

The New Smile Wide Market

THE FUTURE OF THE DENTAL SPA SECTOR IS ASSURED

By Jacqueline Clarke, Diagonal Reports

The new “dental spa” or “spa dentistry” market is growing so fast that it is difficult to maintain up-to-date figures. Currently, depending on the definition applied, anything from 5% to 50% of dental practices in the U.S. could be considered a “dental spa.”

Whatever their numbers, most dental spas, like the dental practices from which they have evolved, are privately owned businesses. For example, almost three-quarters of the 150,000 dentists in the U.S. are solo business owners working in private practice, and 14% are in a partnership. “Dentistry has remained a profession dominated by small, independent practices” as the American Dental Association (ADA) notes.

DIFFERENT QUESTIONS PRODUCE DIFFERENT RESULTS

The very wide variations in estimates of market sizes are due to the widely different definitions now in use as to what constitutes a “dental spa.” The following summarized the definitions used in some of the most frequently cited surveys and the results generated.

- (i) Almost 5% of respondents “employed additional staff” and added spa/beauty services – massages, facials, pedicures, manicures;
 - (ii) 96% do not offer “spa services” – massage, aromatherapy;
 - but (iii) 50% offer one “spa-like perk” – neck rests, warm towels.”
- These

surveys were based on different but relatively small samples, about 500 dentists each, conducted for the ADA and the Chicago Dental Society.

The lower estimate of 5% is based on one definition of a dental spa: “a facility whose dental program is run under the strict supervision of a licensed dentist. Services are provided

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that integrate both traditional and non-traditional dental and spa treatments (such as massage therapy, skin care and body treatments),” proposed by the Day Spa Association/

International Medical Spa Association (IMSA).

Market experts interviewed by Diagonal Reports caution that to attempt to provide nationwide “averages” of revenues from “spa services” in dental offices is not very useful because:

- of huge fragmentation in terms of the “spa” services offered
- actual revenues from “spa” services vary widely by outlet
- the many different systems to classify “spa” and “non-dental” treatments
- the significant offer of “spa” services on a complimentary (free) basis.

LOOSE USAGE OF THE TERM “SPA”

As the surveys illustrate, it is difficult to quantify a sector where criteria for inclusion can range from the employment of staff to

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the provision of towels. The lack of agreed criteria is not unique to the dental spa sector, but is a problem in the wider spa market in the U.S. Indeed that problem is compounded by the lack of a common understanding of the term “spa” in the U.S. and Europe. Traditionally in Europe the term only referred to facilities, such as water spas, that offer medically supervised therapeutic treatments. In the U.S. the term is

used to refer to a wider spectrum of facilities, (some count more than 13,000) which can range from a luxury spa resort to a business where the use of the term is an upgrade in

name only. For example, a nail bar that calls itself a “nail spa.”

NEED TO TIGHTEN DEFINITION

The very loose usage of the term makes it difficult to even count the actual number of “spas.” Recently in late 2006, one of the representative organizations proposed that, if only for census purposes, the term “spa” be restricted to facilities that meet agreed criteria and provide

specified services. The industry also struggles to keep up-to-date with the many different of types of spas. For example, one listing of more than a dozen different classes of spas – such as day spas, hotel spas, and medspas - does not include dental spas.

BLURRING OF BEAUTY AND HEALTH

The only commonality of the different types of spas is that they blur the lines between what were traditionally separate services; that is, beauty (personal appearance) and health or the cosmetic and the medical.

The pace of growth of the spa market, both in the U.S. and elsewhere, suggests that the concept is meeting a demand that was not satisfied in more traditional business models. Indeed, the growth in

spas contrasts with the generally stagnant, if not negative, trends in the traditional professional beauty services channel.

DENTAL BEAUTY

The main service that distinguishes dental spas from traditional dental offices is cosmetic dentistry. Cosmetic dentistry includes non-functional procedures that are independent of any dental need and are purely for personal appearance enhancement purposes. For example, teeth whitening, "smile makeovers," and highly complex reconstructive dental surgery.

Cosmetic dental procedures have been one of the fastest growing categories in dental care in recent years in the U.S. Data from the American Academy of Cosmetic Dentistry (AACD) in 2005 estimates that such work grew an average of 12.5% in the previous five years; some categories grew by 300% (see survey of 9,000 U.S. dental practices at www.aacd.com).

TECHNICAL DEVELOPMENTS—UPSIDES

Technical developments have been a significant driver of the growth in cosmetic procedures in dental spas, as they have been in medical spas. The most important of these developments for spa dentistry would include the new generations of products, various laser/light devices, and also 3D-imaging systems. Technical developments create new opportunities for dentists to meet consumer demand for treatments that are convenient because they are fast

with no-side effects and that require minimal downtime (recovery time).

Some examples of new technology include products for advanced teeth whitening and no reduction veneers. In devices, lasers that offer an early diagnosis of gum disease, tooth decay and cavities, or that can perform hard and soft tissue procedures with minimal or no damage to surrounding areas.

