

CommBank Dental Insights Report.

Understanding patient preferences to drive growth

March 2020



Contents

Foreword	3
Attracting patients in a competitive market	4
Delivering a best-in-class patient experience	5
Marketing as a growth engine	6
Technology and the patient experience	7
Investing in technology	8
Keeping pace with patient expectations	9
Case Study: Advanced Dental Spa	10
Conclusion	12



Foreword

With 75% of dental clinics intent on growing their business and increasing revenue, this edition of CommBank's Dental Insights Report is designed to help clinics fulfil these ambitions.

Dental clinics' top business priority in the coming year is sales and marketing to attract new patients. That is the overwhelming strategic response to their biggest business challenges, namely maintaining and growing patient numbers amid cost pressures and rising competition.

Yet only around a third of clinics have a detailed plan to reach their business goals and only 5% employ a marketing professional. This presents an opportunity to realign marketing activity to attract patients. Nevertheless, dental clinics are leading the way in incorporating social media

marketing and search engine optimisation into their marketing activities as part of a broader drive to harness technology to enhance their marketing functions.

Furthermore, they are early adopters of several other technologies. That suggests many dental clinics recognise the potential of digital services to improve the already high level of satisfaction patients have with their clinic experience.

The vast majority of clinics intend to increase their technology budget in the coming two years, primarily to improve quality of care and the patient experience. However, the research indicates they aren't always investing in the technologies that are most appealing to patients. And even when clinics offer these digital services, there is low awareness about their availability among patients.

Aligning technology investment with business priorities, and with emerging patient preferences, will help clinics optimise their spend. It will also help clinics to keep pace with rapidly changing expectations of patients, particularly the somewhat less satisfied generations Z and Y.

We hope you find the report useful as you plan the future of your clinic and we welcome the opportunity to discuss your own experiences with patients.

Belinda Hegarty

National Head of Healthcare
Business and Private Banking
Commonwealth Bank of Australia

About the CommBank Dental Insights Report

The 2020 CommBank Dental Insights Report is based on a quantitative survey of 100 key decision-makers or influencers at dental clinics across Australia, as well as 386 patients who had visited a dental clinic in the six months prior to March and April 2019. The dental clinic survey was completed by a mix of business owners or directors, dentists, clinic managers and nurses. This cohort will be referred to as clinics throughout the report.

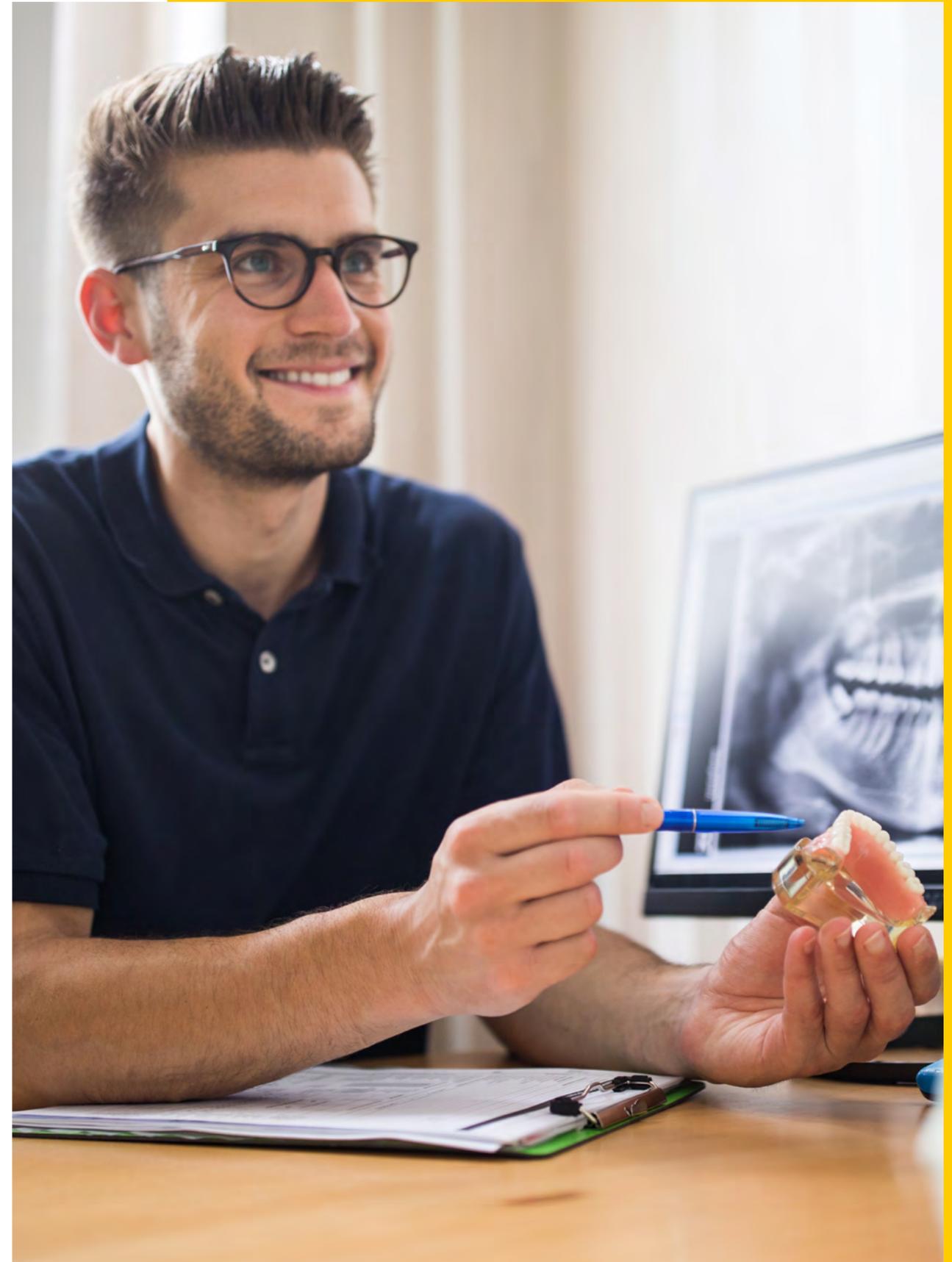
ACA Research conducted both the dental clinic and patient surveys online during March and April 2019 on behalf of the CommBank Healthcare team. The surveys were designed to understand the priorities of dental clinics and the preferences of patients in Australia. The analysis of dental clinics is a sub-set of a broader survey of 305 Australian healthcare providers across a range of segments and 1,029 patients.

