

The summary of this report was printed in the Fall 2009 VEINLINE. Here is the complete report:

2009 US Vein Practice Marketing Audit:

A Profile of ACP Membership Practices' Marketing Investment and Return during the Recession

Dan Stempel, MBA, MS

Purpose:

To measure and analyze marketing investments made by US-based vein practices and their relative utilization and return.

Methods:

An electronic survey on marketing practices was sent out to the American College of Phlebology membership.

Results:

219 different US vein practices responded. The average practice is spending \$4465 per month (\$53,580 per year) on marketing. Higher volume practices (>30 endovenous procedures) spent significantly more than lower volume practices (\$9068 vs.\$1736), but also exhibited more than 5-fold estimated revenue (\$234,308 vs. \$42,298 per month). The most common media utilized were print (68%), TV (30%), and radio (29%) which had costs per referral of \$314, \$348, and \$329 respectively. Direct mail to physicians was the most cost effective means of marketing (\$54 per referral) and internet promotion was next (\$149 per referral).

Conclusions:

Marketing spending during the recession has not diminished significantly, and, given increasing competition, may be more necessary than ever. Some of the most highly utilized media (print, TV, radio) are, in fact, some of the least effective.

Introduction

The practice of phlebology (vein care) has grown dramatically over the past 10 years, due in large part to the advent of new, minimally-invasive endovenous ablation techniques (e.g. VNUS Closure® and endovenous laser treatment). These procedures continue to exhibit high success rates, few side effects, strong patient satisfaction and are commonly performed in an outpatient setting^{1,2,3}. During this time, the American College of Phlebology (ACP) has grown to over 2000 members, increasing at an average annual growth rate of ~15% over the past 5 years⁴.

Venous insufficiency affects 25% of women and 15% of men in the United States⁵ and over 12 million patients a year seek out healthcare information on venous disease, symptoms, diagnoses and treatments (on the internet alone)⁶. It is estimated that over 460,000 patients will receive endovenous procedures in 2010⁷. Despite all these figures, a large number of patients today (and primary care physicians as well) remain unaware of recent advancements in the care of venous disease, or that there is a designated physician specialty that can help them. A number of misconceptions are still quite prevalent (that varicose veins are a cosmetic issue, that painful surgery is the only treatment option available) and act to prevent those who are suffering from getting the proper care and treatment they require.

Marketing & advertising provide a means to reach out to this population, educating them on symptoms and pathophysiology of venous disease, what treatments are available, and where they might find a qualified provider.

Utilization of marketing amongst practicing phlebologists remains varied. 82% of all phlebologists are in private practice⁴, and as such, the investment required to begin

marketing generally comes from personal resources. Given our recessionary environment, many are quite fearful they may not receive a positive investment return and are often hesitant to make this initial commitment. While much has been published regarding the clinical efficacy of venous treatments, little information exists to guide physicians on which marketing techniques may be most effective.

In collaboration with the ACP, the author sought to answer these questions more scientifically, by conducting a survey amongst ACP membership on marketing investments and return within the vein treatment market during the recession. The author had performed a similar survey in 2006 (albeit with much fewer responses) and where appropriate, comparisons are made.

Methods

In June 2009, a 4-page online vein practice marketing survey was sent out (via e-mail) to the entire ACP membership with responses due by the end of July. The survey contained questions about practice location, competition, procedure volumes, marketing expenditures, specific campaign results, and other questions about tracking, phone coverage, free consultations, etc. Respondents were promised a summary of the results if desired (with individual data to remain confidential).

Results / Discussion

242 surveys were received amounting to a strong 10%+ response rate (a testament to the strong engagement of the ACP membership). Of these, 23 were excluded from the analysis either because they were from outside the US, they did not perform any vein procedures, or the data submitted was nonsensical. A total of 219 surveys were included in the final analysis.

