



Aesthetic Society News

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Introducing Project Beauty:

By Daniel C. Mills, II, MD

New Consumer "web.tv" product entertains, informs and positions plastic surgeons as the "go-to" specialty

18 months in development. Extensively researched among consumers. The cutting edge in verified, honest beauty information. Is it the latest Hollywood blockbuster?

No. It's Project Beauty, a new product by the Aesthetic Society that provides consumers with information on everything from breast augmentation to makeup. Project Beauty goes beyond existing websites or currently available television broadcasts to provide consumers what they want, when they want it from a voice of authority—The Aesthetic Society.

While a relatively new concept, web.tv

is gaining popularity among consumers and has, for several years, captured the attention of Wall Street and entertainment industry insiders.

According to Forrester Research, "The days of thinking of online video as mostly a YouTube phenomenon are officially over. Instead, the Internet-connected PC has become another TV set in people's lives only this screen is more convenient and more compatible with consumers' lives, than the old one. Additionally, according to the market research firm comScore, Inc, a leader in measuring the digital world, in December 2009, nearly 178 million U.S. Internet users watched online video during

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The Aesthetic Meeting 2010—A Capital Experience with a Global Perspective

By Jeffrey M. Kenkel, MD

After 18 months of assembling an international faculty of board-certified plastic surgeons, practice management consultants, web experts, skin care gurus, scientists and practicing plastic surgeons, we are ready to open the doors of the Gaylord Convention Center in Washington, DC and welcome all participants to The Aesthetic Meeting 2010.

The Aesthetic Meeting is considered by many in our profession to be the premier cosmetic surgery meeting of the year and your Education Commission is confident that this year's meeting won't disappoint you. Among this year's highlights:

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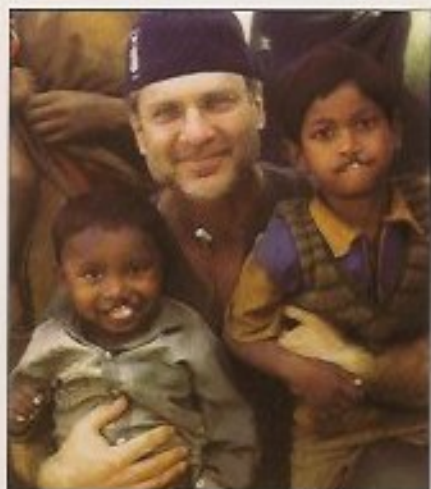
LEAP Foundation, US Navy C.A.R.E. Program to be Honored at The Aesthetic Meeting 2010

By Renato Saltz, MD

Editor's note:

P. Craig Hobar, MD and the innovative US Navy program C.A.R.E. will both be given special recognition at a special session during The Aesthetic Meeting 2010 in Washington, DC this year.

Dr. Hobar is well known in the Dallas plastic surgery community and has been a presenter at the Aesthetic Meeting and many other national and regional plastic surgery educational events. What we will be honoring at the Aesthetic Meeting is not Craig Hobar the educator but Craig Hobar the person, surgeon and philanthropist. In 1991, almost 20 years ago, Dr. Hobar



founded the LEAP Foundation, Life Enhancement Association for People, to help those in poor and developing countries get the reconstructive surgery critically needed by individuals, particularly children, live normal lives, accepted by their community.

Making a difference can look like many things. Sometimes it is the simple things: like a smile, kind word or a listening ear. Other times, making a difference calls for a journey around the world. For almost 19 years, LEAP has helped enhance and change the lives of over 2,500 people from six continents.

Focus on Haiti:

When the devastating earthquake hit Haiti, Dr. Hobar and his LEAP team were among the

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Treatment Bundling Strategies that Resonate with Cosmetic Patients

By Wendy Lewis

In the boom years, many practices became complacent—in extreme cases, it seemed as though many were treating their clients like ATM machines. As market dynamics have changed dramatically in recent years, and supply clearly outweighs demand, that tactic simply doesn't work anymore.

Staying in sync with the needs and desires of your patients will help to determine what the average sale price is for procedures you offer in your practice, and how much your patients are really willing to pay for services. Offering the right product at the right price is critical to remain competitive. This does not imply "discounting" your services across the board, or changing the positioning of your practice, but it is reasonable to carefully review your pricing decisions and consider offering special incentives to enhance value for your clients.