All data points and percentages contained in this report are based on the results of the research unless specified otherwise. All references to Australian dental clinics, dentists and patients refer to the 100 decision-makers and 386 patients who participated in the survey.

Attracting patients in a competitive market

Targeting growth

Growing or maintaining patient numbers is the biggest business challenge that dental clinics face. They are therefore prioritising sales and marketing to advance their growth ambitions.



Delivering a best-in-class patient experience

Quality of care is the overarching consideration of dental patients. Along with a convenient clinic location (57%), quality of care (61%) drives patients' choice of a dentist. Quality of care is also responsible for the very high level of patient satisfaction with the overall experience their dentist provides.

The research reveals that with 67% of dental patients 'very satisfied', dentists are excelling at delivering a best-in-class patient experience. Further affirmation can be found by looking at patient loyalty as 82% of patients indicate they are loyal to their preferred dentist.

Yet only 59% of generations Z and Y are very satisfied. This finding can help dental clinics to better understand their patient mix and influence their strategies to attract and retain patients.

Dentists also outperform the two other practice types (general and specialist medical practices) surveyed when it comes to ability to communicate directly with a practitioner via digital channels.

Satisfaction levels would be even stronger if not for patients viewing fees as too high. This is also the top area for improvement noted by patients and a clear differentiator between dental clinics and other clinic types surveyed.

