Client Experience

LIES AT THE HEART OF DEVICE SUCCESS IN AESTHETIC CLINICS

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The Aesthetic Device marketplace is fast-moving. New technology and devices are constantly launched, supported by extended claims and client results. Each of those devices offer opportunities for clinics to increase their revenue and establish themselves as innovative, trusted and client centric. But there are certain risks associated with the device buying decision, that are often overlooked in the rush to pioneer the latest release.

This report explores:

1. Why some clinics successfully introduce new devices, while others fail
2. The unseen risks associated with introducing a new device in-clinic
3. The role communication plays in the in-clinic client experience and acceptance of new treatments

It aims to test and prove the proposition that in-clinic communication plays a crucial role in the successful introduction of Aesthetic devices, while still respecting the clinical and ethical standards of the industry.

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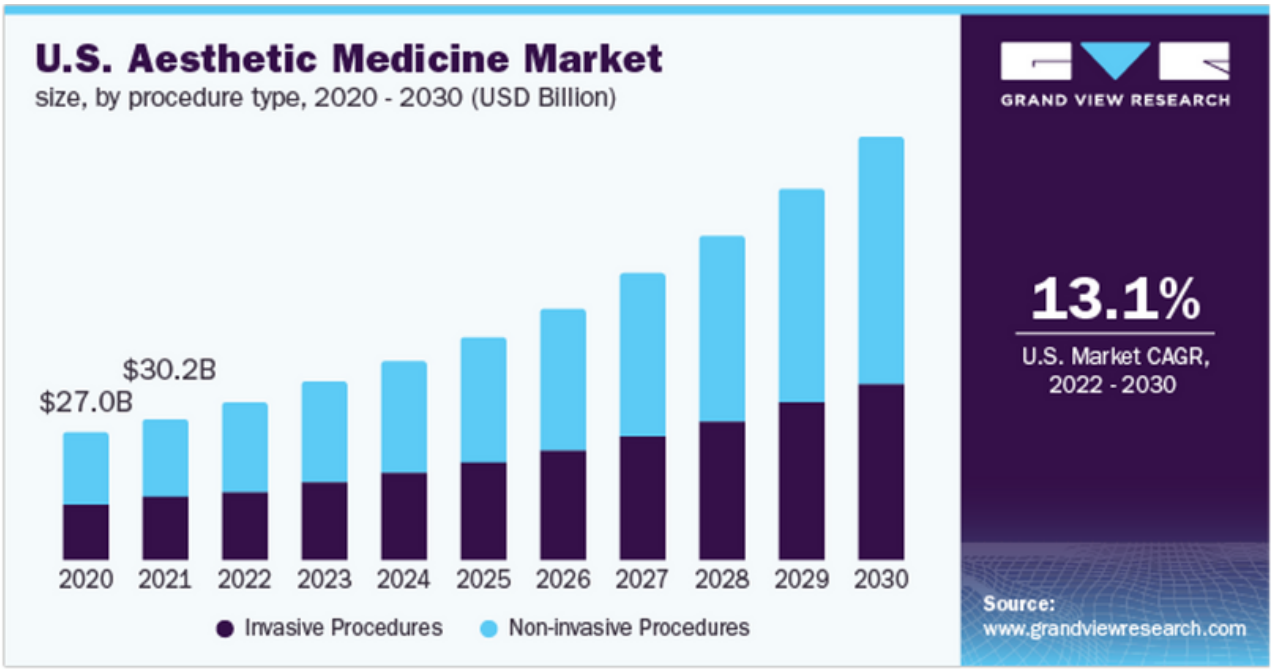
1.0 Business and Marketplace Background

With only a few market-specific exceptions, three dynamics are driving the rapid growth of the global aesthetic market: an ageing population, a post-COVID awareness of appearances dubbed the 'Zoom effect' and an urge to look young and fit. Underpinning these factors is a heightened client awareness of the treatments available to aid the goal of looking younger, which has resulted in more people being open to both injectables treatments and the variety of device-based treatments available.

