

HOW TO CALCULATE Marketing ROI

FOR YOUR DENTAL PRACTICE

You have to spend money to make money. But does your spend justify the means? Here's how to find out.

What is ROI?

ROI = Return on Investment. For every marketing dollar you invest (spend), how many dollars are returned into your practice's income?

$$\frac{\text{Return (Production \$ Generated)}}{\text{Investment (Total Marketing \$ Spent)}}$$

$$\frac{\text{Investment (Total Marketing \$ Spent)}}{\text{MARKETING ROI!}}$$

So if you earned \$1000 on a campaign that cost \$500, you get :

$$\frac{\$1,000 - \$500}{\$500} = \text{aka } 100\%$$

That means you doubled your investment. The bigger the number, the better.

What about dentistry?

ROI is a simple formula, but it can be hard to understand within a dental context. So instead of using generic business terms, let's break it down for the dental world. You'll get something that looks more like this:

$$\frac{\text{AAPV} - \text{MCpNP}}{\text{MCpNP}} = \text{Marketing ROI per Patient}$$

It might look like algebra salad, but don't panic! It's actually pretty simple. Here's how to plug your practice's numbers into the formula:

AAPV = Annualized Average Patient Value

How much is a new patient worth?

You won't get a solid measure of a new patient's value until you adjust for the amount of care they need, and they've stayed with your practice for 12 months. So we are interested in **annualized average patient value** which can be calculated like this:

$$\frac{\# \text{ New patients your marketing attracts} \times \text{Total Production \$ expected in first 12 months}}{\text{# New patients your marketing attracts}}$$

$$= \text{AAPV}$$

MCpNP = Marketing Cost per New Patient

Every new patient comes with a marketing price tag. How much do you have to spend on marketing to bring 1 new patient through your door? You can find **MCpNP** with a simple average:

$$\frac{\text{Investment (Total marketing \$ spent)}}{\# \text{ New patients your marketing attracts}} = \text{MCpNP}$$

Let's plug in some hypothetical values to get a preview of what your numbers might look like.

Let's say a practice's **AAPV** is \$920 in production, and let's assume that 12% of that practice's budget goes toward marketing. That would give us a (very rough) assumption that **MCpNP** should be around \$110.

$$\frac{\$920 - \$110}{\$110} = \text{aka } 7.36 \text{ aka } 736\%$$

ROI Worksheet

LET'S CALCULATE YOUR PRACTICE'S ROI!

Now it's time to put what you've learned into action by putting your own numbers in the white boxes to calculate your practice's marketing ROI.

Having trouble finding these numbers?


Dental Intelligence is here to help.

We'll show you exactly how much each patient brings to your practice so you can find your marketing ROI in 20 seconds instead of 20 hours.


We'll even rank patients and procedures for you by profitability, **and** make it easy for you to **fill your schedule with high-value appointments today**. Just search for high-value patients and click a button to send a scheduling link to their phone. It's a surefire way to send your marketing ROI through the roof.



learn more and get a free demo at www.dentalintel.com


 **# New patients**
your marketing attracts


x

 **Total Production \$**
expected in first 12 months


 **# New patients**
your marketing attracts

=


 **AAPV**
Annualized Average Patient Value

 **Investment**
(total marketing \$ spent)


=

 **MCpNP**
Marketing Cost per New Patient

 **# New patients**
your marketing attracts

 **AAPV**
Annualized Average Patient Value

-

 **MCpNP**
Marketing Cost per New Patient

 **MCpNP**
Marketing Cost per New Patient

=

 **MARKETING ROI!**

TOP 3 WAYS TO INCREASE YOUR PRACTICE

Marketing ROI

1 Find what works by getting more granular

Every calculation we discussed above is a good starting point, but it won't give you the full picture. There are other variables too, and the more you can account for, the better your calculations will be. For example, we didn't touch on:

- 🔗 Variability in MCpNP across different marketing vehicles
- 🔗 Lifetime value of a patient (we only calculated the first year)
- 🔗 Collections %
- 🔗 etc.

The fastest way to drive marketing ROI up is to figure out which marketing vehicles give you the highest rate of return, and then giving those vehicles a greater share of your budget.

Simply put, you want to do all the calculations above for every form of marketing you use.

You might find that Google Ads bring you \$7 in production for every \$1 you spend, but direct mail marketing only brings you \$1.50 for every \$1 spent. Or the reverse could be true. Every practice is unique!

The bottom line is that you shouldn't spend money on marketing that you can't prove to be effective. **And the more effective it is, the more cash you should throw at it.**

2 Decrease Marketing Cost per New Patient

The best way to do this is to make your marketing more effective. That's not easy! It takes time, experimentation, patience, and the willingness to take a little risk.

You'll want to play with variables that are under your control. Things like:

- 🔗 Changing the words in your marketing to emphasize new angles/benefits
- 🔗 Using different images/designs
- 🔗 Optimizing your ads and webpages for new search terms

People make entire careers out of this, so **don't stress** if you don't figure it out in the first 6 months. Eventually **you will be rewarded for your efforts!**

If you want a quick jumpstart on this topic without needing any marketing expertise, [this blog post](#) might be useful.

3 Increase Annualized Average Patient Value

In terms of profitability, would your practice be better off if your schedule was full of hygiene visits, or full of implant appointments?

Obviously, you need both. But the more production you can get from each appointment, the better your bottom line will be. So do **your marketing accordingly.**

Instead of targeting patients in general, **target the patients that will bring the most value to your practice.** You can do this by targeting specific terms in search ads, and optimizing for procedures that are more likely to bring value.

"Emergency dentist near me" is much more likely to bring high-value patients than "family dentist near me." Tune your marketing for the former, and watch **AAPV rise.**

You can also achieve higher AAPV without doing any marketing! If you increase your collections percentage and treatment acceptance rate, this number will rise without you having to spend a dime on marketing.

We make boosting your AAPV easy by doing things like:

- 🔗 Helping you draft customizable treatment plans proven to boost acceptance rates
- 🔗 Letting patients pay with a single text message
- 🔗 Making scheduling as easy as booking a flight

You don't have to do this on your own. **We'll help you turn your data into a clear direction every single day.** Let us show you the hidden value in your numbers for free, and we'll show you your practice's path to success.

[Schedule a Demo](#)