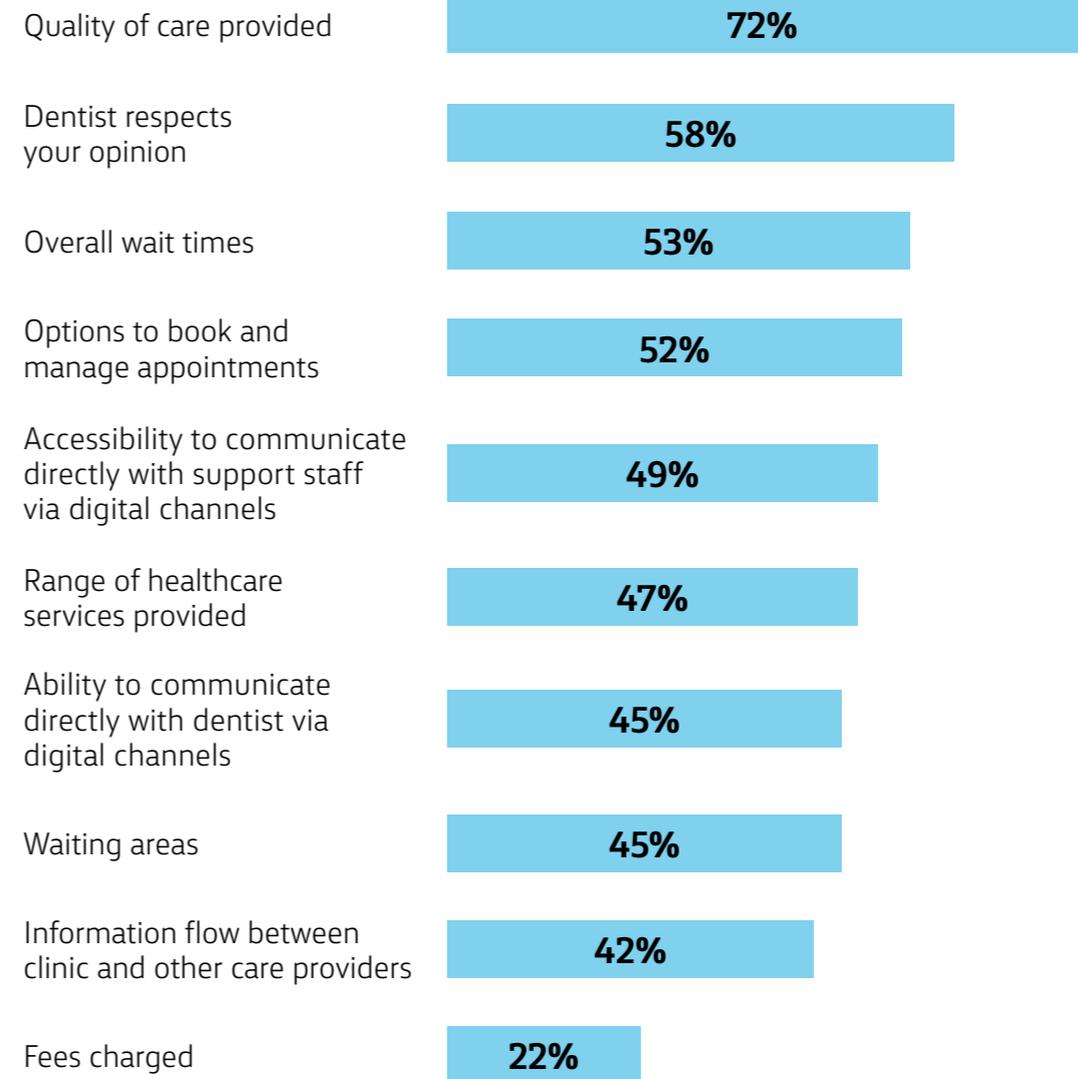
What does quality of care mean to patients?

Quality of care means different things to different patients. Dental patients equate quality of care with experience and knowledge (52%) and clear explanations behind decisions (51%). Additionally, compared with other patients surveyed, they particularly value empathy and reassurance.



Patient satisfaction with the clinic experience

Patients are most satisfied with the quality of care received



Marketing as a growth engine

Three in four dental clinics intend to grow their business in the coming year, representing a far higher growth orientation than the general and specialist medical practices surveyed as a part of the research.

It is dental clinics' response to their key business challenges of growing or maintaining patient numbers (60%) amid rising costs (58%) and increasing competition (49%). Accordingly, a majority (53%) are prioritising sales and marketing to attract new patients – the single highest ranked business priority in the year ahead.

Popular marketing tactics include periodic appointment reminders, well-designed and user-friendly websites and waiting room marketing materials. Many dental clinics are also early adopters of search engine optimisation and social media marketing, and 20% of dental clinics are investing in technology to improve their marketing processes, significantly more than other clinic types.

