

Digital Marketing

Promoting online sales of dental supplies

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Abstract Dental offices have been switching to online purchasing of their dental supplies and equipment. This paper presents the marketing strategy for a newly created online store for a dental supply company. The online store provides dentists with over 16,000 different dental products from alloys to dental instruments to X-ray products. Online sales is a more efficient approach to the traditional catalogue order method where dentists place orders with a salesperson, call in or fax their orders. Online as well as traditional marketing techniques have been incorporated into a marketing campaign to promote online sales. The process and challenges of marketing this website with a tight budget are discussed. Results of the first two years of marketing efforts are reported.

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INTRODUCTION

ENG is a family-owned and operated dental supply company. It was founded in the 1940s and currently serves approximately 1,000 dental offices and offers over 16,000 different products from over 200 manufacturers. Management did not consider the importance of information technology solutions that other firms have implemented to increase efficiency and cut costs. A decision to modernise came in 2003 as revenues started falling and existing clients started ordering dental supplies from competitors. This analysis covers the first two years of marketing from November 2004 to November 2006. The process was preceded with a two-month campaign-planning phase.

Understanding the dental supply industry

The North American market size in 2005 was estimated to be \$5.6bn.¹ The two main players in the market are Patterson with 32 per cent and Sullivan-Schein with 30 per cent market share. Market growth is estimated to be 7–9 per cent annually.

The Patterson Dental Company provides a range of consumable dental products, clinical and laboratory equipment, and value-added services to dentists, dental laboratories, institutions and other health-care providers. Patterson Dental has the largest direct sales force in the industry, totalling nearly 1,300 sales representatives and equipment/software specialists. Projected revenues for the

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fiscal year 2005 were 1.8bn dollars (32 per cent of the North American market share). Sullivan-Schein Dental² has an extensive line of dental, medical and pharmaceutical products. The company holds about 30 per cent of the North American market in the fiscal year 2005. Benco Dental³ serves 20,000 customers in 18 states and employs about 950 associates.

Pearson Dental Supplies⁴ offers dental supplies and dentist office equipment. The company was founded in 1945 and its supply catalogue carries over 65,000 products, making it one of the big players in the dental supply industry.

The other players in the Dental Supply Industry include but are not limited to AccuBite Dental Supply, Atlanta Dental, Applied Dental, Burkhart Dental, Conger Dental Supply Company, Darby Dental Supply, Discus Dental and Eastern Dental Supply.

The North American dental market consists of about 156,000 US dentists and around 18,000 Canadian dentists. Of these, 65–70 per cent are sole practitioners. There are over 135,000 dental practices. The average revenue per dentist stands at \$550,000 per annum. Dentists spend \$0.05–\$0.07 revenue per dollar on consumables supplies, which means \$25,000 to \$35,000 of revenues per annum.

The international market has enormous possibilities for US exports. The European Union will continue to be one the largest export markets for the US, but countries in Central and South America and India are becoming larger buyers of high-quality dental supply.⁵

The US has historically accounted for roughly 50 per cent of the global market for dental equipment and supplies. In 1998, the total export of dental products totalled \$633m. In 1998, exports to Europe rose to \$277m, which represented 44 per cent of the total exports of dental supplies. As Japan and China become

world powers, their need for dental hygiene products increases. As of 1998, US sales reached \$28m, which represented a 40 per cent increase since 1996. This is attributed to economic growth, higher income levels, increased access to dental clinics and great awareness of dental hygiene.⁶

The internet, the World Wide Web and other developments of the information revolution will redefine patient care, referral relationships, practice management, quality, professional organisations and competition.⁷

THE DENTAL SUPPLY E-COMMERCE SOLUTION

The web offers the advantages of both centralisation of information and coordination.⁸ To survive, the company needed to increase revenues and reduce operating costs.⁹ They chose to accomplish this by automating business processes through the implementation of their online solution.¹⁰ The website provides customers with information online. It allows dentists to place orders online. It also allows prospective dentists to reach them. The company will become more accessible to their clients and prospects.¹¹ It will also be able to further build on its brand.