It is important to position your practice where you want it to be: either bargain basement, good value for the money or haute couture. The challenge with opting for the most exclusive positioning is that fewer patients are willing to pay premium prices these days. However, if you choose to go the bargain basement route, it will be very hard, if not impossible, to bring your fees back up to an acceptable level in the future. Competing mainly on price is a losing proposition; there will always be someone who is willing to do it for less.

When considering the level of training of a board certified plastic surgeon versus a garden variety cosmetic doctor, a surgeon who has been in practice more than ten years is accustomed to charging a certain hourly rate for his time. A cosmetic doctor who is new to aesthetics, and who may



have been subject to managed care payment schedules, is likely to be more inclined to work on smaller profit margins. In many markets, it is not viable for plastic surgeons to compete with non-core practitioners anymore, especially as the average sale price declines.

In today's market, you have to review every offering in your practice based on the value proposition to you and your patients. For example, to the time you and your staff spend counseling patients and performing procedures should be factored into the overall value equation. Add to that the cost of technology, disposables and marketing required to bring the patient in the door. Therefore, the highest priced procedure may not be the most profitable one in your practice. For example, a seven

hour body lift following massive weight loss that requires multiple pre- and post-op visits may actually turn out to be one of the least profitable procedures you offer when compared to a one hour breast augmentation that has a relatively high patient satisfaction rate with minimal complications.

Your goal should not necessarily be to offer the lowest price in your community; rather to establish a belief among your customers that they are receiving good value from your practice. The difference between price and value can be huge. Price is just a dollar amount, but value is the relative worth or desirability of a product or service to the end user. The best approach is to identify your business objectives and target audience, then

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Treatment Bundling Strategies

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formulate your tactics, determine the best metrics to measure results, and select key performance indicators to implement. For example, your main key performance indicator may be the number of new consults you are seeing on a weekly or monthly basis; or it may be based on the number of surgical procedures you are booking.

To determine the right pricing strategy for your services, start by reviewing your local competition to assess relative pricing. Fees per treatment vary widely depending on geography. For example, in New York and Los Angeles, \$30,000 for a facelift may be an acceptable fee at the higher end of the spectrum, but in Des Moines or Decatur, the going rate may be one third of that number. You must also calculate the total price for every procedure including the surgeon's fee, facility fee and anesthesia, and if there is an additional fee for implants or post procedure garments. Patients are more apt to look at the total price when comparing fees among doctors.

It is often misleading to judge your fee schedule against that of a practice in a different market that is attracting an entirely different demographic and psychographic of patients. Ask your sales representative or territory manager what practices similar to yours are charging in terms of profile of the surgeon and practice, location, and amenities offered, especially for non-surgical treatments, where there is the greatest disparity among practices. They are in the best position to advise you on a viable strategy, since they travel frequently and have firsthand knowledge of your competitors.

Consider who your client base is and what market fluctuations are relevant in your geographic region. For example, if you are in South Florida or Las Vegas,

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where the housing market is still struggling to come back, and medspas and clinics in strip malls are flooding the market with discounted treatment fees, your patients may tend to be more price sensitive. In the New York and Boston areas, consumer spending appears to have stabilized to some degree based on the financial market's performance.

Patients today are less willing to pay more for services that are readily available. This is particularly true where the perception is that one practitioner can deliver the same results as the next. The general theory is that consumers are more price sensitive where less skill, training and expertise is required to deliver a given treatment or service. For example, laser hair removal services are widely considered interchangeable, even though the technology used to remove hair may range from a flashlamp to a diode laser. If your practice has a Medispa vertical, whether within your main facility or at another location, a bundling strategy is virtually mandatory to remain competitive. Spas have historically offered "spa packages" that combine several of the most popular treatments offered so that clients can enjoy the total spa experience and hopefully come back for more.