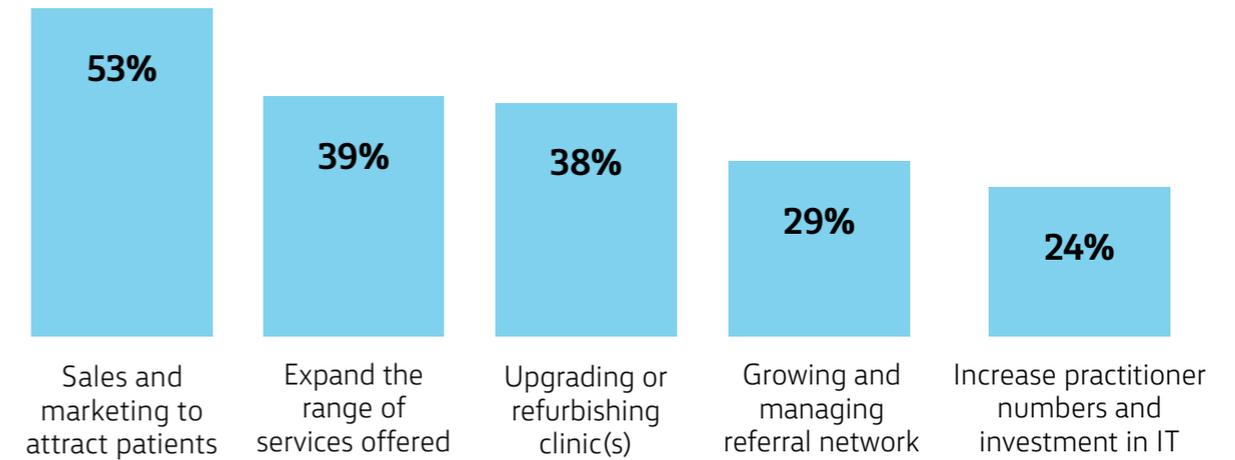
Several of these activities are favoured by growth-focused clinics of all types and are well aligned with the research finding that 45% of patients first learn of their dental clinic through recommendations from friends and family. However, the importance of referrals from other healthcare professionals (18%) and local area marketing (18%) for generating new patients is under-estimated by dental clinics. There is therefore an opportunity to diversify their marketing focus to capture more patients.

Insight

Despite their growth tilt, only 36% of dental clinics have a detailed plan in place to achieve their business objectives. That compares with 52% of general medical practices having a business plan. Similarly, while many dental clinics are ramping up their sales and marketing activities, just 5% employ a marketing professional.

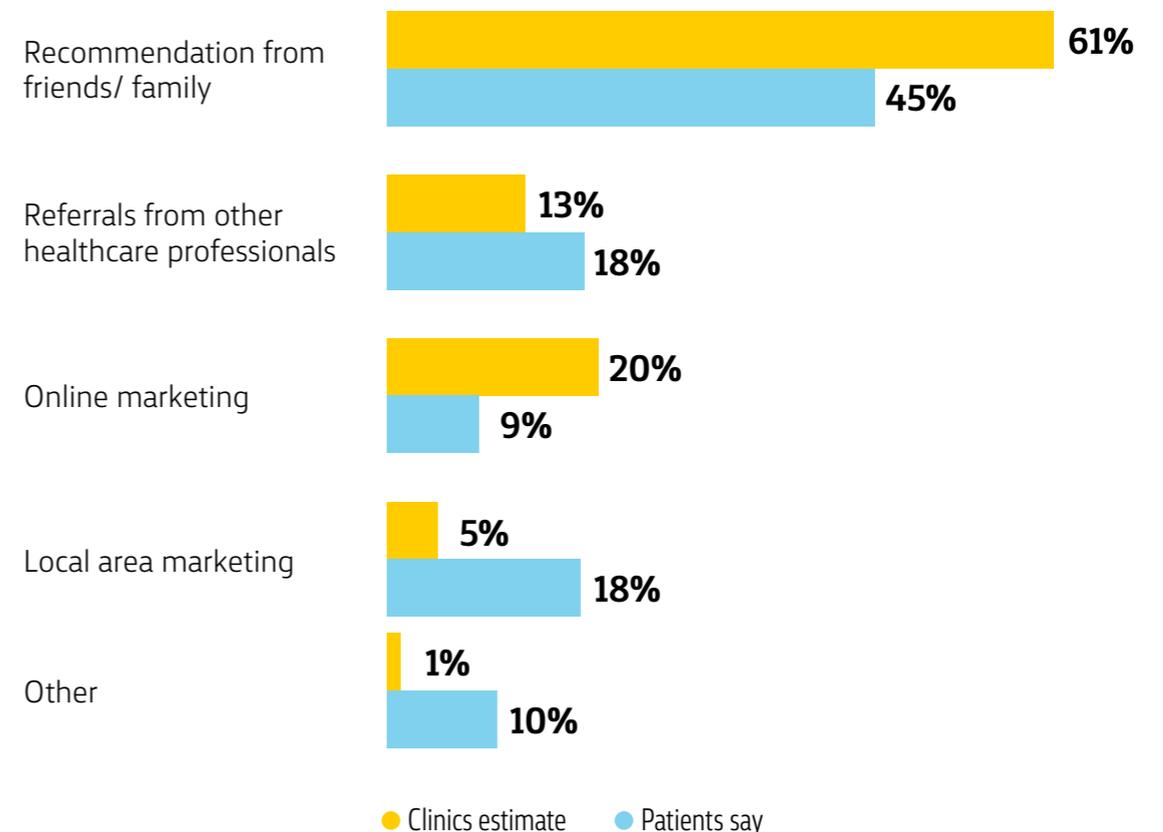
Top clinic priorities in the year ahead

More than half of dental clinics are prioritising marketing in the next 12 months



Percentage of patients generated through different channels

Recommendations from family and friends outweigh other channels



Technology and the patient experience

Patient-centric investment

Dental clinics understand that technology can further improve the patient experience and are often leaders in adopting patient-centric technologies.



