

Marketing Metrics

GETTING THE MOST FROM YOUR MARKETING DOLLARS

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You know you need to market, but how effective are your methods? How do your marketing initiatives affect your bottom line? By measuring the impact of your efforts, you can refine and optimize your “marketing mix” to capture more—and make the most of—your existing customer base and the emerging prospect market.

BEHIND THE METRICS

Your practice puts its own unique fingerprint on the marketplace – one that should stand out in the growing crowd of medical spas. Your fingerprint, or brand, should be easily identifiable on all customer touch points and throughout the development of your marketing. Your long-term objectives for your brand should extend across the short-term

marketing campaigns that you will use over time. By weaving a consistent brand message into every short-term and long-term marketing strategy you use, you can keep your fingerprint firmly placed, and recognizable, within the market—no matter how much competition grows.

Metrics is an integral part of this marketing process. Not only does it provide specific information regarding quarterly performance, but it also helps to track softer measurements such as market perception, brand awareness, and customer loyalty. Regularly taking the pulse of marketing expenditures and programs helps to manage the process so you can isolate inefficiencies as they arise and act swiftly. In addition, it provides

valuable information about what is working.

DETERMINING WHAT TO MEASURE

Marketing success is largely determined by how well you know your customers. Especially important

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are those customers who really drive your revenue. Measure at a strategic business level by answering questions such as:

- What are the historical purchasing patterns of your existing customers

(including previous market basket analysis [see sidebar])?

- Which customers provide the greatest revenue (and why)?
- What marketing campaigns have they been most responsive to?
- Which services and/or products have driven the greatest revenue?

(Adapted from "ROI: Friend or Foe?" by Christopher Kenton)

In addition to tracking customers, you will need to design short-term and long-term marketing campaigns. Even before a campaign gets off the ground, you should be sure your activities are measurable. In fact, develop an outline that you will follow as you create a marketing program that includes:

- The target audience for this marketing project
 - Branding that will create a bridge from one campaign to the next to build recognition
 - A well-defined goal or objective
 - A summary and definition of the project (you may want to include samples of similar projects)
 - The correct marketing activity for the goal
 - A clear listing of what will be measured, how often, and in what format
 - Practice benefits
 - Client/Patient benefits
 - A commitment to follow through
- Once you have a clear understanding of your clients and

their purchasing patterns, as well as an overall plan for your marketing, you can determine your budget allocation. However, you also must have a way to track the performance of your marketing and provide measurable, quantifiable justification for your marketing expenditures.

Important measurements include:

- The number of clients/patients you have today
- The number of clients/patients that will remain a year from now (How much you plan to grow your client/patient base in the next year)
- How much the average client/patient will spend with you in the first year



Market Basket Analysis

If a client buys a certain group of services or items, he or she is more (or less) likely to buy another group of services or items. For example, if a client undergoes microdermabrasion treatment, he or she is more likely to purchase at-home skin care products specifically designed to care for treated skin.

The set of services or items a customer buys is referred to as an **itemset**, and market basket analysis seeks to find relationships between purchases. Typically the relationship will be in the form of a rule: IF [microdermabrasion, no hydration products] THEN [acne treatment at-home skin care].

The probability that a customer will undergo microdermabrasion without purchasing at-home hydration products is referred to as the **support** for the rule. The conditional probability that a customer will purchase acne treatment products is referred to as the **confidence**.

As a first step, market basket analysis can be used in deciding the products to offer in conjunction with certain services. (This is only the first level of analysis. Differential market basket analysis can find interesting results and can also eliminate the problem of a potentially high volume of trivial results. Predictive market basket analysis can be used to identify sets of service/item purchases [or events] that generally occur in sequence—something of interest to direct marketers.)