1.1 Global Aesthetic Market

According to Grandview Research, in 2021 the global aesthetic medicine market size was valued at USD 99.1 billion and it's expected to expand at a compound annual growth rate (CAGR) of 14.5% from 2022 to 2030.

> "... the introduction of technologically advanced products, such as non-invasive body contouring systems that use fat freezing technology, is expected to create lucrative opportunities for market growth in the coming years. According to the Aesthetic Society (U.S.), non-invasive body fat reduction was among the top 5 non-invasive procedures in the U.S. in 2020 with 140,314 procedures being carried out."



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1.2 Procedure Specific Global Growth

It's also worth noting that noninvasive treatments are leading the current growth, while invasive treatment is now experiencing softer growth trends.

> "The non-invasive procedures segment dominated the market in 2021 with a share of over 50.0%. The segment is also expected to expand at the fastest CAGR over the forecast period. Based on procedure type, the market has been segmented into invasive procedures and non-invasive procedures. Less pain, instant results, and low cost are some of the factors that have boosted the demand for non-invasive procedures at a global level."

1.3 Australian Market Growth

Similarly, the Australia Aesthetic Market has grown rapidly over recent years, with most international brands and companies now established in Australia. However, during the COVID period, supply chain disruptions, strict social distancing and the widespread cancellation of elective surgeries, all resulted in a slowdown of the market.

Mordor Intelligence reports that the Australian Aesthetic Devices Market was valued at approximately USD 202 million in 2021, registering a CAGR of nearly 10.78% during the forecast period, 2021-2027. The key Eastern seaboard markets of Australia were severally affected by COVID-19 during 2020, which impacted the medical aesthetic devices market, however, this situation is expected to improve during the forecast period.

1.4 Australian Market Segmentation

An ageing population, increased beauty consciousness, and lifestyle changes are all converging to help lift the aesthetic devices market and deliver rapid growth across Australia in the coming years. These trends have driven the proliferation of sub sections and niche offerings, where it's now commonplace to visit aesthetic clinics with multiple device-based services within their treatment offering.

> "The primary factor driving the market growth includes the increasing awareness regarding aesthetic procedures and rapid technological advancements in devices. [...] These devices' recent changes have yielded better results with less pain."

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The Australian Aesthetic Devices Market is segmented by:

TYPE OF DEVICE	Energy-based Aesthetic Device	• Laser-based Aesthetic Device • Radiofrequency (RF) • Light-based • Ultrasound
	Non-energy-based Aesthetic Device	• Botulinum Toxin • Dermal Fillers and Aesthetic Threads • Microdermabrasion • Implants • Other Aesthetic Devices

BY APPLICATION	• Skin Resurfacing • Body Contouring and Cellulite Reduction • Hair Removal • Facial Aesthetic Procedures • Breast Augmentation • Skin Tightening • Other Applications

BY END USER	• Hospital • Aesthetic Clinics • Home Settings

This has created a very competitive sales environment with many companies offering similar devices at similar prices. In turn this can make the buying process for business owners quite complex.

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1.5 Key Australian Market Trends

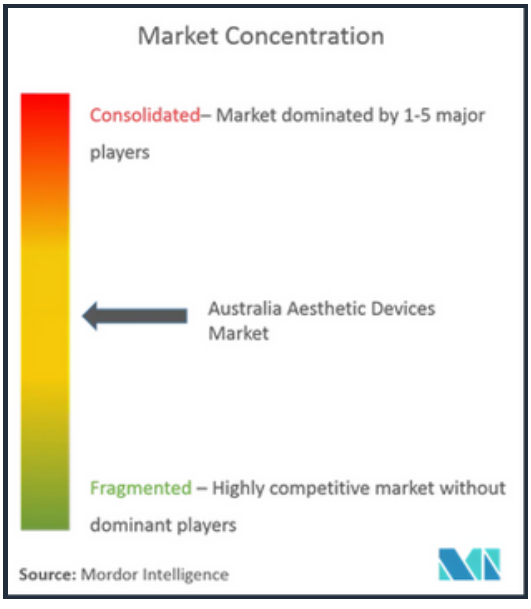
According to the Mordor Intelligence report, the following key trends are impacting the market:

- The Dermal Fillers and Aesthetic Threads segment dominates the market
- The top five cosmetic procedures carried out in Australia are anti-wrinkle injections, fillers, laser and intense pulsed light (IPL), breast augmentation and reduction, and liposuction.
- Spending USD 1 billion on cosmetic surgery, Australia spends more than 40% of the United States per capita.
- The rise in cosmetic surgery procedures over the forecast period may ultimately drive the demand for aesthetic devices in the country.

