accelerate their contribution with each referral each year. Each of those referrals repeats the process, greatly increasing the total contribution made to your practice. That's LTV.

In sum, marketing will build and sustain your practice. When you apply ethical and legal marketing strategies and tactics, you will achieve the practice that you desire.