The company will use their website to further inform its customers of new dental supplies and sell dental supplies to its customers. The company's website integrates three areas of commerce:

- The Products system includes product search and an online catalogue system.
- The Customers system includes a customer accounts systems, authentication system and links to the order and product systems.
- The Orders system includes customer orders and delivery systems.

Databases, web servers, web applications and other computer technology were used

to get the website up and running. Data about dental products were loaded from the company's existing Enterprise Resource Planning (ERP) system. Product images were requested from a few hundred dental product manufacturers whose products the company resells, and were then incorporated into the e-commerce solution.

MARKETING STRATEGY FOR THE E-COMMERCE SITE

The company was faced with a tight budget as it began to plan the marketing strategy for the new e-commerce site. Both online and traditional marketing campaigns were planned and implemented to maximise the exposure of the new dental supply website to its target audience segments. The company embarked on a low-budget creative marketing strategy to help increase its website exposure. Online activities included e-mail marketing, search engine advertising, cross-linking, additional online store advertising, banner advertising, online article publication in online publications and newsgroups. Traditional marketing activities included a launch event, labels on merchandise, flyers, one-on-one meetings, phone calls, letters and advertising in paper publications.

Target dental market segments

This was the first time in the company's history that it embarked on a comprehensive marketing strategy.¹² Engaging and returning customers required a focus on the following segments:

Existing clients of the company that were not purchasing online should be encouraged to purchase online, trained to do so, provided assistance with the initial registration process and encouraged to purchase online on a regular basis.

As clients started purchasing online, they were targeted to purchase more, and/or more frequently.

Clients that used to purchase from the company in past years, but then switched to purchase from competitors and their online stores, were encouraged to return to the company by exploring its online shopping option.

Established dental offices in the traditional geographic coverage area of the company that have been purchasing from competitors were encouragements to purchase products online.

Established dental offices outside the traditional coverage area of the company that have not purchased from the company in the past were exposed to this new online shopping option. The majority of them were not familiar with the brand, have not had a relationship or purchased in the past. This marketing exposes them to a new option for dental supply shopping.

Newly graduated dentists from dental school are key to the future success of the organisation. These were encouragements to become familiar with the company, and its online store, so that they can approach it once they start working at an existing practice or once they open their own practice.

A high-level marketing plan was created to include both online and traditional marketing methods. Parts of the plan were implemented during the first two-year period. These are discussed next.

Online marketing campaigns — descriptions and costs

Different online marketing campaigns were planned, executed, measured and evaluated by the company.

E-mail marketing — E-mailing is a highly effective, targeted method of reaching the dental community. An initial e-mail was sent to current to encourage them to purchase online. Regular e-mails were then sent notifying them of weekly/monthly specials. Past clients were e-mailed to show them the benefits of

returning to do business with the organisation via its e-commerce site. This was effective with some clients since the reason they left in the first place was the lack of ability to make online purchases.

To reach prospects via e-mail, the company first needed to determine their e-mail addresses. It is possible to extract e-mail addresses from websites that include discussion about dental topics, as well as dental online forums, and newsgroups. There is no cost associated with such activity beyond human resources, and this is a way to generate thousands of e-mail addresses of dentists, dental assistants, dental hygienists and others in the dental industry. An alternative is to purchase an e-mail list of all dentists in a particular region. For example, e-mails of over 8,000 dentists in southern California can be purchased for \$940. E-mails are sent once per month, and recipients have the option to receive weekly specials via e-mail or to unsubscribe from the monthly e-mail list: if they choose the first option, they receive weekly notification of specials via e-mail. The monthly e-mail contains a reminder to shop online, and lists a few monthly specials (those available at a discount price throughout the month). The weekly e-mail contains those products available at a discount rate for the week. Online greeting cards are e-mailed during major holidays to the subscribed e-mail list.

Search engine advertising — The Google AdWords program was utilised to increase traffic to the e-commerce site. The site would appear on the top right-hand side of search result screens, when searching for 'dental products', 'dental equipment', 'cheap dental products'. The company advertised with MSN Sponsored Sites as well.

