THE Aesthetic Practice Survey Reveals Procedure Market Growth Areas

By Michael Moretti, Editor

In early 2010, Medical Insight, Inc. (Aliso Viejo, Calif.) conducted a detailed survey of more than 20,000 aesthetic practices across the U.S. Respondents revealed their candid thoughts regarding which products and treatments they believe offer the best clinical results with fewest side effects. They also described current trends among their patients and predicted how these dynamics might shift during 2010. Results confirm the significant impact that a weak economy has had upon both patient spending and practice budgets, but also highlight a deep undercurrent of optimism within the industry as practitioners identify areas of consumer needs and adjust their practices to meet this demand.

Interest in emerging medical aesthetic technologies and treatments remains strong, although most physicians are highly satisfied with results achieved by current approaches. While aesthetic practices continue to expand into new treatments and procedures, they are being more selective than in past years.

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Of the survey respondents, over 50% were M.D.s with the the remainder made up of D.O.s, physician assistants, medical aestheticians, nurse practitioners, registered nurses and others; 30% specialized in dermatology while the rest comprised plastic surgery, family practice, internal medicine and other sub-specialties. More than 80% have been in business for over five years. Of these, 26% have been in operation for six to ten years and 45% have been in business for 11 to 25 years. Approximately 75% of the practices have 15 or fewer employees; 90% employ between one and five nurses; 63% retain one aesthetician, while 20% have two and 7% employ three; 44% have more than one physician in the practice.

Figure 1. Popularity of Treatments Offered in a Practice vs. Satisfaction with Results

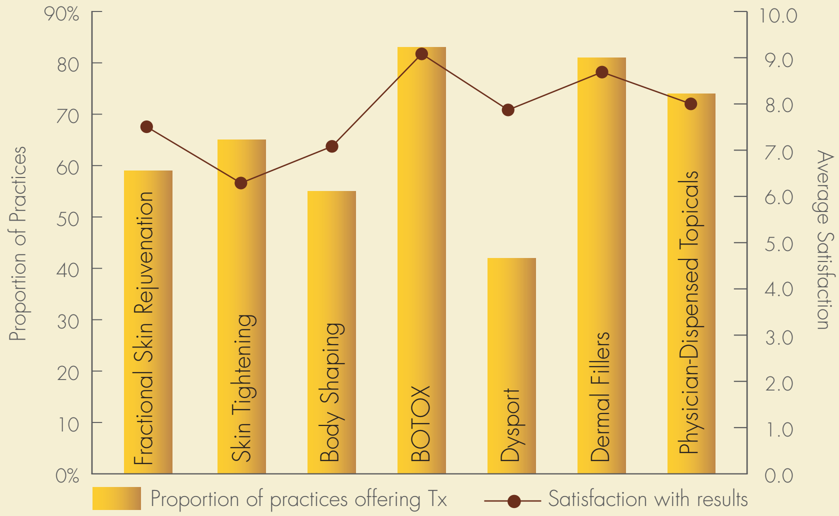
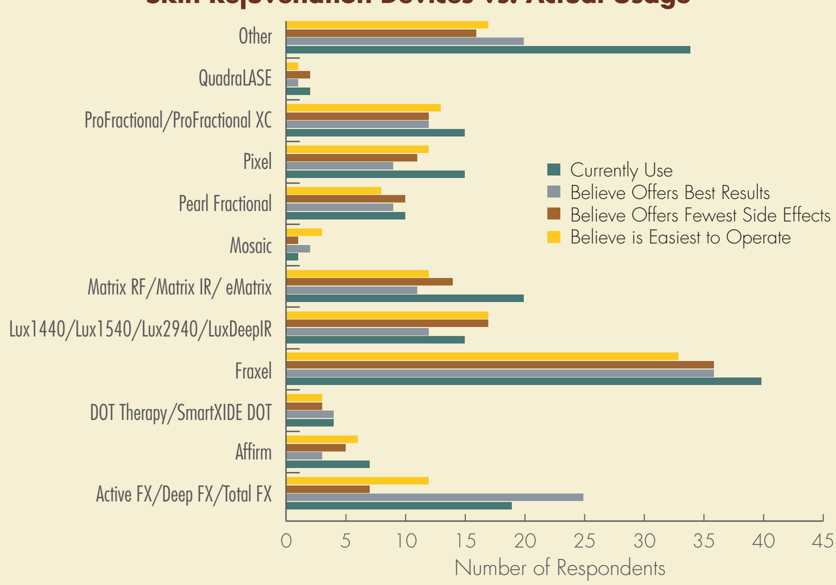


Figure 2. Respondents Beliefs about Leading Fractional Skin Rejuvenation Devices vs. Actual Usage



Additional study results revealed that 44% of respondents maintain practice revenues of $1 million dollars or more per year and 40% have average annual incomes of $250,000 or more. Practices also reported weekly patient volume ranging from very low to very high, with an average of 62 aesthetic patients each week. However, 39% of respondents reported 80 patients or more each week, while 26% of practices saw 30 patients or less.

