Business Management

COMPETITION IN AUDIOLOGY PRACTICE

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Academie Canadienne d'audiologie

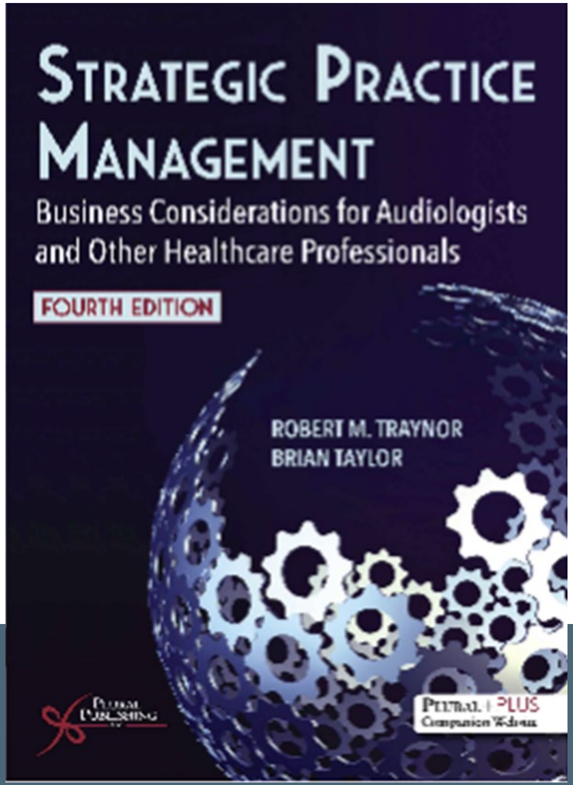
Disclaimer

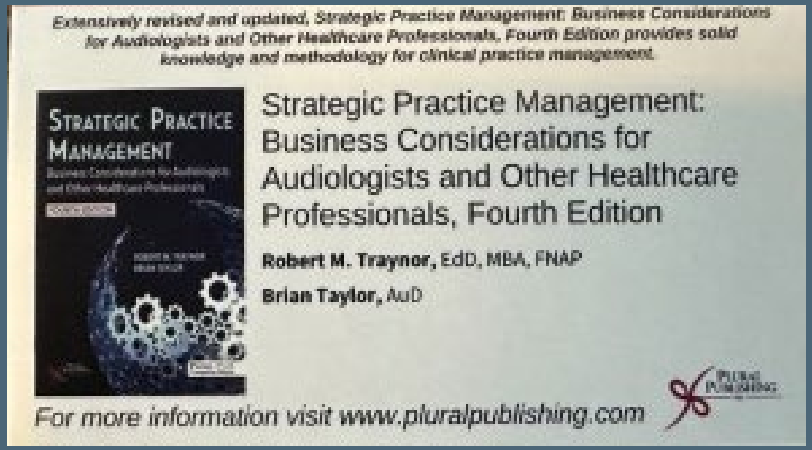
- I receive expenses and an Honorarium for this presentation.
- I am Co-author of Strategic Practice Management 4 th Edition.

The References for This Presentation

Chapter 4 – Competition: Strategies for Differentiating the Audiology Practice

Chapter 5 –Analysis of the Audiology Practice





GLOOM & DOOM AMONG THE NAYSAYERS!

Competition IS the Elephant “In the Room”