Investing in technology

Quality of care ranks above all other drivers of patient satisfaction. However, many clinics understand numerous opportunities exist to further enhance the patient experience by meeting the growing demand for more seamless digital interactions with the clinic.

Most dental clinics intend to increase their technology budget in the coming two years, particularly those focused on growth and those with a business plan.

For many dental clinics, technology investment is patient-centric. They are primarily ramping up technology budgets to improve quality of care (51%) and the patient experience (46%). Other common objectives are better clinic management processes (41%) and growing revenue and profit (37%).

Thus, the top areas for investment include:

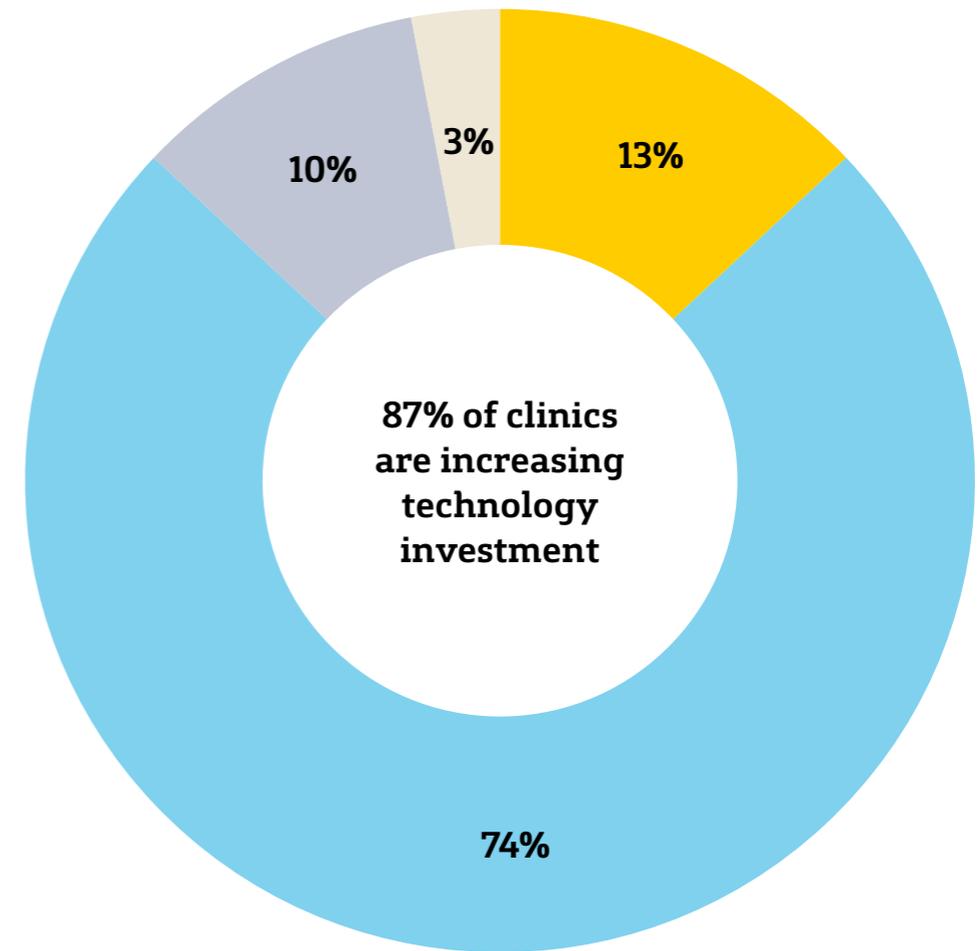
- New or updated medical technology and equipment (34%)
- IT hardware (18%)
- Patient and appointment management (15%)

Opportunity for skills development

According to the research, a significant barrier to technology adoption is a lack of in-house skills. Investment in technology skills would enable clinics to capitalise on technology's benefits. Dental clinics are slightly more likely than general and specialist medical practices to have compulsory technology training, albeit only 23% do so, and 33% have an "IT Champion". However, they are the least likely to have protocols in place to ensure ongoing development of staff's IT skills.

