

# PLASTIC SURGERY

## PRACTICE ADVISOR

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## Recession may hit plastic surgery first, but sharp drop unlikely

High-cost surgery may fall off, some treatments will continue

The exact nature of the economic downturn coming in the next year isn't certain, but analysts agree that the economy will be going south for a while. Whether it is a just a brief stumble or a longer recession, many plastic surgeons and economic analysts agree that plastic surgeons are likely to see a difference in their business right away because so much of the business is elective and still seen as a luxury by some.

However, there is good news. Those same surgeons and analysts say there is a bottom to how much the plastic surgery business is likely to fall off. Some patients may hold off, but there will be some who say, "What recession?" and schedule the next round of cosmetic improvement.

**Anthony Vendetti**, a financial analyst for Maxim Group in New York City, says the \$10 billion cosmetic surgery market will feel a hit, but not a knockout punch. Even if consumers are cutting costs during a recession, many will put their cosmetic surgery treatments at the bottom of the list to be cut. Vendetti analyzes the market potential for companies like Allergan, Medicis Pharmaceutical Corp., and Artes Medical, all big players in the cosmetic surgery industry, and he says those companies are well positioned to succeed in the face of a market downturn. Even if patients hold off on the most expensive cosmetic surgery, they are likely to continue getting regular shots of Botox and Restylane and dermal fillers, he says.

**Luis Strohmeier, CFA**, a certified financial advisor based in Cincinnati, predicts that plastic surgeons will feel the hit from the economic

downturn, but he says that the more expensive procedures may only be delayed, not canceled.

"Unless someone experiences a very severe setback such as losing a job or a death in the family, people don't tend to just give up on a procedure that is important to them," Strohmeier says. "They may delay it if they are experiencing financial difficulty or fear what could happen with the economy, but very seldom is that revenue just lost forever. They postpone, but they don't cancel it entirely."

**"There will be a drop in revenue, but not as severe a drop as you might expect from a bad economy."**

*Luis Strohmeier, CFA*

Many plastic surgery patients have already saved money for a procedure they will pay for out of pocket, and so those patients may be willing to continue with a procedure no matter what the economy is doing, he says. On the other hand, there may be a rolling effect from a recession if patients are unable to save up for a procedure during hard economic times. In that case, the recession could end, and plastic surgeons would still see a lag before patients have time to save money for the procedure.

"There will be a drop in revenue, but not as severe a drop as you might expect from a bad

## Recession

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economy,” Strohmeier says. “It probably will take the form of patients telling you they want the procedure, but they can’t afford it quite yet.”

### Elective procedures may be first to go

Plastic surgeons could feel the effects of the recession sooner than some other physicians simply because so much of the business is elective, says **Leo McCafferty, MD, FACS**, a Pittsburgh plastic surgeon and a member of the board of directors for the American Society of Aesthetic Plastic Surgery.

“The nature of much of our work is that these treatments are not absolutely necessary for health, so we are not recession-proof,” McCafferty says. “At the same time, I think good quality advice and care will always be in demand. There’s not much use worrying about things we can’t control, so the best we can do is to stay positive and continue providing the best care we can.”

Less-expensive options may be more appealing during a recession, and surgeons should be sure to offer them without waiting for patients to ask, he says.

“The recession is on everyone’s mind now, and I think the best thing we can do is continue to provide the best options for patients,” McCafferty says. “There is already a large trend toward the minimally invasive procedures, and they tend to be less expensive. I think a year from now we will see even more movement toward those treatment options.” McCafferty notes that plastic surgeons have little control over how the economy

affects their patients, but they can keep in mind that patients may be struggling more financially than in recent years. The patient may not be willing to offer that information, but he or she may be eager to hear about less-expensive treatment options that can satisfy their needs, he says.

(See “Might need to alter marketing during recession” on p. 4.)

### More patients seek financing

**Michael Salzhauer, MD**, a plastic surgeon in Bal Harbour, FL, says he expects to see a drop in some of the most-expensive surgical procedures.

“The fact that people are feeling a sense of economic insecurity means they are putting off large-purchase decisions for the time being. There will be a decrease in the number of high-ticket surgeries and a corresponding increase in less costly alternatives,” Salzhauer says.

He says his practice has seen a recent increase in non-surgical cosmetic procedures such as Botox and Juvederm, as well as cosmetic surgical procedures with relatively low costs and quick recovery times such as eyelid lifts and liposuction.

“There may be a decrease in higher-priced surgeries such as full face-lifts and tummy tucks, but the lower-priced procedures such as breast augmentations and rhinoplasties are staying strong,” Salzhauer says. “I believe this is related to the fact that interest rates are staying low and credit finance companies are extending credit. More of our patients are financing their procedures.”

Nonsurgical procedures such as Botox, dermal fillers, and

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peels are increasing partly because some patients may have to wait for their surgical enhancement, and these procedures still afford the patients a quick fix while they wait for the definitive procedure, Salzhauer explains. Extensive surgeries such as full face-lifts and tummy tucks are being compromised for smaller and faster-recovery procedures, he says.

Some patients will be unfazed by an economic downturn and continue with any cosmetic procedures they desire, notes Salzhauer, but the recession may be felt more by plastic surgeons now than it would have been 20 years ago. There has been a bigger push in recent years to show that cosmetic surgery is not just for the rich, and more middle- and upper-middle-class people have become regulars in plastic surgery practices.