As shown in Figure 1, BOTOX from Allergan Medical (Irvine, Calif.) was the single most popular medical aesthetic treatment with 83% of physician survey respondents offering this neurotoxin. Treatment with dermal fillers followed closely with 81% usage and physician-dispensed topicals were the third most popular products with 74% of respondents offering them.

Survey participants were also asked to rate their satisfaction with results for popular products or treatments on a scale of one to ten, with ten representing extreme satisfaction. Not surprisingly, the same three treatments received the highest average satisfaction rating with BOTOX earning a 9.1, dermal fillers receiving an 8.7 and physician-dispensed topicals at 8.0.

In other findings, almost 60% of survey respondents currently offer fractional skin rejuvenation in their practice. At 29%, the most popular device used for this treatment is Fraxel from Solta Medical (Hayward, Calif.), followed by 14% of respondents using Matrix RF / Matrix IR / eMatrix from Syneron (Irvine, Calif.) and 14% using Active FX / Deep FX / Total FX from Lumenis (Santa Clara, Calif.).

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As shown in Figure 2, Fraxel was also believed to offer the best results with fewest side effects of all fractional systems used. However, it is interesting to note that a greater number of survey participants than actual device users believe Active FX / Deep FX / Total FX offer the best results, indicating a very strong reputation for this system outside its user base.

A large proportion of survey respondents (65%) currently offer skin tightening treatments in their practice. Thermage from Solta was the most popular product for this indication with 43% of practices using it. The Accent from Alma Lasers (Buffalo Grove, Ill.) and Titan from Cutera (Brisbane, Calif.) were the second most used devices, each with 16% share.

Figure 3. Respondents Beliefs about Leading Skin Tightening Devices vs. Actual Usage

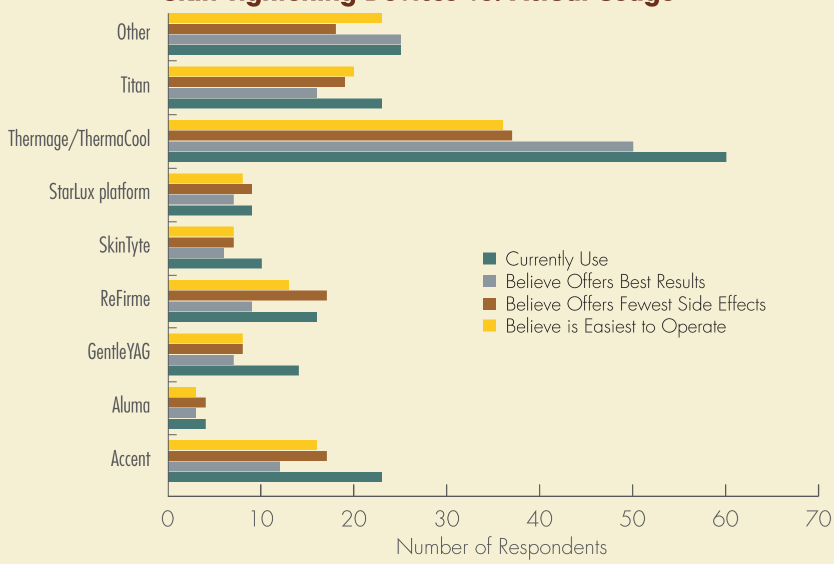
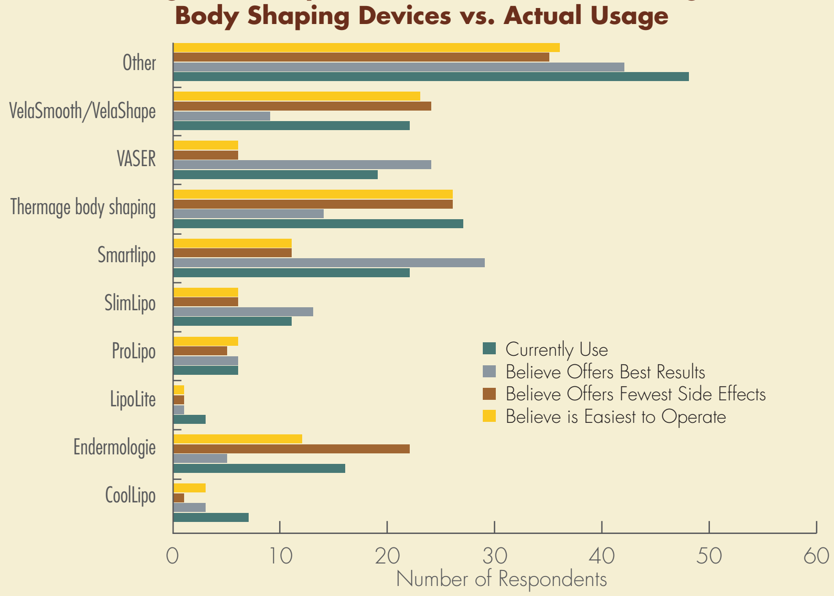