1.6 Competitive Industry

The Australian device market is a very competitive sales environment, with poor differentiation and companies offering very similar devices at similar prices. In turn, this makes the clinic owner's buying journey - of research, consideration and purchase decision - increasingly complex.

Each device company is fighting for a share of voice and attention in the market. Similarly, clinics are using every 'push' tactical imaginable to attract new clients, but both suppliers and clinics are often overlooking the key 'pull' tactics of delivering remarkable customer experience and building an empathic team of experts who deliver exceptional service.



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2.0 Risk Assessment

Within a fast-moving market of high price points, declining differentiation and increasingly complicated technology, the clinic owner's level of risk is rising. The complexity of the buying decision is intensifying, while there's also a growing number of operators carrying a collection of under-utilised or dormant devices within their business. Once a team member or key operator leaves and there's no one trained in the device, it quickly becomes a liability that drains the business of valuable space, expertise and revenue.

Unfortunately for some clinic owners, only a selection of the devices purchased are productively generating revenue on an ongoing basis, and many owners never recoup the cost of purchase.

2.1 Buying Considerations

Numerous elements comprise an informed buying decision:

1. Does the device add a unique offering or positioning to the practice?
2. Does the device modality fill an existing treatment void?
3. Does the device or treatment attract extra patients/clients and extra income to the practice?
4. What is the proposed treatment duration and recommended prices?
5. Does the proposed treatment pricing structure fit within the practice structure?
6. Are the clinic team confident and comfortable in recommending this new treatment category?
7. Are there operational costs, and if so, what consumables and associated costs are there per treatment?
8. What level of service and support is offered by the company selling the device?
9. What is the warranty on the device?
10. What ongoing training is offered to cover team changes and upskilling?
11. What level of marketing investment is required to promote the device?
12. What is the return on investment, break even and when will the device produce a profit contribution to the practice?

While there is also a lengthy list of technology-based questions associated with the purchase, the fact remains that practices and clinics must be profitable to survive in this fast-moving market. Failure to do so impedes growth and places the sustainable future of any business in jeopardy, regardless of its size or stage of maturity.

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3.0 Device In-Clinic Strategy

Given the size of the investment and pressure on profitability, once the device is chosen, the focus quickly shifts to installation, training, team buy-in and marketing. For practice and clinic owners, this is by far the most important phase in the life of any new device.

The three milestones in the device in-clinic strategy are:

1. **The first impression the device makes and the team introduction to the device and training delivery.**
    - This milestone is generally controlled and delivered by the supplier.

2. **The team buy-in to the device's launch strategy, treatment positioning and results produced.**
    - This milestone is in the hands of the clinic or practice owner but relies on the team for its success.

3. **The marketing and promotional program.**
    - This milestone is in the hands of the owner to pre-design and implement. Once again, success depends on the team's response to the device and that directly impacts the rate of bookings and its ongoing success.

Crucially, two of the three milestones in the device's introduction are reliant on the team's buy-in and skill in making it a comfortable experience for new patients and clients to book, enjoy and recommend the new treatment to others.

4.0 Client Experience is the Differentiator

Industry norms generally acknowledge that many clinic teams are clinically focused, and patient care is of the utmost importance. Oftentimes this negatively impacts the ability of team members to journey the clients from recommendation through to introducing new treatments, handling objections and reaching agreement. In most cases, these behaviours are generally referred to within the industry as 'selling' and considered to be a negative attribute.

