

## 094 - Marketing Costs for New Client Acquisition

[INTRO MUSIC]

*This is the Grow My Clinic Podcast by Clinic Mastery where we help you deliver amazing client experiences to grow your clinic.*

**BEN:** Welcome to another episode of the [Grow My Clinic](#) podcast. My name is Ben Lynch. Today, I have our very awesome marketing guru, Jack O'Brien.

**JACK:** Hey, Ben.

**BEN:** Welcome, Jack.

**JACK:** You introduced me as beautiful last podcast episode. I was waiting with bated breath, but at last it was the first and the last time I am introduced as beautiful.

**BEN:** Well I like to change it up. You are and have been a big catalyst for marketing inside the Clinic Mastery team. One of the things we're going to talk about really specifically here is the cost to acquire a new client.

Often we have people come to us and say, "Hey, I've spent this much money on Google Ads, Facebook Ads or this sort of thing. But I don't know if it's valuable or not. How would I know that?" Jack, can you speak to maybe some benchmarks we could use and perhaps what we're looking for at the cost of acquiring a new client?

**JACK:** Okay. Let's do it, Ben. This will be short, sharp, shiny and to the point. So, there's no hard and fast rule, run it through your filter. However, there's a couple of key things that you need to know. First of all, as a clinic owner, you need to know "What is the lifetime value of a client to you?" Because, if you know what that is, you'll know what portion you are happy and comfortable to spend to acquire that client.

Ben, to give some really upfront value, if you listen to nothing else on this podcast and you have to stop it, here's my rule for you. About 5% of the lifetime value of a client is what you should aim for your acquisition cost. What do I mean by that?

Rounding figures, it should be between 3-10%, but 5% is ideal. 3-5%. If your lifetime value of a patient or a client is \$1000, hypothetically, you should be comfortable to spend between \$30-100 per client for their acquisition, but ideally somewhere around \$30-50 is where it usually sits.

So that's the first thing, know your lifetime value and aim for 5% of that as a reasonable benchmark. Now, it should be said that some clinics can generate new clients for 1-2% of their lifetime revenue which is quite remarkable. It changes in the different seasons of your clinic and those types of things. There's two more lessons so stick around for these.

The first lesson is you need to know what your acquisition cost is per marketing channel. So, what do I mean by that? You need to know when you spend a \$100 or let's say \$1000 on Facebook Ads, how many new clients does that generate you and therefore, what is the acquisition cost?

So, let's use rounded numbers. If you spend a \$1000 on Facebook and it generates you 10 new clients, your acquisition cost is \$100. \$1000 for 25 clients, your acquisition cost is \$40. So, you need to know what your acquisition cost is per marketing channel.

And the third thing, Ben, is you must factor in any agency costs into that channel's spendings. Do you know what I mean by that, Ben?

**BEN:** Tell our listeners more, but it makes sense because it's a very careful consideration to make.

**JACK:** Absolutely. So, what do I mean by that? If you said to me, "We spent \$1000 on Google AdWords and it generated 50 clients for us," I'd say to you, "That's awesome!" You spent \$1000 and get 50 clients, \$20 acquisition—that's unreal. But if you failed to tell me that you've paid an agency \$1000 to look after your AdWords for you, you need to factor that in. That means that your spend was \$2000.

Now, the agency probably won't tell you. They'll say, "You spent a \$1000 and got 50 new clients!" The reality is, a \$1000 plus \$1000 is \$2000 spent overall to get 50 new clients which actually means that your acquisition cost is \$40 and not \$20. Now, it's still good. If that was the case, I'd say to you, "Awesome stuff. \$2000 spent, 50 new clients, \$40 a pop—happy days! As long as your lifetime value is pretty healthy."

But you must know what your lifetime value is, what your happiest spending is to acquire a client. Number three, what is the acquisition cost per channel and number four, what is your advertising expenditure including agency fees, Ben.

**BEN:** Absolutely. Then the additional thing is if you know you've got a target to go from seven new patients a week to ten - that's your target. You can get a bit of an idea as to perhaps what you need to invest based on what you're currently spending moving forward, because you'll be able to use that money effectively to get a return of new clients.

I like the distinction, Jack, of understanding the individual channels because you might say, well, I've heard a couple of people who would say, "I've spent \$2000 on Google Ads and we got one client." But that's a very expensive client. And you go, "Well, I did it in Facebook Ads and for that same \$2000, I've got 50 clients over this time period." So you can start to then see, "Well, maybe I put more of my time and resources into the channel that's working and scale back another channel."

**JACK:** There's so much complexity to this. We're trying to keep it simple for clinic owners here but a couple of things you need to be aware of. We're talking here about paid channels, and so there's a non-paid or free marketing channels, partnerships and joint ventures, referrals, etc.

It's also worth considering what you are willing to spend, what you're able to spend. If you want to get an extra 50 new clients per month into your clinic, you need to be comfortable to spend up to an extra \$2000, let's say. Also, this only works if you're able to track conversions.

That's quite a challenge in the technological age wherein it is possible and achievable. But you need to know, has someone come from a Facebook Ad, a GP referral, or the signage at the front? You need to be able to track conversions. Otherwise, you might as well put a \$10,000 ad in the paper and hope people show up. You're building a clinic on wishes and luck versus art and science. That's what marketing can be, Ben. So there you go.

**BEN:** Absolutely. I think there are real practicalities around that, Jack. Of course, we can help out with that. We do help out with that, plus a whole bunch more, more than an agency in terms of systems, team development, client experience, retention and creating a thriving and sustainable business.

But, perhaps, just that practicality there will help you understand how you're currently doing, to give you a benchmark to, and at least use a reference to use for your current marketing activities.

Jack O'Brien, thank you so much for sharing your insights and perspective.

As always, we'd love your feedback, comments or questions. Send them through. You can catch all of the notes at [www.clinicmastery.com/podcast](http://www.clinicmastery.com/podcast) and we will see you on another episode very soon.

*This is the Grow My Clinic Podcast by Clinic Mastery where we help you deliver amazing client experiences to grow your clinic.*

[OUTRO MUSIC]