

WHAT ROLE DO DEMOGRAPHICS PLAY IN LOCATING A DENTAL OFFICE?



Changing demographics will play a crucial role in locating your start-up dental practice or a satellite/second office, or relocating an existing office. Recent data indicate that some groups are more likely than others to have dental needs, have dental benefits or visit the dentist. Analyzing trends in dental expenditures, together with population demographic changes and future dental spending are just the beginning. Remember, you're only as good as your data.

GETTING STARTED

Before you begin this journey, it is imperative that you be equipped with a solid team who will guide you in locating and negotiating your dental office lease. Having an attorney, planner, supply company, practice consultant and real estate broker in your corner will give you a good start in understanding the market and its nuances.

If you're already practicing in a particular market, then you should have a good idea about the community dynamics. Still, it wouldn't hurt to review current demographics and learn growth trends. But, if you're new to the area you're considering, it is an absolutely must that your team provide you with a comprehensive demographic report.

I HAVE DEMOGRAPHICS, NOW WHAT?

Demographic information is equal to consumer information. For example, population characteristics and demographic data can help you determine certain characteristics of potential customers who may use your dental services or identify profitable locations based on population composition. As you would imagine, demographic information is particularly hard to read and may be completely useless in a vacuum—without something to which it can be compared.

Here's how we analyze data: we compare our demographics to the Greater Atlanta statistical mean AND to a second set of criteria provided by our client. This second set can be an existing good office or an office they know is performing well in the market. From there, we'll use (some very expensive) data that we provide clients to determine two important criteria:

- a) The average revenue per dentist in this market, and
- b) The average amount spent per household on dentistry

There is a subjective quality to these demographics (especially around hospital and healthcare nodes). But, in most cases, demographics provide hard data to confirm something that you likely already know. We have clients from time to time who are looking to move our analytic area a quarter mile north and east to catch a lucrative set of patients. That doesn't work as there are many factors that can't be quantified on a transaction of this size (traffic patterns, geographic spending bias, etc.) and just don't translate. Savings from operational efficiencies may account for increased topline numbers or in thinly populated markets, a single high performing practice could drive average numbers higher.

Demographics are an important tool and when used correctly, they serve to reinforce everything else you should already know about the market. If they don't, find out why.