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Unsurprisingly then, industry norms suggest that most clinicians do not like to sell. However, the days of pressuring patients and clients into booking new or additional treatments have long passed. Patients now look for guidance.

Post pandemic patients and clients alike are looking for a caring, respectful and empathetic encounter that is characterised as a 5-star customer experience. The key is moving from a simple customer service focus - by adding empathetic experience and delight - to delivering a remarkable client experience.

4.1 Customer Experience Is the New Norm

Numerous research studies have shown that customer experience (CX) is positively lifted through the style of language used to engage, support and direct people. In fact, it's been shown that in competitive markets, it's CX that keeps you in business.

- Research by Forrester Consulting, showed that companies that prioritize customer experience enjoy "1.6x higher brand awareness, 1.5x higher employee satisfaction, 1.9x higher average order value, 1.7x higher customer retention, 1.9x return on spend, and 1.6x higher customer satisfaction rates."

- According to a Zendesk study, 87% of American respondents claimed that great customer service influenced them. And according to research conducted by American Express (via Inc.), they don't mind spending up to 17% more to get that positive experience.

- Research from PricewaterhouseCoopers (PWC), showed the more expensive the item, the more people are willing to pay. For example, customers are willing to pay a price premium of up to 13% (and as high as 18%) for luxury and indulgence services, simply by receiving a great customer experience.

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CX also influences on-the-spot purchasing, with 49% of buyers having made impulse purchases after receiving a more personalized experience. But according to Forbes Magazine, the most convincing reason why CX has become so important is this:

> "Today, 89% of companies compete primarily on the basis of customer experience – up from just 36% in 2010. But while 80% of companies believe they deliver "super experiences," only 8% of customers agree. In other words, companies have a long way to go. And that means there is tremendous opportunity to disrupt a competitor or gain market share in an industry.
>
> Everything a brand does – the way it does its marketing, research, advertising and more – all play a role in shaping the customer's experience."

With customer experience now becoming the battleground to differentiate their offering and position in the market, businesses are meeting those customer expectations by making a shift from being 'customer focused' to 'customer committed.'

This deliberate transformation requires a fundamental change in how operators think, act, and communicate.

5.0 Methodology

To fully explore the proposition that in-clinic communication plays a crucial role in the successful introduction of Aesthetic devices, the following methodology was applied:

- Test and measure the benefits of adding a specific style of skill training for all clinic team members.
- Training was introduced in Phase 2 of the Device In-clinic Strategy (see Section 3.0).
- Training focused on improving the consultation, listening and persuasion skills of a clinic team with the single focus of improving the client experience and level of comfort for patients/clients.
- A core training program was prepared and delivered by an industry-specialist training professional, from within the Aesthetic industry.
- Business revenue and the new device treatment uptake was also monitored and measured.

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5.1 Test Clinic Model

- Port Medical Aesthetics Clinic
- Established in 2018, by Dr Kristy Kostalas
- Located in Port Macquarie, on the North Coast of NSW
- Dr Kristy's team consisted of:
  - 3 doctors
  - 1 cosmetic nurse
  - 3 Dermal Therapists
  - Supported by a front desk team of 2 people.

Dr Kristy and her team where open and interested in improving their consultation and listening skills, in addition to learning select strategies to offer a more persuasive patient-centric experience, while still maintaining the ethical and authentic patient relationship.

5.2 Industry-specific Training Program

An industry-specific customer experience training program, Spendsuasion®, was carefully tailored to support the clinic's business focus.

The program consisted of four modules:

1. Spendsuasion® model: shifting the focus from Customer Service to Client Experience
2. 9 steps of an in-clinic client experience
3. Tools to upgrade the client experience
4. 4 methods to reach agreement and handle 'No' respectfully

The program was delivered over four modules, each of 90-minute duration, once per week over 4 weeks.

The key outcomes achieved:

- Improved client experience
- Notable improvement in clinician to patient communication
- Improved openness of the patient during the consultation
- Greater understanding of the patient's wants and desires
- Buying signals better identified, which helped patients reach a decision
- Successful introduction of the Venus Tribella device
- Increase in the patient's average spend
- Measurable increase in retail revenue
- Increased clinic revenue

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6.0 Test Program Outcomes

6.1 Revenue Growth

Prior to commencement, initial metrics were calculated and advertising expenditure was not increased.

