

For Success In Marketing You've Got To Have A Plan

DO YOU REALLY NEED A MARKETING PLAN?

Are you truly satisfied with the profitability of your hearing healthcare practice? Do you base your marketing efforts on hard facts and information as opposed to guesswork and intuition? If you answered no to either of these questions, then you *do* need a marketing plan.

During these times of uncertainty and constant market fluctuations, the serious practitioner needs an edge. Obtaining and analyzing the latest in marketing data will help you in making crucial strategy decisions and will provide you with that needed edge.

WHAT IS MARKETING PLANNING?

There is considerable confusion on the part of dispensers regarding the term "marketing" vs "advertising." Advertising is just a part of one of the 4 P's of marketing: Product (the specific items or services you provide), Place (your office location), Price (the value you place on your products and services), and Promotion. Promotion is the advocacy aspect of your marketing plan. It includes not only advertising, but also selling, sales promotions, and public relations.

THE COMPONENTS OF A MARKETING PLAN

A successful marketing program implements the strategies and tactics in your marketing plan. Essential to the preparation of your marketing plan is a comprehensive knowledge of: (1) your goals; (2) the need for your products and services; (3) your target market; (4) events in the outside world that will affect your business; (5) what your competitors are doing; (6) developments in your profession; (7) the strengths of your practice; (8) the adequacy of your finances; and (9) the efficacy of your delivery system.

You must also evaluate potential crises and future developments that may impact on you. Based on all of this information, you then determine your game plan and the specific actions needed to carry it out.

You can use consulting firms to guide you through this complex process or you can do all the legwork yourself. Obtaining accurate information is a time-consuming and labor-intensive process. Market-consulting firms familiar with the hearing healthcare field are listed in the various



hearing industry annual directories. Universities with business schools offer consulting services, and government-sponsored Small Business Development Centers

can also be of help. If you choose to do this on your own, you can find a wealth of information in your local library.

PUTTING TOGETHER THE PLAN

A sound marketing plan gives you the information to make decisions with a higher level of confidence and sophistication. Your decisions will result in increased volume and revenues.

Now, let's get to work. To begin writing your marketing plan, turn to the outline on page 20, tear it out, and fill it in now.

Basic Data

Let's start with the basics. Write down an informal review of how your business has been this year and what your goals are for next year—both personal and business. Do you want to increase income by 10%? Increase the number of hearing aids dispensed? Have more leisure time? Learn computers?

Think about how long you've been in business. Is it still exciting or are you getting burned out? Will your educational background be adequate for the future? Are you taking continuing-education courses? What techniques have you been using to increase your business? Do you have an advertising budget and in what media do you invest it? Writing down this preliminary information provides you with an overview from which to begin thinking about the essential aspects of marketing planning.

Three Areas Of Analysis

In preparing your marketing plan, you need to analyze the following: (1) Your present situation, (2) Problems and opportunities, and (3) Alternative courses of action. Then use this information to make a decisive plan of action.

(1) PRESENT SITUATION

What circumstances is your business currently facing?

(A) **Demand**—How great is the demand for hearing aids and hearing care services in your area and how is it changing? How elastic is the demand for hearing aids rela- ➤

Sidebar A: Mapping the Competition and Referral Sources

- Get a good local map that includes all the zip codes of your clients.
- Indicate with an X on the map where your office is.
- Figure out from how many miles away you draw clients. Then, with that distance as a radius and your office as the center point, use a compass to draw a circle on the map.
- Make a list of all of your competition. This include hospitals, clinics, medical offices that dispense, part-time or satellite offices as well as private-practice dispensing audiologists and hearing instrument specialists. Also include the companies that come in for monthly sales or home visits even if their offices are outside your area. Use the yellow pages to be sure that you have included everyone.
- Plot all the competition on the map using color codes to differentiate the various types of competition.
- Using another symbol, plot your referral sources—professional and client-based.

tive to price? If a small change in price causes substantial change in demand, then demand is elastic. The less elastic the demand, the greater the potential for price increases. If you can demonstrate that increased charges are justified by improvements in the quality of your products and services, then demand is less likely to decline.