Another tactic is to consider enhancing a particular product or service and create a greater demand among your existing patients. An effective approach is to select a few procedures as your loss leaders to draw in new patients. By definition, a loss leader is a product or service that is offered at cost—or in some cases below cost—to stimulate the purchase of other more profitable products or services. It is effectively a form of sales promotion designed to drive patients in the door, whether they are new patients or a stream of old patients seeking out new services. In some cases,

the price of a loss leader may be set so that is it truly marketed at a "loss" for the practice in terms of cost of materials and staff time. A loss leader should be something your clients purchase repeatedly, so they are aware of the usual price and will be able to recognize the value of a special offer.

A good example of a loss leader is a procedure that does not involve surgeon to patient face time, such as a glycolic peel or laser hair removal. Almost any non-surgical procedure can lend itself well to this concept, and they can be rotated at specific intervals. Skincare products, facials, intense pulsed light treatments, as well as botulinum toxin and dermal fillers are all reasonable options for loss leaders. However, it is not generally advisable to use a surgical procedure such as a breast augmentation or liposuction as a loss leader. Although these are the most price sensitive cosmetic surgeries, your surgical time, potential risks and complications, office visits and patient satisfaction issues must be taken into consideration. In some markets across the U.S., we are seeing \$3,000 fees charged for saline filled breast implant surgery, which

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in effect lowers the average fees charged for this operation. At that reduced rate, a surgeon's time may only be calculated at \$700, which falls within the realm of managed care fees.

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Treatment Bundling Strategies

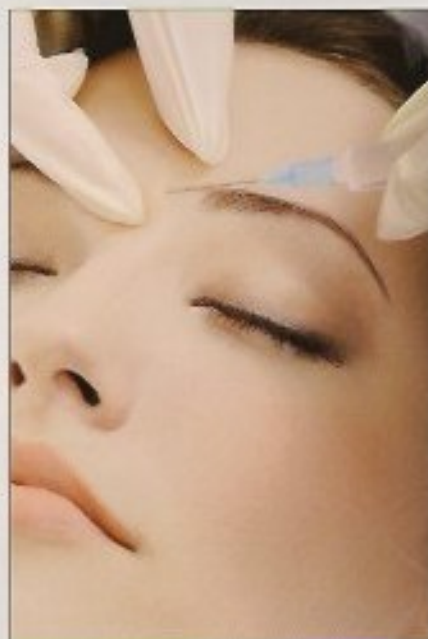
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When calculating your cost of performing a procedure, consider all related expenses including materials, supplies, staff time, marketing, follow ups and associated overhead costs. Factor in the profit margin you are seeking to determine whether you are able to charge a higher price by distinguishing your practice with exclusively tailored offerings. Take into consideration where you are in practice when calculating your hourly rate. If you are just starting out of residency, you may be willing to charge lower fees to gain experience and get exposure to new patients. However, if you have been in private practice for fifteen years, you are already well established in your field and should be more selective. Supply and demand also plays an important role in your local market and pricing considerations. If you are in an area like the Upper East Side of Manhattan, where there are literally hundreds of doctors offering almost identical services in a one mile radius, you have to pay attention to the highs and lows of the laws of supply and demand. If you are marketing a high supply, high-demand product, for example, incorporate this factor into your pricing and charge a more competitive price. However, if you are operating in a high supply, low demand market where there are more practitioners offering the services you offer and not enough patients to fill their waiting rooms, a price adjustment

may be in order. The ideal situation is to be in a low supply, high demand market, but these are exceedingly rare today.

Review your local market to identify procedures that are most popular among patients and which may be enjoying a growth spurt. For example, if skin tightening devices are the top-selling treatments in your area, consider whether you should add this service to appeal to a broader segment of consumers. If big ticket procedures are still in a major slump, you should offer some less expensive treatments



to encourage patients to come back.

Utilize feedback from your customers as a critical tool to determine an ideal pricing structure for your practice. For example, if your staff receives frequent calls asking about the price of injectables or laser treatments, but callers do not book an appointment upon hearing the range of fees quoted, this may be an indication that your prices are higher than your community is willing to pay. Speaking with patients directly, or conducting a survey to determine how they feel about the value of your products or services, can also provide valuable insights. You can also solicit input on what services or products they would be interested in to further narrow any gaps.