Website cross-linking — This was set up with other organisations in the dental industry. Websites of service providers such

as dental labs, repair dental equipment shops and others that cater to dentists were approached. Websites of organisations that sell dental software, dental equipment and provide other non-competing products were also approached. Both parties seeking to increase their memberships benefit from such cross-linking. There are no costs to this approach beyond the cost of banner design and implementation, and placement on the other organisation's website. Possible websites considered for cross-linking and other advertising methods include the following: www.handpieceheadquarters.com, www.dentalproducts.net, www.dentalxchange.com and www.edentalmall.com.

Additional online store advertising — A dental supply store was created on E-bay to expand the sale of goods. One reason for this approach was to sell a few select popular products. More importantly, this is a way to channel more traffic from e-bay to the e-commerce website of the company and to enhance the company's brand. Dental supply stores were created in other related portals and online shopping malls including Amazon.com.

Banners in online dental publications — Research conducted as part of the company's planning efforts shows that 11 per cent of the traditional paper publications have online versions that offer additional advertising opportunities. The website was linked to online portals (vertical portals of the dental industry) by paying to place banners in these websites that lead prospects to the company's website.¹³ Banner prices range from \$500 per month for the American Dental Association's website, to \$65 per month in regional publications.

Articles in online dental publications — Articles were submitted to and published in dental organisations' online newsletters, announcing the launch of the company's website as a way to increase exposure. Organisations included different dental association, associations of dentists,

associations of dental hygienists and associations of dental assistants.

Article posts to newsgroups — A search of Google Groups and Yahoo! Groups yield hundreds of groups related to dentistry. The company posted messages on these boards on a regular basis. The messages are related to the topics discussed, and suggest that additional information can be found by visiting the company's website. The company has also started a number of dental groups to provide additional forums for discussion to people in the industry.

Traditional marketing campaigns in support dental e-commerce

Targeted traditional marketing campaigns for the website were planned, executed, measured and evaluated.

Launch event — Local current and past clients, as well as local dentists who have not been purchasing from the company, were invited to a special PR launch event where the new e-commerce system was presented. In order to provide incentives, discounts were offered for those clients ordering products using the new system the week following the event.

Labels on merchandise to existing clients — The company's shipping department places a large label on each shipment of products to clients with the website address and the words 'Order Online' printed on them. This approach effectively reminds existing clients to purchase additional products online.

Flyers with mailed invoices — A one-page advertisement is sent with each invoice to existing clients of the dental supply company. It lists a few 'Monthly Special' items that are available at discount rates only via an online purchase.

Office visits by sales people — Current clients of the company were visited by their sales persons to inform them of the new e-commerce capabilities and the advantages of purchasing online. Follow-up meetings were arranged to demonstrate

the website's functionality and create accounts for them. Clients were told that they would continue to get the levels of support expected. Sales people were asked to visit past clients, and encourage them to register online and make an initial purchase at a substantial discount. Sales people were also instructed to visit offices in their geographic coverage that are not currently serviced by the company, assist with the online registration process and offer a substantial discount on an initial purchase.

Phone communications with customer service — Customer support representatives were instructed to inform each caller about the new online shopping environment that became available. They were trained in assisting clients to go through the registration, search and purchasing processes.

Letters to past clients — Letters were mailed to customers that used to purchase from the company but switched to purchase from competitors in recent years.

Advertising in paper publications — Ads were selectively placed in a number of paper publications. A survey of the paper publications of the dental industry was conducted by the company as part of its marketing planning effort. It shows that 34 per cent of publications are published monthly, 20 per cent are published quarterly, 9 per cent are annual and the remaining 37 per cent consist of those published bi-weekly, and 3, 5, 6, 7, 9 and 10 times a year.