Change in technology investment in the next 2 years

The vast majority of dental clinics expect to lift technology budgets



● Significant increase ● Slight increase ● No change ● Decrease

Keeping pace with patient expectations

Dental clinics are not only early adopters of new marketing tools like social media marketing, but also leaders in offering several other technology-based patient communications, including:

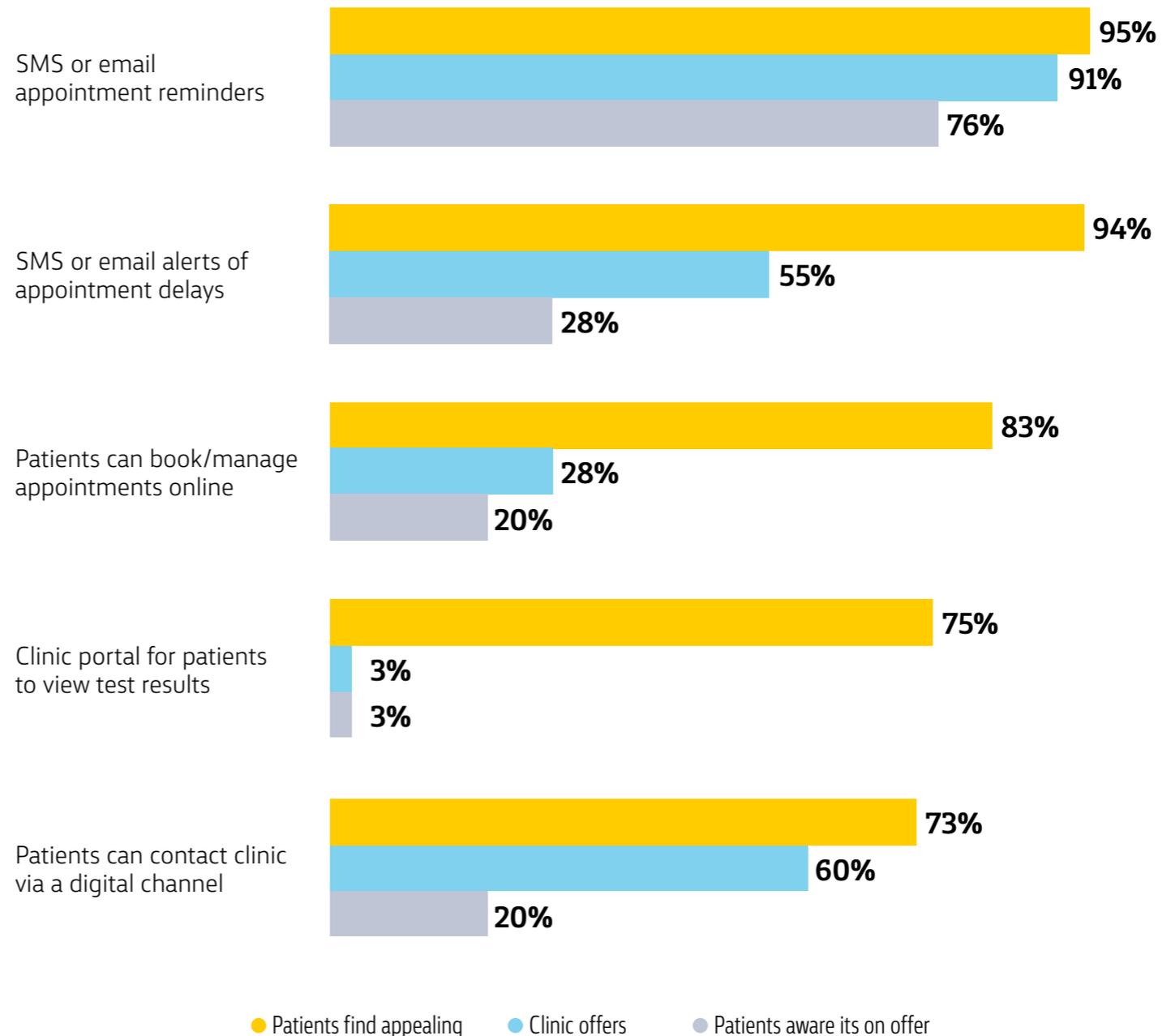
- 91% offer appointment reminders by SMS or email
- 60% can be contacted via a digital channel
- 55% offer SMS or email alerts if appointments are delayed
- 43% can be contacted via social media
- 42% offer direct contact with a dentist through a digital channel

However, aside from appointment reminders, there is low awareness among patients that their clinic offers these five communication services. Additionally, only 28% of patients say their clinic sends SMS or email alerts of appointment delays versus 55% of dental practices that claim to be sending these notifications. So, there is an opportunity for clinics to highlight that they offer these communication channels when marketing to existing and prospective patients.