Market basket analysis is very useful as it provides your practice with direct visibility into the “market basket” of each of your clients. The data becomes a window into the events as they happened, understanding not only the quantity of the items that were purchased in that particular basket, but how these items were purchased in conjunction with each other. In turn, this capability enables advanced analytics such as:

- **Item affinity:** Defines the likelihood of two (or more) services and/or items being purchased together.
- **Identification of driver items:** Enables the identification of the services or items that drive people to your practice, showing the number of providers who need to be trained for certain procedures, as well as the inventory needed on hand.
- **Trip classification:** Analyzes the contents of the basket and classifies the category for services: maintenance, reconstructive, special occasion, etc.
- **Service-to-service comparison:** Understanding the number of “baskets” or services allows any metric to be divided by the total number of baskets, effectively creating a convenient and easy way to compare with different characteristics (units sold per client, revenue per transaction, number of services/items per basket, etc.).

(Adapted from “Demystifying Market Basket Analysis” by Noe Gutierrez)

- The amount the average client/patient will spend with you each subsequent year
 - Your gross margins
 - The percentage of prospects you will qualify as leads
 - What percentage of qualified leads you will convert into clients/patients
 - Your budget for acquisition marketing this year
- If you take care of the planning on the front end, your measurements should provide you with the information you need to fine tune your campaigns. The other option, of course, is to “fly by the seat of your pants” without a plan, leaving yourself with a jumble of unconnected efforts that defies effective measurement. And as Peter Drucker has said, “If you can’t measure it, you can’t manage it.”

MEASURE THE EFFECTS OF YOUR MARKETING

The goal of using marketing metrics is to make wise investment decisions. To do that, you need to have information about how well your marketing dollars are currently working. A few simple steps can make all the difference:

1. **Use a Database** – Keep track of individual marketing efforts. Include the dates of each campaign, campaign descriptions, the number

of leads generated and sales made. This information can give you the information you need to make future marketing decisions.

2. **Make Data Entry Easy** – Make certain everyone is up to speed on your latest systems. Training is a must.
3. **Ask Questions** – Ask your prospects how they heard of your business. It is such a simple way to gather valuable information. Make it easy for your prospects to properly identify the marketing piece to which they respond. For example, if you have multiple phone lines into your office, you can assign a unique phone number to individual marketing efforts.
4. **Move Your Marketing Forward**– Gather as much information as you can about which marketing mechanisms generate the best (and worst) response, who is responding, and why they chose to respond.

(Adapted from "Make More Money with Marketing Metrics" by Jeremy Cohen)


Accountability is the key to your success. Knowing how your marketing dollars are spent—and how effective each dollar is—will help you keep moving smoothly forward.

You should measure all of your marketing programs—both direct (personalized email offers, brochures) and broader media options (search engine marketing, print ads). Obviously, you will need to understand how these metrics affect the client relationship, whether positively or



negatively. In addition, it will be important to see how your marketing efforts are impacting each other and if they are in alignment with your mission. Then, you'll want to determine the correct "media mix" to meet the goals you have set for your practice.

THE BENEFITS

Accountability is the key to your success. Knowing how your marketing dollars are spent—and how effective each dollar is—will help you keep moving smoothly forward. Strategically, marketing metrics will give you a better understanding of the cost of acquiring and retaining clients, as well as the true value of your client base. Tactically, the metrics you choose will help you determine the goals and objectives of each campaign and the revenue you should expect to gain. Combined, you will be better prepared to make informed decisions about your marketing. 



Cheryl Whitman is recognized internationally as a pioneer in the field of medical spa business

consulting. She is a published author, a popular speaker, and has been a beauty-industry consultant for more than 20 years. As founder and CEO of Beautiful Forever, Cheryl spearheads a successful team of medical spa consultants and business professionals. In addition, Cheryl developed the Medical Spa Success System, a revolutionary program that provides a turnkey educational success system and consulting services package to help clients jumpstart brilliantly successful medical spa businesses. For more information, please call 1.877.SPA.MEDI or go to www.medicalspaconsultant.com or www.medicalspasuccess.com.