Figure 4. Respondents Beliefs about Leading Body Shaping Devices vs. Actual Usage



A significant proportion of survey respondents said they believe that Smartlipo offers the best results, indicating an extremely favorable reputation for this equipment.

Interestingly, for most skin tightening devices, participants' confidence in results seriously lagged actual use, as shown in Figure 3. However, a relatively high proportion of respondents that use the Aluma from Lumenis and the StarLux platform from Palomar (Burlington, Mass.) also believe these devices offer the best results. Additionally, ReFirme from Syneron was cited by many users as offering the fewest side effects.

In the body shaping segment 55% of survey respondents reported currently offering this treatment, with 22% utilizing Thermage and 18% using the original Smartlipo, Smartlipo MPX or new Smartlipo Triplex from Cynosure (Westford, Mass.). As demonstrated in Figure 4, a significant proportion of survey respondents said they believe that Smartlipo offers the best results, indicating an extremely favorable reputation for this equipment. This phenomenon also occurred with VASER from Sound Surgical (Louisville, Colo.) and, to a lesser extent, SlimLipo from Palomar. VelaSmooth / VelaShape from Syneron were cited by a large proportion of respondents as being the easiest to operate and offering the fewest side effects.

Survey results also confirmed that BOTOX is used by a significantly greater proportion of respondents (83% vs. 42%) than Dysport from Medicis Aesthetics (Scottsdale, Ariz.). Furthermore, average satisfaction with BOTOX is substantially greater compared to Dysport. BOTOX is believed to offer superior results by 86% of respondents, while just 14% consider Dysport to be better. When asked to identify the key reasons for offering Dysport, 65% of practices cited the ability to provide patients with an alternative; 25% reported that Dysport takes effect sooner than BOTOX; and 24% indicated cost savings for both the practice and the patient. However, Dysport users were almost equally divided in regards to passing along cost savings to patients.

Relatively few practices have converted large numbers of BOTOX patients to Dysport. For 28% of participants offering both products, less than 10% of their BOTOX patients have converted – only 9% of practices reported a significant conversion of 70% or more to Dysport. As expected, in almost 75% of practices, the physician decides which neuromodulator will be injected. In 15% of practices, the patient makes this decision and in the remaining 10%, another injector decides.

Dermal fillers were also used by a high proportion of survey respondents, with 81% using one or more products on a regular basis. At 87%, Juvéderm from Allergan Medical was the most popular, followed by Restylane from Medicis used by 69% of participants, Radiesse from BioForm Medical (San Mateo, Calif.) by 61% and Perlane, also from Medicis, by 50%. Other products used less often included EVOLENCE from Johnson & Johnson (New Brunswick, N.J.) at 14%, which was discontinued in November 2009 and is currently being depleted, Prevelle Silk from Johnson & Johnson / Mentor (Santa Barbara, Calif.) at 9%, and Hydrelle from Coapt Systems (Palo Alto, Calif.) at 5%. Satisfaction with results achieved for all products was high, at an average 8.7 rating.

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Respondents were also asked to specify the leading reasons for selecting a particular dermal filler. Longevity of results was reported most frequently by 57% of respondents. Quick onset of results followed with 43% and 34% cited patient requests for a particular product. As with neuromodulators, cost was a less important factor in the selection of a dermal filler product, with just 30% of respondents citing cost to the patient, and 27% citing cost to themselves as key considerations.

Physician-dispensed topicals is another popular offering for many practices. Of the 74% of respondents selling skincare products from their practice and/or website, 37% carry Obagi (Long Beach, Calif.), 27% sell SkinMedica (Carlsbad, Calif.), 23% dispense SkinCeuticals (Garland, Texas) and 23% carry lines from Allergan Medical including Vivité, Clinique, MD Forté and Prevage. Other cosmeceutical lines being carried less often include La-Roche Posay (New York, N.Y.) iS Clinical (Glendale, Calif.), Stiefel Laboratories (Research Triangle Park, N.C.) and Jan Marini (San Jose, Calif.).