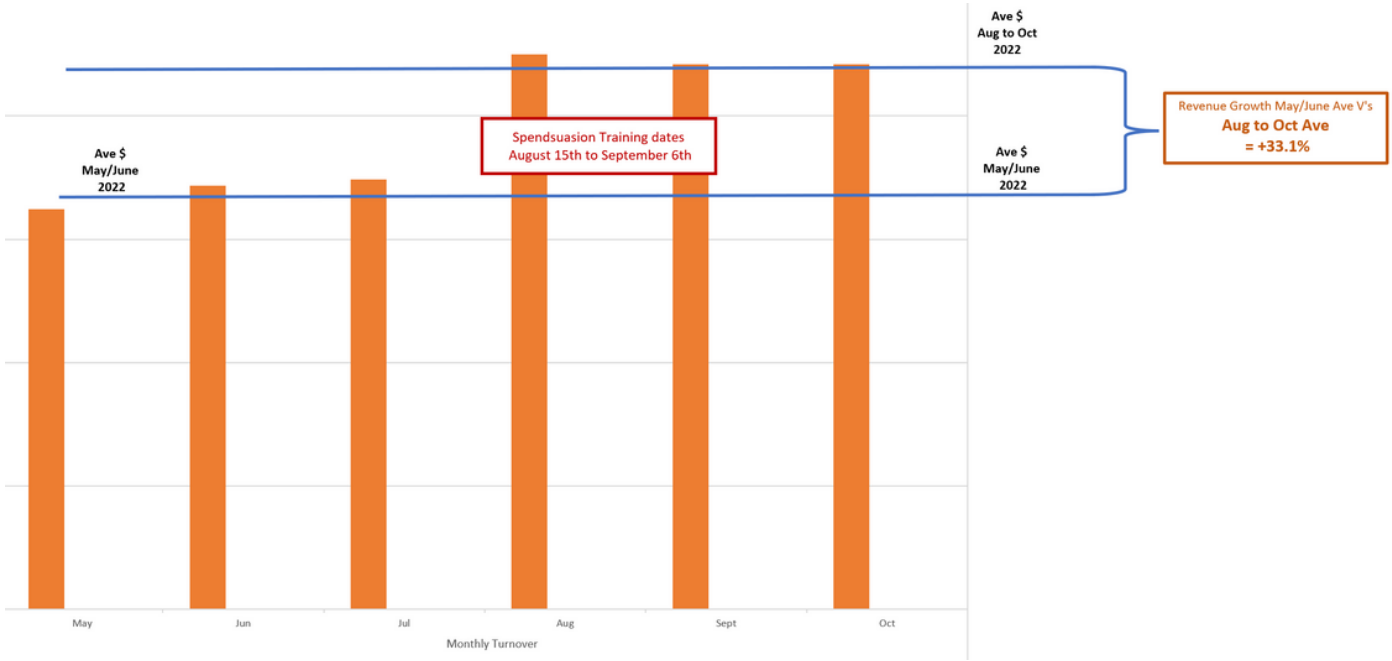
A base line of clinic revenue was calculated across May and June 2022. This was then compared to the clinic revenue after the introduction of the Venus Tribella device and the Spendsuasion® 4-week program.

The total clinic revenue across the August, September and October period, when compared to the May and June base line, produced a 33.1% increase in net revenue.

The incremental revenue was generated across three areas:

1. Introduction of the Tribella Device, representing 54.8% of the growth achieved
2. Increase in retail sales, representing 8.9% of the growth achieved
3. Increase in patient spend, contributing 36.3% of the growth achieved.