Demographics & Competition

Respondents to the survey included practices from 44 states and from cities (or Metropolitan Statistical Areas/MSAs) of varied size:

MSA Size	# Respondents
Large (>4M population)	37 (17%)
Medium (1-4M)	80 (37%)
Small (500K-1M)	53 (24%)
Rural (<500K)	49 (22%)

TABLE 1

Overall procedure utilization is shown in Table 2 (averaged out over all 219 practices):

	Procedures per mo. (avg.)	Range	% Performing
Sclerotherapy	54	0 to 500	99%
Endovenous Laser	20	0 to 250	81%
Endovenous RF	9	0 to 160	37%
Amb Phlebectomy	12	0 to 90	78%
L&S	0	0 to 20	10%

TABLE 2

Practices were also asked how many competitive vein practices existed in their local area (50 mile radius):

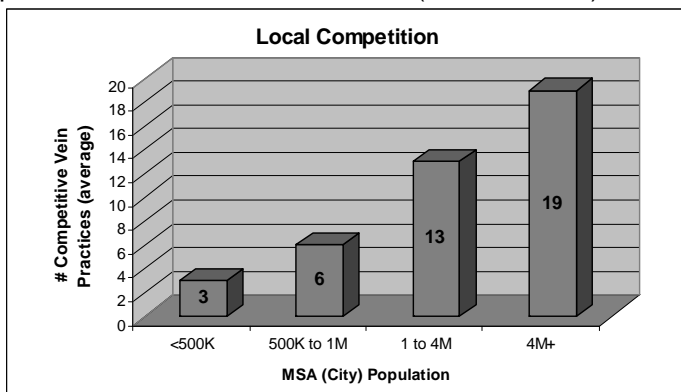
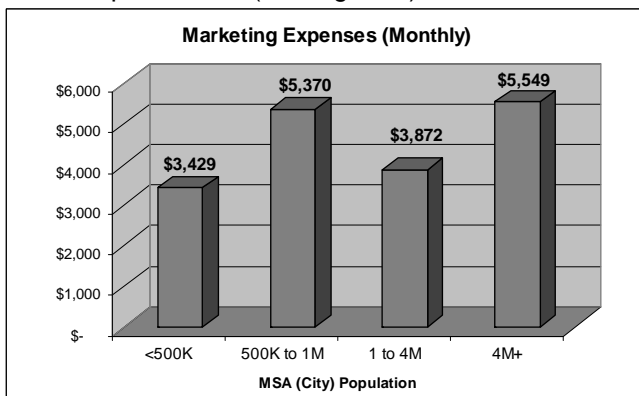


FIGURE 1

Marketing Expenditures

The average practice in the survey set spent \$4,465 per month (or \$53,580 per year) on marketing with expenditures ranging from \$0 up to \$100,000 per month. Although marketing expenses varied somewhat with market size (Figure 2), they appeared to correlate more with volume of endovenous procedures (see Figure 6).



It was difficult to discern whether marketing expenditures increased or decreased as we entered the recession (comparing 2009 vs. 2008); The overall amount of marketing expenditures reported in the study appeared to decrease ~13% (\$1,042,000 in 2008 vs. \$902,000 in 2009), however looking at what individual practices did year to year proved less clear (Figure 3 below).

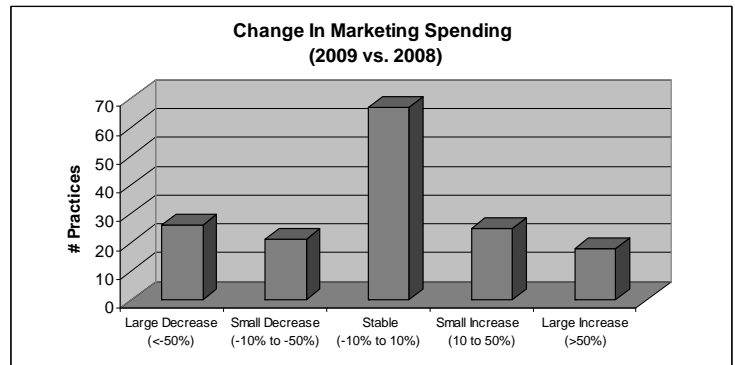


FIGURE 3

Practices sometimes utilize free consultations or free screenings to lure prospective patients in for a first visit, although the use of this practice is quite varied:

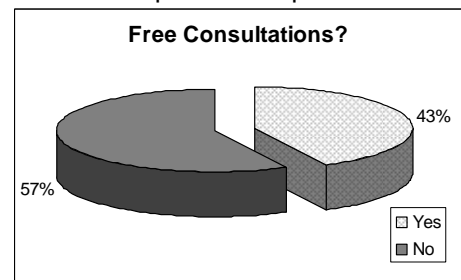


FIGURE 4

Campaign Utilization and Costs

Surveyees were asked which specific marketing media they (currently) utilize and, where known, to provide data on costs and returns (in referrals). As in 2006, print was the predominant media utilized (68% of practices vs. 80% in 2006). As well, traditional media (print, TV & radio) continue to be the most popular (see below).