Satisfaction with results was high but several respondents noted that patients aren't always receptive to physician-sold lines. "Most people underestimate the value that a quality skincare line generates," noted one physician. "It is the foundation of all skincare correction and lasting results." Dispensing cosmeceuticals also benefits the practice, since reorder rates can be high and the time investment is typically only required upfront, during the initial consultation with the patient.

Eyelash topicals were sold by 61% of respondents, with 88% of practices selling Latisse from Allergan. Of the other products listed, RevitaLash from Athena Cosmetics (Henderson, Nev.) is sold in 10% of practices, 4% carry MD Lash Factor from La Canada Ventures (Chapel Hill, N.C.), 2% sell Marini Lash from Jan Marini and 1% stock Lilash from Cosmetic Alchemy. Latisse is the only prescription product that has been clinically validated and approved by the U.S. FDA with labeling specifically for eyelash growth. The rest are sold over-the-counter as cosmetic products for eyelash conditioning. Latisse was overwhelmingly rated as the best product by 88% of participants; followed by RevitaLash with only 4% of the vote.

Despite a soft economy, 57% of respondents have added new aesthetic equipment and/or products over the past year. As shown in Figure 5, body shaping equipment was the most popular addition at 32%, followed closely by energy-based skin rejuvenation at 31%. Fractional based devices comprised a large proportion of the skin rejuvenation segment; most likely because they deliver higher levels of energy for more significant results, with reduced healing times. Both body shaping and energy-based skin rejuvenation also topped the list of services to be added in the next 12 months, each with 35%.

Energy-based skin rejuvenation also received high ratings in practice profitability. However, dermal fillers were cited by 41% of respondents as being the most profitable – particularly when practices can avail themselves of bulk pricing – even though just 20% have recently added new dermal fillers to their offerings.

For the 49% of responding practices that have not added new aesthetic devices or products over the past 12 months, 46% expressed satisfaction with results from their current equipment or products; 33% cited decreased budgets due to reduced practice revenues and 24% pointed out the high cost of current technologies as the primary reasons they haven't. Only 18% of participants listed unsatisfactory results as their reason for not adding equipment, indicating that in general, most aesthetic physicians are relatively satisfied with the performance of aesthetic products and devices.

Almost 75% of survey respondents said that their patients have become more price sensitive and 43% noted that

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re-treatments are being scheduled less often. Big ticket procedures, particularly plastic surgery, have suffered the most. Through 2010, these and other macro-economic related trends are expected to continue. Specific predictions about the future of the aesthetic industry include continued downward pressure on pricing and price competition among practices; decreased patient interest in expensive procedures; patients wanting more "bang for their buck" with positive long-term results; "flight to quality" coupled with a reduced patient willingness to try unproven procedures; and less purchasing of treatment packages.

As this occurs, several respondents predicted that patients will continue to become better informed. "Patients will become their own advocates," said one physician. "They will research and decide on treatments before they even see you. They will know what they want and what the prices should be."

At the same time, however, respondents forecast that a slowly recovering economy would create opportunities for high value, as well as less invasive products and procedures. Direct beneficiaries of a slowly recovering economy will be neuromodulators such as BOTOX and Dysport, and dermal fillers, since they offer immediate, dramatic results at an affordable cost. Home-use devices will also benefit, as a cost-effective way for patients to maintain results between professional procedures.

Popularity of less invasive treatments is expected to keep growing, with 52% of survey respondents citing this trend among their patients. "People today are very busy," said one practice manager. "They don't want to take time off work but they still want to look good." These procedures also offer greater patient comfort – an important consideration since 26% of survey respondents noted that patients are becoming less willing to endure pain or discomfort.

Many survey respondents also predicted that an expanding aesthetic market will generate increased business among groups that have not historically been heavy users of medical aesthetic services such as younger consumers and men.

Patient demand for body shaping procedures is expected to rise as consumer awareness builds. This is particularly true since, as one Smartlipo user noted, "results are instant and readily visible." New technologies will also help stimulate growth. "Minimally invasive liposuction, assisted by laser and ultrasound procedures will increase," predicted one physician. "Fat transfer will again become popular because of the quality of cells we can now salvage. Cryo-lipolysis will gain increased notoriety and external beam ultrasound body shaping will be interesting to follow."

Practices also want to see a decrease in devices requiring consumables. Although there are certain scenarios when a consumable is required to deliver desired levels of performance, physicians are increasingly unhappy with the high cost of disposables. "We want equipment that doesn't need disposables!" said one survey respondent, who echoed the comments of many others. This is likely to result in the development of systems that do not need a consumable, or consumables that are relatively low priced compared to procedure fees.

Figure 5. Addition of New Equipment/Products vs. Profitability of Treatment