Unfortunately, they are likely to feel the pinch of the recession, he notes. (See “Some surgeons dropping prices, offering more financing options” below.)

### Some surgeons seeing no effect yet

Gary Motykie, MD, a Beverly Hills, CA, plastic surgeon, says he has seen little indication of an economic slowdown among his tony patients.

Motykie predicts that if he sees a change, it could be the opposite of what others are predicting. His patients may forgo the less-expensive treatments such as Botox but hold on to the surgeries they see as more important.

“I haven’t seen much impact on my practice from the slowing economy,” he says. “There may eventually be

some impact on the minor procedures such as Botox and injectables, but the surgeries themselves are more of a luxury item that people plan for or simply can afford regardless of the economic trends.”

Motykie’s advice is to stay on top of the most recent business news but not to worry too much about what you can’t control.

“Overall, plastic surgeons should be conscious of economic trends, but they should simply continue to do what they do best: plastic surgery,” he says. “If they do good work, patients will seek them out, because youth and beauty are always in high demand.”

**“If they do good work, patients will seek them out, because youth and beauty are always in high demand.”**

*Gary Motykie, MD*

There can be a bright side to economic troubles, says Salzhauer.

“The economic downturn can be turned to your advantage. Real estate is cheaper and interest rates are lower. Therefore, major capital improvement and equipment purchases can be made at this time to prepare oneself for the future, when the economy begins to grow again,” he says.

“In the meantime, cutting the fat off your overhead can help sustain the practice during the lean years,” Salzhauer says. ☐

## Some surgeons dropping prices, offering more financing options Could lose patients to dermatologists

Marc Zimble, MD, a plastic surgeon in New York City, says he has heard much talk among his plastic surgeon colleagues about how the economic downturn will affect their business. He has already seen some of his colleagues lowering their prices to keep patients coming in for surgery. The typical surgeon’s fee for a face-lift in New York City recently was \$20,000, he says, but now many of the leading surgeons in the city are cutting that price by about 20%.

Zimble’s own practice is about half cosmetic and half reconstruction, so he feels he is protected more in a recession

than cosmetic-only surgeons. But still, he says, he could really feel the effect if patients back away from elective procedures. Zimble says it seems that many surgeons are already reacting to worries about the economy, realizing that patients may avoid cosmetic surgery just because they are worried about a recession, whether one is truly in the offing or not.

“They’re cutting prices to try to get people to commit to the larger surgeries before they get too jittery about the economy,” Zimble says. “I’ve seen some nervousness myself,

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## Dropping prices

*continued from p. 3*

and I just recently started offering financing for procedures through one of the credit services, whereas I didn't really see the need for that before."

**Marilyn Berzin, MD**, is a dermatologist in Washington, DC. She says that in a recession, plastic surgeons might see a decrease in business, but dermatologists may see their patients more often.

Cosmetic procedures offered by dermatologists, such as the "30-minute face-lift," the "injectable nose job," or

Thermage, are less costly and require less downtime than plastic surgery, Berzin notes.

"Some cosmetic procedures are seasonal anyway, with more people seeking enhancement for parties around the holidays and June weddings, for instance, so it is not so unusual to see some drop-off in the winter months," she says.

"But I do think business is down somewhat for both dermatologists and plastic surgeons," Berzin adds. "We'll still see people seeking regular treatments, but if a plastic surgeon doesn't offer some of the less-invasive, less-expensive options, they may see more of those patients going elsewhere." ❏

## Might need to alter marketing during recession

Because so much plastic surgery is elective, plastic surgeons might have to change how they market their expertise during a recession, says **Bretton Holmes**, president of Holmes World Media in Lubbock, TX. But advertising lower prices is not the answer, Holmes says.

Take the high road instead, he advises. The key for the surgeon is to focus your marketing effort on helping the prospective patient toward a more complete understanding of why you are the best doctor to perform the procedure, Holmes says. This is a good marketing strategy under any economic conditions, but a recession makes it even more important, he says.

"A great many of the plastic surgeons we've worked with have tried to go the way of billboards and the seemingly endless offer of discounted procedures, which rarely if ever positions the doctor as one of the best experts in their field," Holmes says. "Typically, if plastic surgeons let the economy dictate how they approach their prospective patient base, they will find themselves in a bidding war with other doctors in their area, and patients will think the best 'deal' must be

the standard under which they make their elective surgery decisions. This couldn't be further from effective."

Patients should be educated about how important it is to choose the right doctor and how price is only one of many factors to consider.

"Plastic surgeons have a unique requirement to fulfill when it comes to their marketing efforts. They must be viewed as an expert by their potential patient base, and if they are marketing with discounts, billboards, or stock ads with the same models, that does not promote their expertise effectively," Holmes says. "They will find themselves scrambling to find new patients."

A complete media relations program that includes not just advertising but a concerted effort to gain exposure on television, radio, and print media is the right solution, he says. Being featured in the media lends the legitimizing force of an objective third party, which people will respond to much more fervently than they will with a hackneyed advertisement, he says.

"How many times do we see plastic surgeons, all advertising in the same place with virtually the same type of advertisement, expecting to be the one that the patient eventually seeks out? How can a prospective patient make an educated decision about who to call initially?" Holmes says. "This type of marketing makes it impossible to effectively compete. The margin of error is going to get smaller in a recession, and you can't afford to waste money on advertising that doesn't bring in patients." ❏

### Questions? Comments? Ideas?

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