(B) Market—Who is your market? Are your clients and prospects predominantly retired persons living on fixed income or are they primarily an affluent group of working adults? Consider the characteristics of the market you want to target. Is the image that you and your practice project appropriate for this market? Is your office location convenient for this group?

You can obtain detailed information about your area from the Census Bureau or from companies like CACI Marketing Systems (Arlington, VA). Information on the average age, education, disposable

income, lifestyles, and purchase potential for health aids will give you insight as to how to market your practice.

(C) Environment—Determine the population and geographic size of your market area. Are there political issues such as managed-care programs, cutbacks in Medicaid, changes in benefits programs for union members that impact on people in your area? Is there new technology, such as CIC hearing aids, that will attract new business?

(D) Competition Make a list of all of your competition. Remember, your competition is anyone who in the eyes of your clients can take your place (see Sidebar A).

Analyze what your competitors are doing. Are they cutting prices, increasing advertising, becoming more aggressive with open houses and direct-mail campaigns? Evaluate their offices relative to referral sources, target population,

proximity to transportation, highways, parking facilities, accessibility, security.

Review the product lines, type of equipment, pricing, and promotional strategies that your competitors are using. Your largest competitor may have brand-name recognition and well-financed national and local advertising. However, they may also be focusing on a strategy that includes a manpower work force, which can result in a perception of poor service. You might then choose to stress service and a warm, congenial atmosphere in your office.

(E) Market share—What do you think your market share is relative to your competition, and what is the market penetration in your area? Sidebar B gives you a rough way to estimate penetration, although many other factors, such as the median age of your area population and the percentage of people already using hearing aids, should be included for greater accuracy.

The rationale for all this mathematics is to begin visualizing in actual figures what your competition is doing and what is the potential for expanding the market and your share of it. Evaluating each of your competitors and your referral sources will lead to the most appropriate strategy for you to follow.

(F) Product life—Have you been introducing new developments in amplification to your clients who now wear hearing aids and may be ready for replacements? What is the product life for your hearing aids? The rule of thumb for replacement of hearing aids is 3 to 5 years.

(G) Skills and strengths—In what areas does your practice excel? Do you have any special certification, training, or degrees? Is your pricing strategy high, competitive, low? How do your clients perceive your office? Is it professional, homey, service-oriented? How long have you been in business? How active are you in your community?

(H) Resources—Consider your resources. Do you have sufficient support personnel to provide all the services you want to offer? Do you have adequate accounting and financial backup to achieve your goals?

(I) Distribution How would you characterize your distribution system? Do you have satellite offices, offer home visits, or require office visits in a sole proprietorship operation? Do you have strong manufacturer ties that will give you some leverage in the marketplace?

Sidebar B: Estimating Market Potential and Market Share

- Let's assume your state "Z" has a population of 5 million: 35,000 hearing aids were dispensed here according to Hearing Industries Association (HIA) 1994 statistics.
- It is estimated that 10% of the population is hearing impaired. The total population within a 7-mile radius of your office is 200,000. Thus your potential market (10% of 200,000) is 20,000. If we reduce that number by 20% to account for the hard core who will never use hearing aids, that leaves a sizable market of 16,000 hearing-impaired people.
- Again using the HIA statistics, derive the per-capita sale of hearing aids in your state ($35,000/5,000,000 = 0.7\%$) and use that number to determine the number of hearing aids dispensed per month in your 7-mile radius ($200,000 \times 0.7/12 = 117$). If you are dispensing 15 hearing aids per month, your market share is about 13% ($15/117$).
- Now "guesstimate" the number of hearing aids each of your competitors dispenses and calculate their market share.