Some misalignment also exists between the technologies that clinics offer and the ones patients want most. For example, 94% of patients value digital alerts of appointment delays but only 55% of clinics send them. Similarly, 83% of patients would like to manage appointments online but only 28% of clinics provide this. And three in four patients would like to view test results through a clinic portal yet just 3% of clinics offer this facility.

Appeal of digital services vs clinic adoption

Clinics' adoption of patients' top five most appealing digital services is mixed



Case study: Advanced Dental Spa



Advanced Dental Spa

Advanced Dental Spa lives up to its name. It is constantly updating its equipment to include the latest technology available, and for the last two years patients can opt for pampering facials and massages for the ultimate patient experience.

Dr Janet Woon started her single-chair practice in a medical centre in 2000. Twenty years on, she has three practices in Perth and plans to opening a fourth this year. The locations are picked for patient convenience. The West Perth practice is handy for people working in the CBD while the Ballajura and Willetton practices suit those living or working north and south of the river, respectively. Dr Woon says patients “very happily see any practitioner at any of the branches,” knowing that their information is seamlessly transferred between the practices through the cloud using Dental for Windows software.

Having three locations facilitates patient referrals to family and friends living in other areas, explains Dr Woon. Given Perth’s traffic congestion, the different locations save “time-poor people” transport costs and the distance they have to travel. The team sends thank-you letters, or sometimes movie tickets, to show their appreciation to patients who have referred others to the practice. To supplement patient referrals, Dr Woon has been advertising at the Willetton Southlands cinema for the last eight years which has proved very effective in promoting the practices. Other marketing activities encompass an online booking system, Facebook, Instagram and search engine optimisation. “Our Google rankings in our separate localities are quite good,” she says. Dr Woon constantly modernises her practices and every five years updates the website, which now includes online chat so that patients can contact the practice 24/7 at their convenience.

These days rather than taking the usual physical impression of a patient’s teeth, a little camera in the patient’s mouth takes two to three minutes to scan a digital impression.

A Cone Beam 3D X-ray unit was installed in the Willetton practice in January 2020 meaning patients don’t have to make a 20-minute trip into the CBD prior to having an implant placed or a wisdom tooth extracted. “2D is great but humans are 3D,” she says. “The 3D image is very accurate and gives us enhanced precision for our procedures. It definitely achieves more predictable outcomes and a better patient experience.”

Dr Woon believes this focus on the patient is what attracts patients to her practices. Staff are trained to take a lot of time to listen to patients’ concerns, understand where their fears are coming from and to explain how much dentistry has changed to become very modern, comfortable and inviting. “That’s why we get generations of patients and their family members all coming to us. All the dentists and staff are very committed to offering the best patient experiences possible,” she says. The practices offer payment options to make their services more affordable and tries to offer efficient treatment solutions so that patients need only visit once, rather than attend twice.

Monthly leadership meetings discuss obstacles, celebrate successes and use patient feedback to understand how to improve service and the patient experience. Patient feedback at the practice is recorded by the receptionist while other feedback is captured through Whitecoat and Google reviews. Additionally, the practice conducts a patient survey from time to time. The survey is anonymous, and participants go into a draw to win a prize such as a \$200 gift voucher. The survey asks about the patient experience, did it go smoothly, how they felt and if they had to wait long. “Patient satisfaction is very important to us so the minute we get a good or bad review, we act on it and learn from it,” says Dr Woon. “I’m not saying we’re perfect, but we learn fast and we are always evolving to new heights.”



Conclusion

When compared with general and specialist medical practices, dental clinics are by far the most focused on growth and increasing revenue but only around a third have a plan in place to achieve their priorities. The key business challenge dental clinics face is maintaining and growing patient numbers at a time of increasing competition and rising costs. The most popular strategic response is to undertake sales and marketing to attract more patients and many are well advanced in their deployment of technologies to enhance the patient experience and deliver better quality care.

The research reveals a number of opportunities for dental clinics as they progress their growth pursuit. These include:



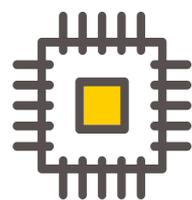
Realignment of marketing focus

While recommendations from family and friends are the biggest source of new patients and the greatest focus of clinics' marketing efforts, increasing local area marketing activity and developing referral relationships with other healthcare providers could help tap into a larger patient pool.