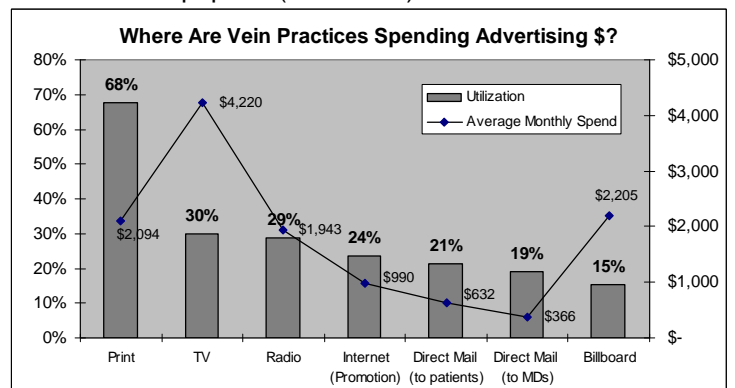


FIGURE 5

The figure above captures the relative utilization of specific media as well as average costs (per month) for each. TV is clearly a bit more expensive than the others.

Return on Investment

More of interest to most is not how much is spent, but rather whether or not these investments are generating a positive return. To measure things on a global level, an estimate of vein procedural revenue was made for each practice based on self-reported procedural volumes. Each endovenous procedure was multiplied by \$3500⁸, each sclerotherapy by \$350, and each phlebectomy by \$300. It is understood that actual reimbursement values vary by geography, insurance provider, diagnostic revenue, etc., however this was felt to provide a reasonable estimate of gross revenue. As well, practices were stratified based on endovenous procedural volume to those with 'Low' volume (<15 procedures, n=77), those with 'Medium' volume (15-30 procedures, n=71), and those with 'High' volume (>30 procedures, n=71). As demonstrated by Figure 6 below, marketing spend clearly correlated with procedural volume and overall revenue:

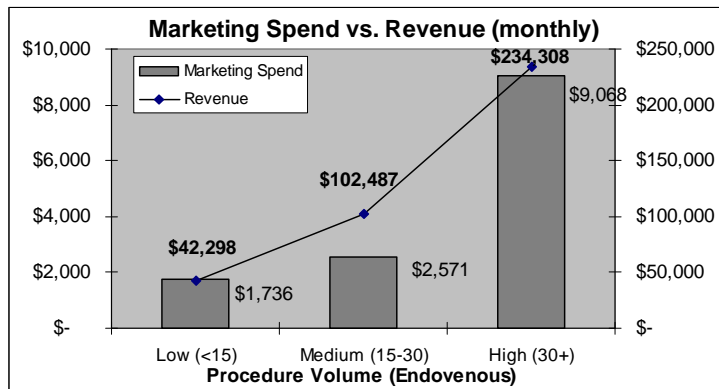


FIGURE 6

A good number of survey respondents provided detailed data on specific marketing investments made and return generated in terms of referrals. The following table provides this detail for the top three media (by utilization):

Print (Newspaper, Magazine, etc.)	
n=	69
Cost (avg. per month)	\$2457
# Referrals (avg. per month)	8
COST PER REFERRAL	\$314
TV	
n=	27
Cost (avg. per month)	\$4567
# Referrals (avg. per month)	13
COST PER REFERRAL	\$348
Radio	
n=	21
Cost (avg. per month)	\$2008
# Referrals (avg. per month)	6
COST PER REFERRAL	\$329

TABLE 2

Notably all the most utilized media have costs per referral greater than \$300. These findings are consistent with results seen in 2006. This begs the question of whether there are other media which are more efficient at driving referrals.

Figure 7 helps to answer this question with costs per referral of all media analyzed in the survey.