Whatever tactic you elect, do not panic. Slashing prices is generally a bad policy and will end up backfiring in the long term. It may be necessary to lower your pricing to be more competitive and encourage higher procedure volumes in the short term; however, marketing "50% off every laser procedure," and "\$9 per unit for BOTOX®" cheapens your practice and its standing in the community. If you run a special offer at a regular interval—such as the first Friday of every month or every other month—you may be effectively lowering your fees for those services; patients will become savvy to the fact that there is a "deal" coming soon, and they will wait until you have an offer.

BEST BETS FOR TREATMENT BUNDLING

- Bundling can work equally well for treatment plus product, or treatment plus treatment
- Consider bundling treatments that complement each other; such as toxin with filler, toxin with laser, deep filler with superficial filler
- For repetitive treatments, offer incentives to increase the average fee per visit
- Start by bundling treatments that can be administered by physician extenders
- Schedule offers and specials at your slowest times of the year
- Market special offers to existing patients as "loyalty programs"

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- Market special offers to attract new patients and encourage first time treatment patients
- Encourage patients to enlist for a series of treatments without having to pay up front for the whole series
- Offer gift certificates for non-surgical treatments year round or at specific holiday times
- Take advantage of loyalty programs and special deals offered by vendors directly to consumers by marketing via eblasts, Twitter, Facebook and your website and blog

Once a patient comes in for a visit, adding a secondary procedure or another area of treatment does not increase your cost of acquisition for that patient. If the patient is already in the chair, offering a second or third syringe at the same time (if the patient needs and wants it done) is practical and cost effective for both parties.

Revisit your pricing structure periodically to stay on top of the trends in your market. By paying close attention to price versus value, you may be able to find more efficient ways to do business or identify areas where you can reduce costs while improving the quality of your products and services.

Whenever possible, stick with branded technology and products to market to your patients, even if the costs are slightly higher. A plethora of generic products are flooding the market, driving the pricing structure down even further. In some markets, it is common to see doctors market a device by brand name, when in fact, the device they have to offer is an off price variation of patented technology. The same practice holds true for fillers; there are dozens of hyaluronic acid based fillers on the market, especially in Latin America and Europe, yet there are only two market leaders in the U.S. It is important to distinguish your practice from the competition by market-

ing brand names of the products you offer so consumers will not compare apples to oranges when reviewing fees.

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EXAMPLES OF EFFECTIVE OFFERS

- "With every full price single syringe of filler, get one area of botulinum toxin for 50% off"
- "I have 2 syringes of a filler, and get 30 units of botulinum toxin at the same time at no additional charge"
- "With every peel, receive a complimentary post peel treatment cream"
- "Bring a friend to an office seminar, receive a complimentary sunscreen"
- "Bring in an empty jar of eye cream and take 20% off a new eye cream"
- "With each area of laser lipolysis, take \$100 off the second area when treated at the same time"
- "Have your face treated with fractional resurfacing and add your hands at half price"

You can also be creative when bundling services. The most common methods we see in practice are variations on "buy one, get one," "buy one; get one at half off," and "three for two." Consumers are less inclined to lay out large sums far in advance so be wary of demanding that patients pay upfront for a series of repetitive treatments. Consider tweaking a common offer, for example: instead of "buy 4, get the 5th free" try "after your 4th treatment, get the next one at no charge." This allows patients to take advantage of a

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bonus treatment. Take your cues from retailers, hotels, restaurants, spas and salons. All service businesses today have been faced with changes in how consumers spend their money and they have had to adjust their practices accordingly. Your patients may surprise you by showing their appreciation and loyalty if you are willing to modify your policies to meet their needs.

Wendy Lewis is President of Wendy Lewis & Co Ltd Global Aesthetics Consultancy, author of 10 books, a course instructor and regular contributor to many trade and consumer publications and websites worldwide. She is the Founder/Editor in Chief of beautyinthebag.com.

Contact her at wol@wlbeauty.com

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Corrections:

An article appearing in the Winter, 2010 issue of ASN titled "How Teamwork exposed a 'Do it Yourself' Injectable Operation" contained an error in reference to Marie Czenko-Kuechel. The article stated that Ms. Kuechel "went undercover" to obtain information on Discount Medispa. Ms. Kuechel did not go undercover in any way; the error was caught by Ms. Kuechel prior to publication but missed by our proofreaders. We apologize for the mistake and any misrepresentation of Ms. Kuechel or misunderstanding among our readers.