GRAPH 1: REVENUE GROWTH



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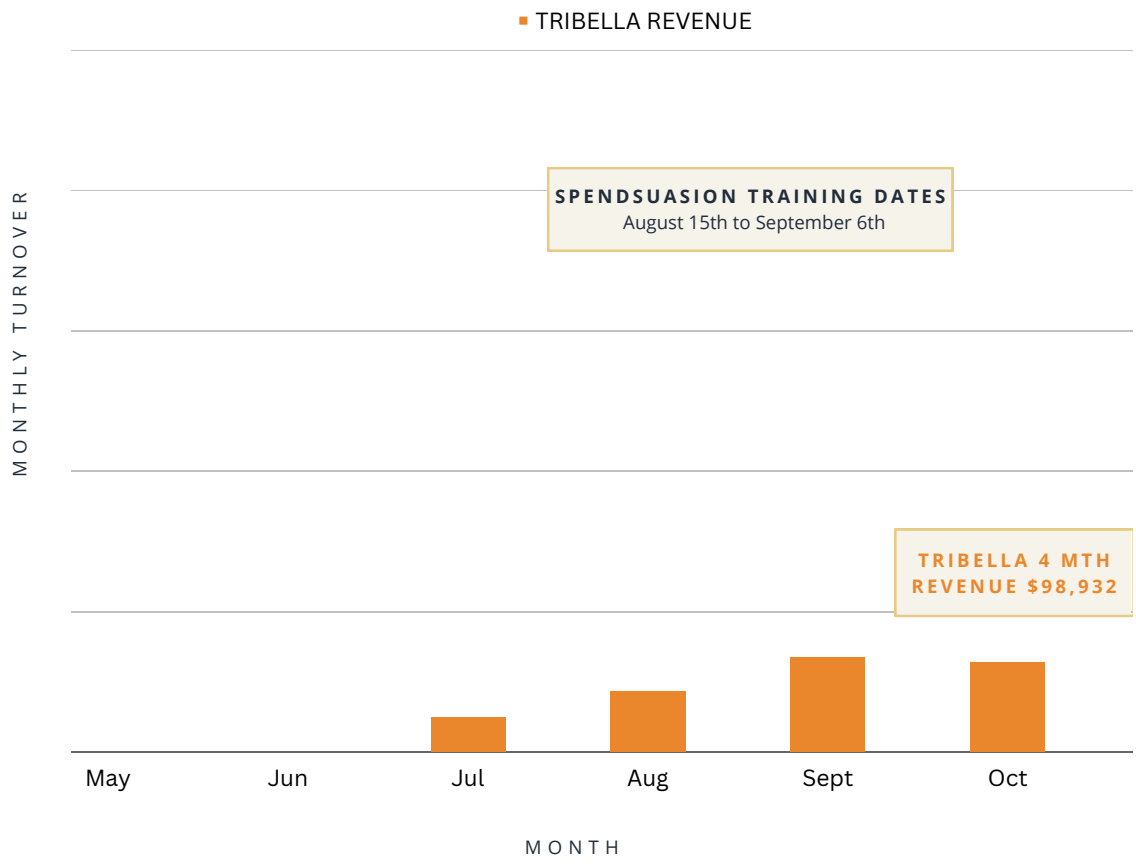
6.2 Venus Tribella Device

The Venus Tribella device was introduced 3 July 2022.

The introduction of the Tribella device to a patient, necessitated the team member to use of the skill of cross-selling - taking a patient from one treatment category to a new treatment category - which in this case, was the Tribella treatments.

The revenue growth generated by the Tribella device during August, September and October was $98,932 representing 54.8% of the incremental revenue.