The new imaging systems grow demand for reconstructive work when they provide dentists and clients with an objectively visible result of what a client would look like after a procedure. This is not an inconsiderable matter for procedures that can cost many tens of thousands of dollars.

TECHNICAL DEVELOPMENTS—DOWNSIDES

However, much like their counterparts in medspas, dentists complain that saturation media and corporate publicity about recent technical developments can lead to unrealistic consumer expectations. They note "Extreme Makeover" TV shows can lead to consumers expecting "dental Botox," that is the instant and perfect results that they believe Botox™ offers from their visit to a practice.

NEW PROCEDURES REQUIRE NEW SELLING TECHNIQUES

The need to manage consumer expectations is something of a novelty for many dentists. Cosmetic

procedures have altered the terms of the traditional relationship from one of "dentist and patient," to "service provider and consumer." The concerns of patients who visit because of dental needs are very different from those of consumers who visit (and shop around) for elective, and often expensive, cosmetic dental procedures.

Technical innovation has been a significant driver of the growth in cosmetic procedures in dental spas as in medical spas.



As the market for cosmetic dentistry becomes more competitive, dentists will need to learn how to negotiate in this new territory. Recently dental practices have looked to one consumer services industry – hotels – for how to sell to their clients/patients. Some dental spas have even adopted the hotel vocabulary to describe their services, for example using the term “concierge dentistry.”

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But dentists can learn something from a sector with a long track record of persuading consumers to spend their beauty dollars, that is the day spas, beauty/hair salons. It is not much of an exaggeration to suggest that some consumers spend as much on their hair every twelve weeks as they spend every twelve months in a dental spa.

CONSUMERS AND CONSULTATION STRATEGIES

Beauty spas identify individual consultation as the foundation of the sales strategy in the best performing businesses, in particular in the more upmarket spas/beauty salons. The consultation makes or breaks any beauty service business.

The consultation is the opportunity which marks out spa time as “me time” for a client and reveals what the client wants. The consultation is used to identify realizable expectations, and in so doing avoid the disappointment

that results from dashed, even if never realistic, hopes. Beauty personnel insist that much of their work is to

gently convince their clients that a “look in a magazine” would not enhance that person’s appearance.

Beauty personnel stress that a consultation is crucial when selling treatments that are relatively new, and therefore unfamiliar, to large number of consumers. These people skills will become more important as the consumer base for dental spa services expands, that is, when consumers are drawn from ever wider sections of the population.

SCIENCE PERSUADES TO SPEND

Beauty spas are learning how to use recent technical developments to add the power of science to the personal consultation. Science is proving to be a powerful persuader for consumers to spend on very expensive – and





often very new – procedures. Beauty personnel apply science when they use 3D-imaging systems to provide clients with objectively visible results, that is, showing clients what they would look like after a procedure. The systems allow adjustments in proposed procedures and thus avoid “unpleasant surprises.”

FUTURE OF THE MARKET

Experts interviewed are very upbeat about the future of the dental spa sector. The market fundamentals are extremely positive. They include consumer concern with personal appearance and the technical developments that make a range of dental procedures more affordable and accessible in time terms.

WORD OF CAUTION

In the generally positive market, experts identified some obstacles to development and some negatives, among which consumer and professional resistance to dentistry becoming an adjunct of the beauty industry. Although no one was willing to quantify numbers, some are convinced that many people “do not want to change, they want to go to

the dentist and not a fancy spa.” The resistance of dentists is not just professional, it is also financial. For a variety of reasons many dentists are reluctant to risk the investment

required to purchase expensive new technology.

SUMMARY

The future of the dental spa sector is assured. Positive market fundamentals include consumer concern with personal appearance and the technical developments that have made cosmetic dental procedures more affordable and accessible.

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Technical innovation has been a significant driver of the growth in cosmetic procedures in dental spas as in medical spas. The most important of these developments for spa dentistry include new generations of laser/light devices and also 3D-imaging systems. These provide new opportunities for

dentists to meet client demand for fast treatments with no-side effects and which require minimal recovery time.

Saturation media and corporate publicity about recent technical developments can lead to unrealistic consumer expectations. The concerns of patients who visit for dental needs are very different from those of consumers who shop around for elective expensive cosmetic dental procedures.

Cosmetic procedures have altered the terms of the traditional relationship from one of “dentist and patient,” to that of “service provider and consumer.” Dental practices are trying to learn from the hotel sector on how to sell to their new clients/patients. They should learn from the best performing beauty service businesses with long experience of persuading consumers to spend their beauty dollars. The individual consultation is the foundation of the sales strategy in up-market spas and beauty clinics. **ATI**

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Diagonal Reports tracks market change and opportunities in the professional beauty and wellness market worldwide. It covers medspas, dental spas, and beauty clinics.

The U.S. Dental Spa Market 2007 Report has now been published. It is based on in-depth interviews with dental spa operators and experts.