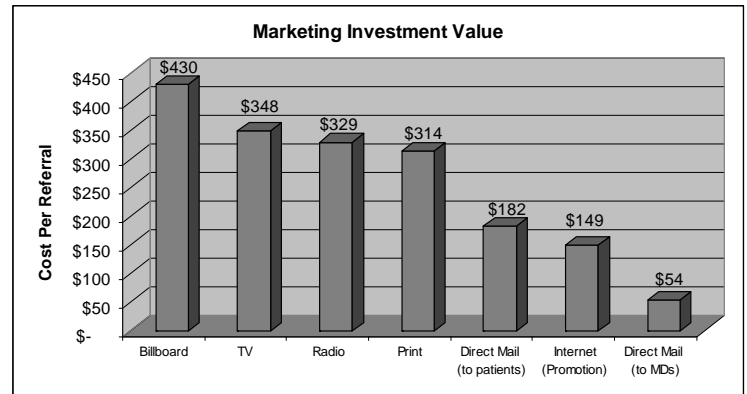


FIGURE 7

Direct mail (to physicians) appears to be the most cost efficient means of driving patient referrals, perhaps because many physicians performed this activity themselves and simply had to pay for postage. It is hypothesized that leveraging one's physician referral network in general is a vein practice's lowest cost source of referrals.

However, at some point, vein practices maximize this referral source and need to look to external advertising to provide supplemental activity. At this point, internet-based promotion appears to be the most cost effective alternative with costs per referral less than half of traditional media alternatives. Interestingly, while many practices (62%) build a website, much fewer have taken any steps to promote that

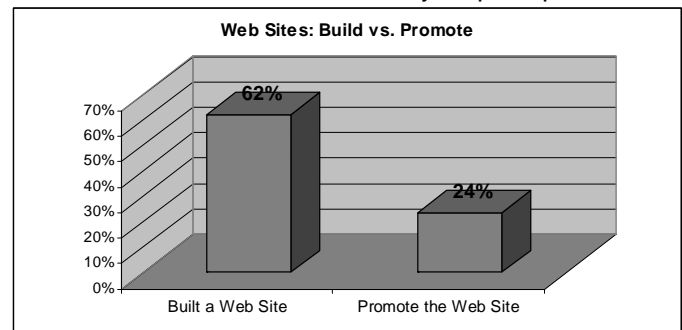


FIGURE 8

site on the internet via search engine marketing and other techniques (perhaps taking a mistaken 'If you build it, they will come' perspective).

Tracking of Return

One subject that has received little scrutiny is that of how practices are tracking their specific marketing investment returns. Few (if any) would make a financial investment (stocks, bonds, etc.) without closely tracking its return on investment, and investment companies provide significant data with which to do so. In the past, marketing investments may have been costly or difficult to measure, however today that is not the case. Media sources like the internet are easily measurable and one can acquire a tracking phone number (to provide specific tracking of a given marketing program) at

AMERICAN COLLEGE OF PHLEBOLOGY

101 Callan Avenue, Suite 210 • San Leandro, CA 94577-4558

510.346.6800 • 510.346.6808 Fax • info@acpmail.org • www.phlebology.org

very low cost. Figure 9 shows what the more than 200 vein practices in the survey set are doing:

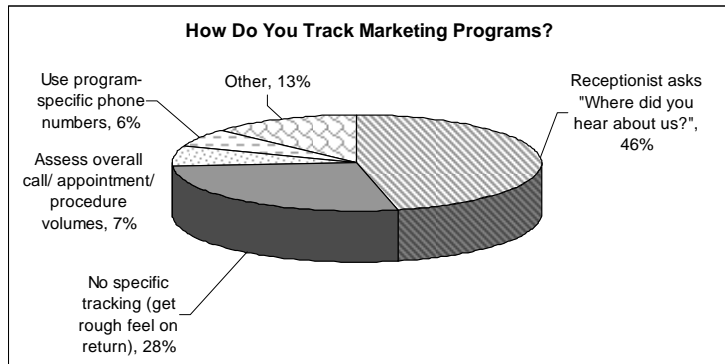


FIGURE 9

Interestingly, only 6% of all practices are availing themselves of tracking phone numbers and more than 40% are not performing program-specific tracking. This despite the thousands of dollars being spent monthly on their marketing programs.

One might argue that having the receptionist ask “Where did you hear about us?” is a reasonable means of tracking, however this technique is fraught with inaccuracy. First, ask any receptionist asking this question and you will find they commonly hear responses on which the practice is not advertising (e.g. the caller says ‘radio’ when the practice has no radio campaign). This is believed to be caused by media transference (e.g. the caller may have heard a radio ad by another vein practice, but perhaps found this vein practice by searching on the internet (not fully remembering the name)).