GRAPH 2: TRIBELLA REVENUE



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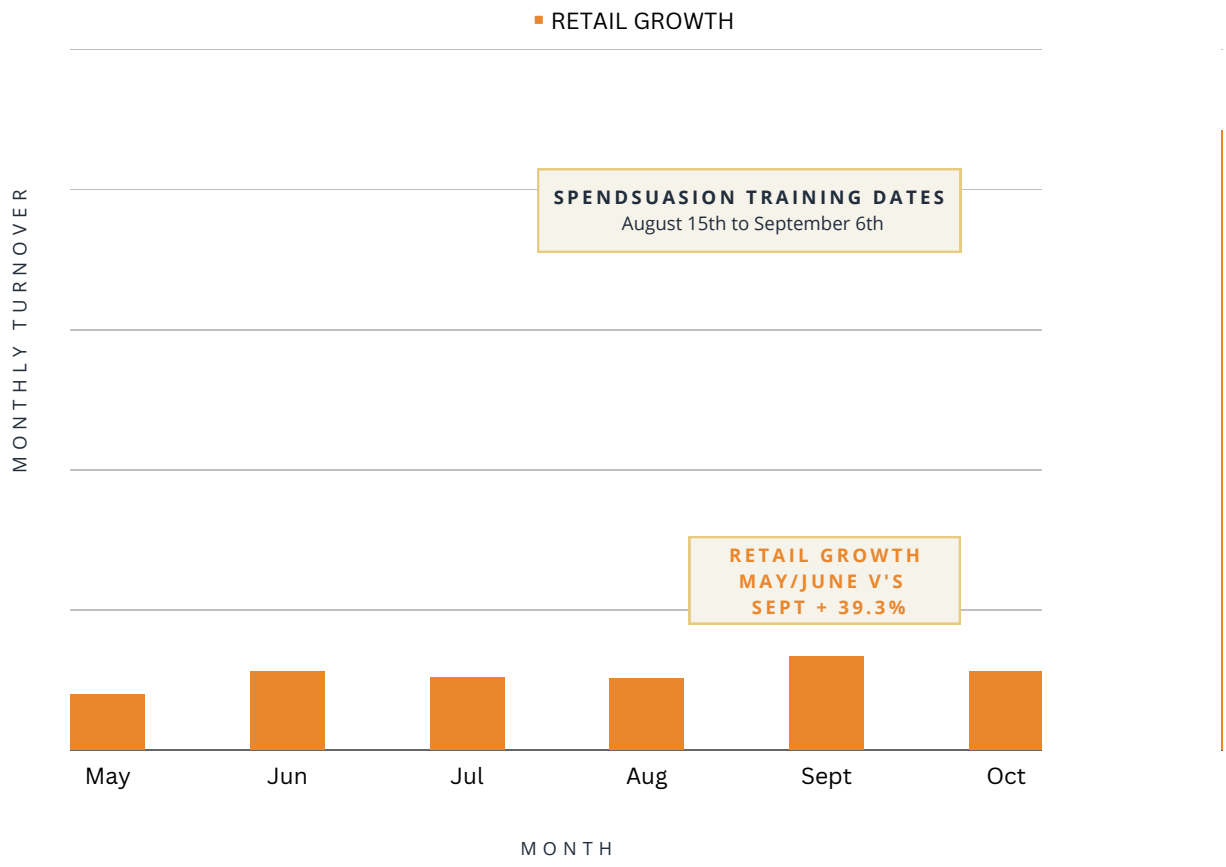
6.3 Retail Sales

The Spendsuasion® training program focuses on the importance of post treatment care, to accelerate the patients' results between treatments.

The retail revenue in September when compared to the base line of May and June 2022, resulted in a 39.3% growth in retail.

GRAPH 3: RETAIL REVENUE



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6.4 Retention and Re-booking Rates

Customer experience (CX) is the new differentiator for success (see Section 4.1) and the key metrics to measure are:

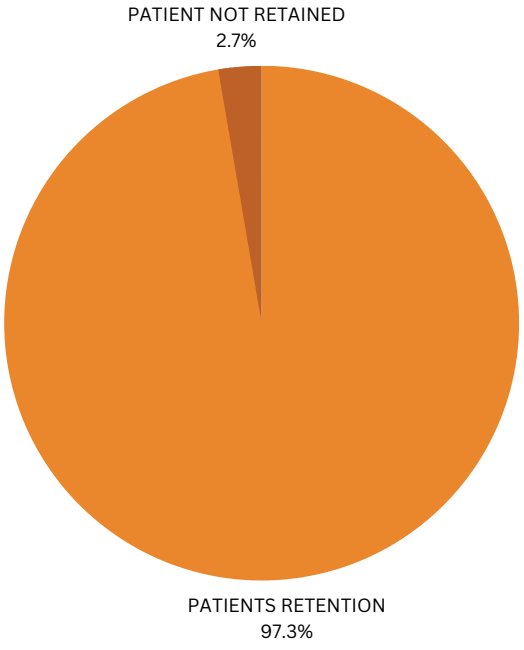
- Client retention
- Re-booking rates

During the test period, the Port Medical Aesthetics Clinic experienced exceptionally high retention rates of 97.3%, with four individual team members posting 100% retention during the growth months.