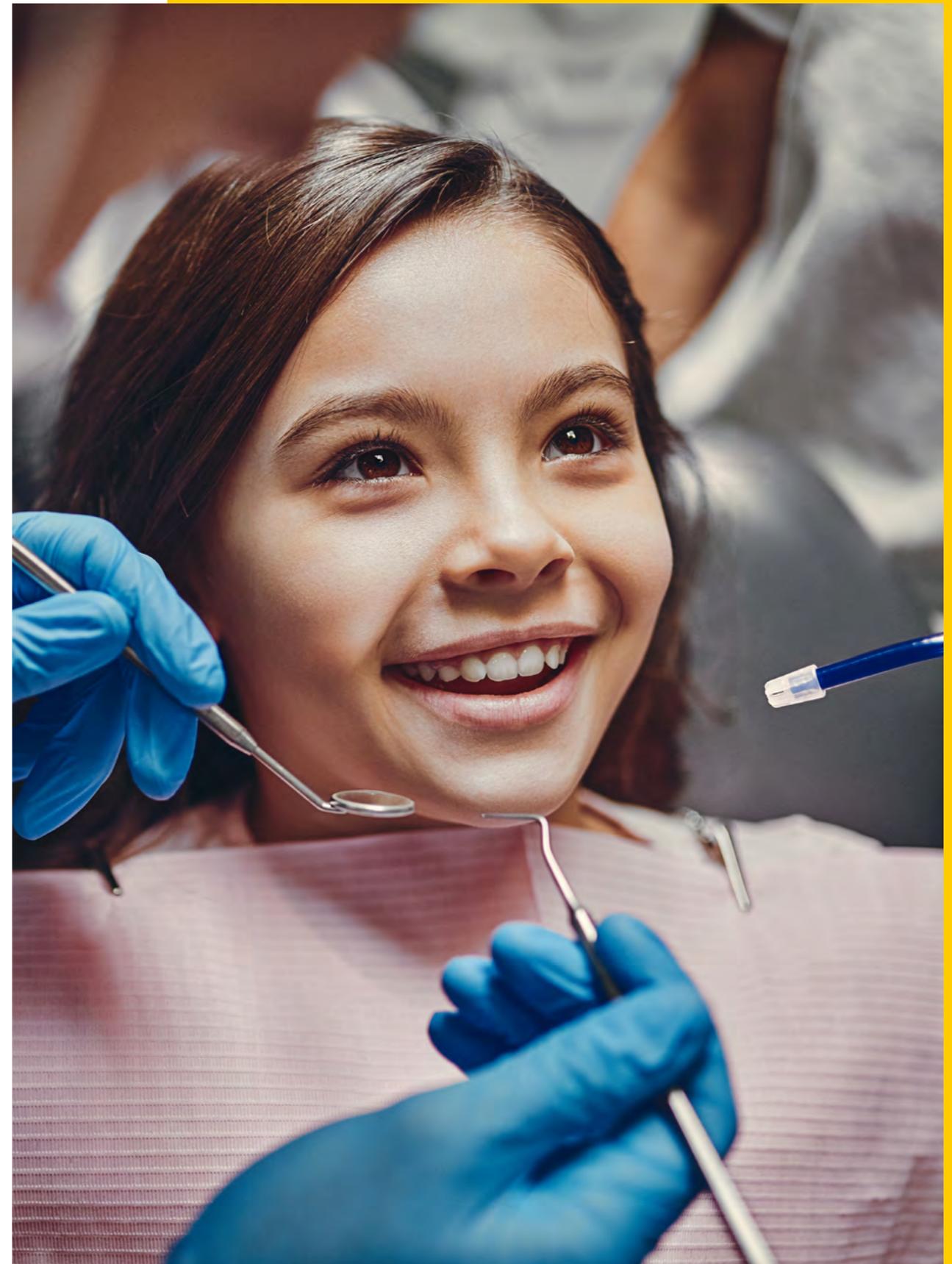
Enhancing the patient experience

Overall, dental clinics understand well that technology can help to improve the patient experience. Accordingly, most are increasing their technology budgets. This is primarily to improve quality of care, the biggest driver of the high level of patient satisfaction, as well as to enhance the patient experience.



Optimising investment in technology

Clinics aren't always investing in the technologies that appeal most to patients and even when clinics offer these facilities, there can be low awareness of their availability among patients. An opportunity therefore exists for dental clinics to include information about the technologies they provide in their sales and marketing communications.



Learn more about our Healthcare Insights

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