Secondly, some audits of phone reception activity by the author’s company (where a tracking number was in place and the media source was known) have shown that, even with well intentioned receptionists, the question often gets asked only 30-40% of the time, and given the first issue, only 10-20% of calls were accurately tracked⁹.

Phone Coverage

Another subject warranting further investigation is that of who is answering the phones for a vein practice, how consistently, and how effective are they at answering these calls. Figures 10 & 11 show that 23% of the time there is not a full-time receptionist and that 26% of the time there are acknowledged gaps in coverage (remember these are self-reported numbers and likely optimistic).

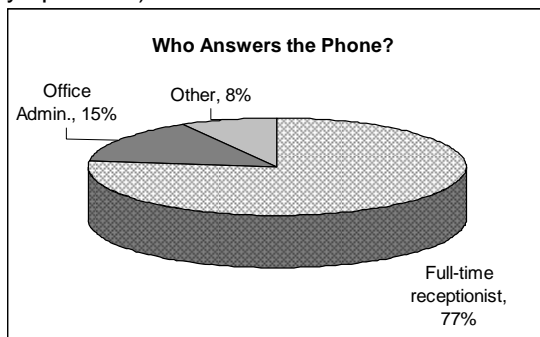


FIGURE 10

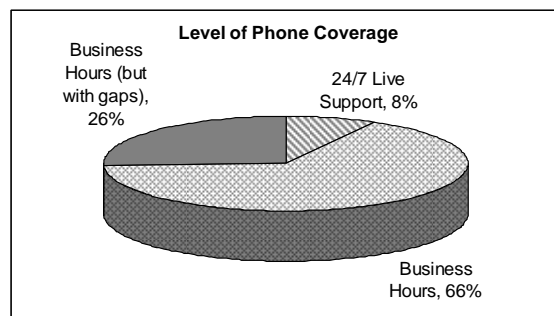


FIGURE 11

If answering machines are utilized, the following data (taken from a large-scale audit of such calls) should be sobering:

When Answering Machines Answer: ¹⁰	
➤	71% of Time Patients Hang Up
➤	82% of Them Never Call Back

And even in the cases where the phone is indeed answered by a professional receptionist, not all are sufficiently expert at answering needed questions, creating rapport with the caller, and gently guiding them to schedule a consult. All the referrals in the world will mean little if your phone coverage is unable to effectively convert them into appointments.

About The Author

Mr. Stempel has been directly involved with the vein treatment market since 2005, first as the Director of EVLT® Marketing with Diomed, Inc. (Andover, MA) and more recently as president of MD Connect, Inc. (Wellesley, MA), a boutique marketing firm focused solely on performance-based advertising.

In these and other roles, he has worked extensively with over 60 vein practices on specific marketing initiatives, tracking their relative success or failure. He has over 15 years of marketing, management, and technical experience in the medical industry working with physicians in their varied clinical practices (e.g., urology, general surgery, cardiology, anesthesiology). He holds a BS from Cornell University and an MBA and MS from Stanford University. He can be contacted at dstempel@mdconnectinc.com

¹ Lurie F, Creton D, Eklof B, Kabnick LS, Kistner RL, Pichot O, Et Al. *Prospective randomized study of endovenous radiofrequency obliteration (Closure) versus ligation and stripping in a selected patient population (EVOLVES study)* J Vasc Surg 2003;38:207-14

² Min RJ, Khilnani N, Zimmet SE, *Endovenous Laser Treatment of Saphenous Vein Reflux: Long Term Results* J Vasc Interv Radiol 2003;14:991-996

³ Navarro L, Salat CB. *Endolaser- A Three Year Follow-up Report: implications on Crossectomy and Ligation and Stripping.* 16th Annual Congress American College of Phlebology. Nov 2002

⁴ ACP Website: <http://www.phlebology.org/aboutus/index.html>

⁵ Callam MJ *Epidemiology of varicose veins* Br J Surg 1994; 81:167-173

⁶ Based on August 2009 Google reported search volumes, data on file

⁷ Millenium Research Group, Nov 2005, US Markets for Varicose Vein Treatment Devices, 2006

⁸ Based on analysis of income generated per ablation by American Physicians Financial Solutions (Colorado Springs, CO)

⁹ Based on internal MD Connect data (client phone audits)

¹⁰ Based on internal MD Connect data (phone audits of 7 practices, 15 months of data, 87 calls caught by answering machine)