Sidebar C: Goal: Increase Professional Referrals

- **Prepare list** of all internists and family practitioners in your area or your managed-care program, if you belong to one. Set goal of calling five a day to introduce yourself and your services. Offer to send copies of your newsletter for their waiting room.
- **Inquire how hearing is tested** as part of the physical examination. Offer to conduct free hearing screenings at the physician's office, with all follow-ups to be referred to you.
- Starting immediately, **ask all incoming clients** for the name and address of their primary physician and send them results of your examination. Make follow-up calls to speak to the physician regarding each specific patient and use this opportunity to introduce yourself and your services.
- **Obtain the names of the other healthcare providers** who treat your clients—cardiologists, ophthalmologists, orthopedists, chiropractors, podiatrists, dermatologists, etc.—and send them letters describing the services you have provided to their patients. Ask for future referrals and offer to send referral forms for their use.
- **Crossmarket.** Exchange brochures with other health professionals; offer to place their literature in your waiting area.
- **Establish methods** to track the results of the program and set a date for assessing its value.

(II) PROBLEMS AND OPPORTUNITIES

What problems do you face that may affect your practice? Keep in mind that opportunity often comes disguised as a problem. For example, if your sales volume is up but your net income is down, this may be an opportunity to raise prices. Or, instead of increasing prices, this may be a good time to negotiate with your vendors for a lower unit price based on increased volume, thus maintaining your pricing and increasing your net income.

If your revenues aren't what they ought to be, perhaps you should offer other services such as assistive devices or introduce some new technology to pick up the slack.

How successful have your advertising programs been? Have you been tracking the results? Is this the time to include an incentive in your ads to create an immediate response?

Have you ever assessed how your clients perceive your office and the quality of your service? Do you have a regular recall system, and what percentage of your clients come in on a regular basis? Do you know how many of your clients are new and how many represent repeat business? How many are referred by satisfied customers?

A lot of these ideas you've probably thought of in an extemporaneous fashion. However, by considering them systematically and writing down your answers to the questions I've posed, you

will be better able to appraise your situation and to address the problems and opportunities facing your practice.

(III) ALTERNATIVES

You always have alternatives to select among in responding to problems and opportunities. This is the area where you should be creative. Use your imagination and list all the alternative techniques you can think of to achieve favorable outcomes.

Now, evaluate the pros and cons of each of the alternatives you have listed. View your existing situation and make reasonable specific assumptions about the results of implementing the various possible approaches. Appraise your ability to carry out the activities.

(IV) DECISION

You've accumulated all the relevant information regarding your practice, your market, and your competitors. You've evaluated all the alternative approaches that you can think of. Now is the time to decide on a plan of action that fits your goals and your situation.

(A) Strategy—Your first decision is on an overall marketing strategy. This should be a brief statement, such as "to initiate an aggressive marketing plan to increase professional referrals."

(B) Tactics—These are the specific activities to carry out your strategy. For the

example cited, this might include a campaign of physician contact with special programs for their support personnel to increase their awareness of your services. Cross-marketing efforts, such as sharing patient lists and co-writing newsletters, may also be valuable.

(C) Implementation—This is your day-to-day plan of action for carrying out your tactics. Establish a time frame and set priorities consistent with your goals and objectives. Sidebar C describes an implementation plan for one specific goal: to increase professional referrals for hearing aids by 10% in 1996.

CONCLUSION

Successful dispensing practices do not prosper simply by reacting to new developments as they occur. Ad hoc marketing results in inconsistent actions and expenditures that leave the business vulnerable to more forward-looking competitors.

A marketing plan is the backbone of the professional practice. It shapes and supports the business entity, it lays out the strategies and tactics that enable your practice to capitalize on opportunities, and it helps guide you through crises.

Planning is a dynamic process. Your marketing plan is a blueprint that you are constantly refining and adapting to changes in your environment. And remember, information—about your own practice, about your competitors, and about the market you serve—is the tool that gives you the power to make your marketing decisions with true confidence.

Alice O. Berkowitz, PhD, MBA, is the Executive Director of Practice Management Consultant Co., a healthcare marketing and technical consulting firm. Dr. Berkowitz has a doctorate in Audiology and an MBA in marketing and management. She provides market planning and consulting for all sectors of the hearing healthcare field. Correspondence to Dr. Berkowitz, PMC, 39 Gramercy Park, Suite 7E, New York, NY 10010.