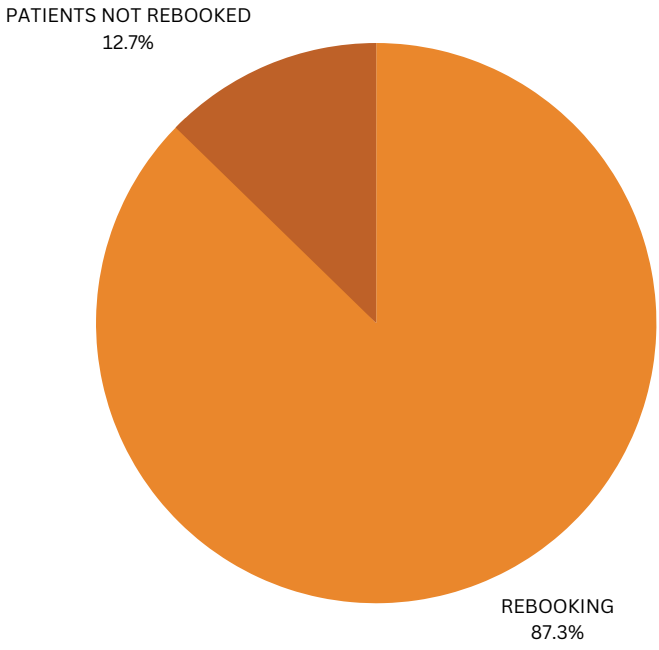
Re-bookings were also notable with an average of 87.3%

Three three team members posted re-booking rates of 90% - 95% during the growth months.

PIE CHART 1: PATIENT RETENTION RATE



PIE CHART 2: PATIENT REBOOKING RATE



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7.0 Proposition Validation

The original proposition that in-clinic communication plays a crucial role in the successful introduction of Aesthetic devices, was validated by the program outcomes.

Other notable highlights:

1. Professional Magazine (Sept/Oct 2022) cover story:
   "VIVA Real-life Business Case $40,000 in 90 days."
   "Several VIVA clients have successfully generated over $40,000 in their first 90 days using a proven implementation strategy for Beauty Salons."

2. Port Medical Aesthetics Clinic generated **$172,920 in incremental income** in 120 days - above the the recorded benchmark (Refer Section 6.0).

3. The Spendsuasion® training produced growth in additional areas.
   a) **Overall revenue growth +33.1%**
   b) **Retail revenue growth +39.3%**

6. The 4-week training program not only improved the clinic's overall customer experience - it has continued to produce ongoing business revenue growth.

Post Program Activity

A Social Media Advertising campaign was launched in October 2023 to promote the Tribella treatment portfolio, specifically targeting new clinic clients. The campaign was run October to December 2022 by **Mint Peach Media**.

The campaign generated **107 enquires for Port Medical Aesthetic Clinic**.
Dr Kristy and her team **converted 62** of those enquires to treatment bookings, an impressive **conversion rate of 57.9% .**

"I genuinely thought that we were pretty good at closing a sale. I've got a motivated team. I pay them really well. If you had asked me before this program, I think they were pretty good, however we learned so much from Neil like the way that you use the words, the way that you lead the patient through the consultation. this is a much better way of doing this, it really works."
Dr Kristy Kostalas – Port Medical Aesthetics Clinic

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"...customers are willing to pay a price premium of up to 13% (and as high as 18%) for luxury and indulgence services, simply by receiving a great customer experience."