The average back page of a publication costs \$1,336, inside back page at \$882, inside front \$1,112, full inside page \$1,110, two-thirds of a page \$947, half page at \$700, one-third page \$610, quarter page \$478, one-sixth of a page \$318, one-eighth of a page \$210. The publication of the American dental association, which reaches dentists throughout the USA, charges substantially larger advertising fees, with full-page ads reading \$9,030,

two-thirds page \$6500, one-half page \$5,690, one-third page \$4,030, one-fourth page \$3,030, one-sixth page \$2,740 and one-eighth page \$2,450.

The average cost of advertising per publication reader is \$0.56 for the back page, \$0.67 for the inside back page, \$0.61 for the inside front page, \$0.26 for a full-page ad, \$0.17 for two-thirds-page ads, \$0.16 for half-page ads, \$0.10 for third-page as well as quarter-page ads.

ANALYSING WEBSITE USAGE

Website usage was tracked over a two-year period as the different marketing campaigns outlined earlier were implemented.

In total, 42 per cent of customers of the website are California, 45 per cent come from other US states and the remaining come from outside of the US, mostly Canada and Europe.

In total, 10 per cent of the new customers were referred to the website by a sales person's visit and/or phone call, 4 per cent were referred by a colleague, 2 per cent from attending dental shows, 12 per cent from banner advertising, 27 per cent from search engines, 26 per cent from direct e-mailing, 5 per cent from newsgroups, 10 per cent from ads in paper publications and 4 per cent from other referral sources.

Most dental offices purchasing from the site are small operations of a single dentist or a couple of dentists. In small dental offices, the dentist is more likely to order dental supplies than in larger dental practices. A total of 74 per cent of the visitors to the website have indicated that they are dentists, while 26 per cent indicated they are dental office staff.

During the registration process of dentists on the website, 51 per cent of dental visitors have asked to receive a monthly online dental newsletter.

A total of 34 per cent of registrants to the website did not login to the site

during a 30-day period following registration. A call to these dentists asking them to follow up and visit the site resulted in 56 per cent positive response rate. Over 19 per cent of website registrants began purchasing online only following human interaction.

During the two-year period of this study, the number of website user increased from zero to over 3,400 registered users. The growth was almost even, with an average of 142 registrations per month. Weaker periods of growth are exhibited during the summer months of June, July and August, as well as during the holiday season of December.

A total of 17 per cent of the shoppers did not return to purchase again on the website during the period, in spite of an ongoing e-mail campaign to entice them to come back. Many of these indicated price to be the main reason for their decision.

CONCLUSIONS AND FUTURE WORK

The decision to implement an online shopping portal for dental practitioners that serves as a gateway for accessing over 16,000 products offered by the company was important to ensure the continued existence as well as the growth of the company. The objectives of the portal were to (1) lower the cost of operations for the company, (2) improve efficiency and (3) increase revenues.

The number of customers quadrupled and the revenues more than tripled over this two-year period with a very limited budget.

The ability to capture demographic information, shopping habits and other vital information was also implemented. Several kinds of reports were created through data mining to perform effective targeted marketing. These will be utilised over the next few years to take the

company's marketing for existing and past clients to a new level.

We believe that a human touch must accompany each client to complement and enhance their online experiences. This encourages customers to purchase more and more frequently.

Larger dental supply companies offer more services and more products to their clients, which is what sets them apart. The company is planning to transform part of its website into a dental services portal, linking its visitors with repair services for hand pieces, dental office design specialists and dental office software automation vendors that will offer their clients discounts. The portal will include the following: (1) Office design assistance: Design the office from the equipment they need to work to the furniture, computer software programs they need to operate their facility. (2) Business rewards cards: Offer business cards to customers where on each purchase with the company, they can receive a certain percentage of money back or points towards other company products. (3) Demographic site analysis: Give business advice to new dentists. The company will provide business analysis for new dentists on the local economy, future growth potential and real estate potential. (4) List of conventions and seminars: The company will be prepared with a list of upcoming conventions and seminars for new dentists, veteran dentists, dental hygienist, dental assistants and dental students. (5) Jobs portal to attract those in the dental

profession looking for a new job. The portal would provide the company with additional reasons to interact with prospective buyers, inform them of the company and its products and convert them to shoppers of its online shopping environment.

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