BLUE MOUNTAIN

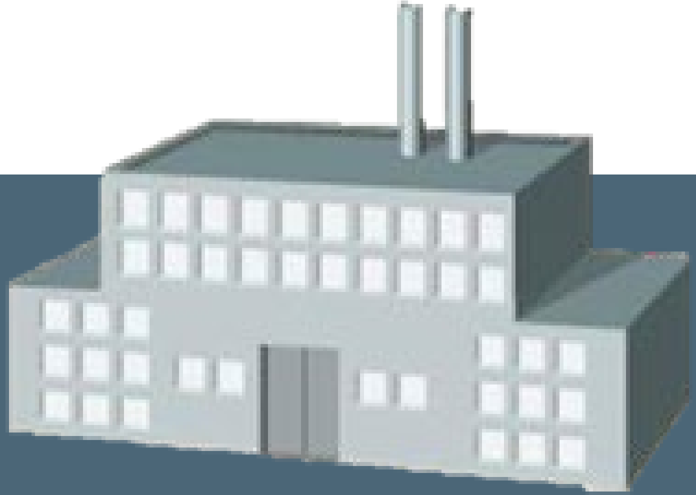
Inc &

is

Competition

First Consider Two Business Concepts……..

Horizontal Integration



Vertical Integration

RETAIL

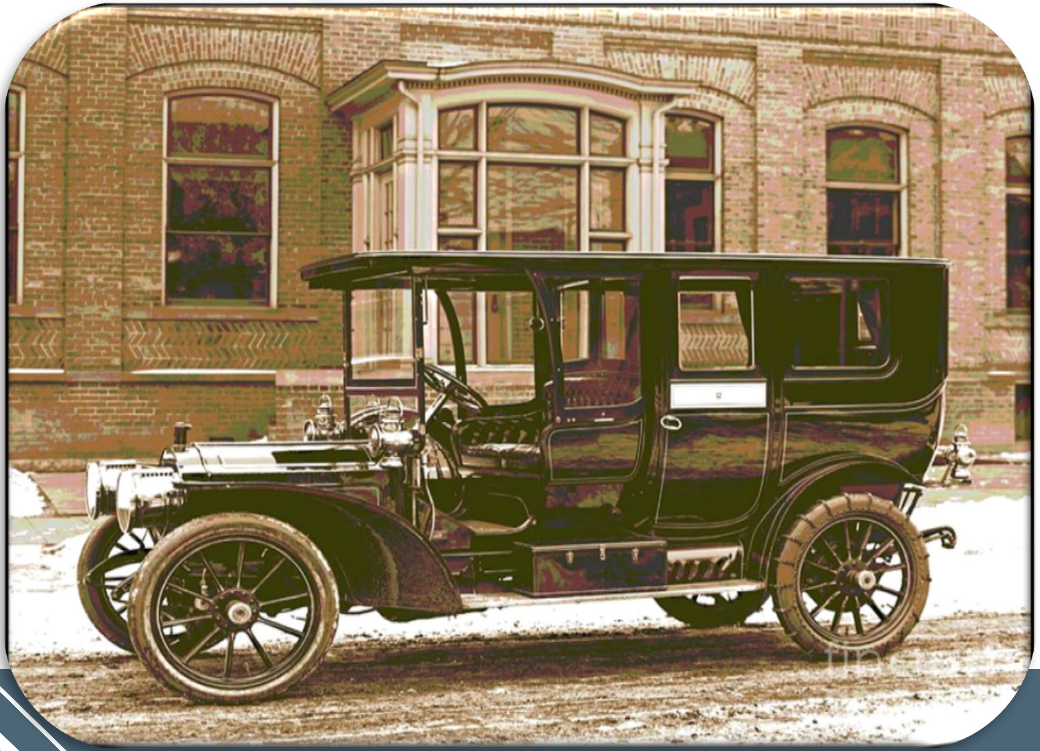
FINAL MANUFACTURED PRODUCT

SUPPLIERS

RAW MATERIALS

Competition

It's a ***Normal*** Industrial ***Growth*** Process……..



Auto Industry

Look at its *Normal Growth Process*…..

Competition

Auto Industry

- Between 1896-1930 there were **1800** Car Companies.
- Few Survived …..
- Until Recently - Few Created after 1930…..


THE HORSELESS AGE.

AMERICA'S GREATEST CAR

THE AMERICAN

Wins over a field of the world's best cars, averaging 74.6 miles an hour in 50 Mile Free-For-All race, including change of tires.

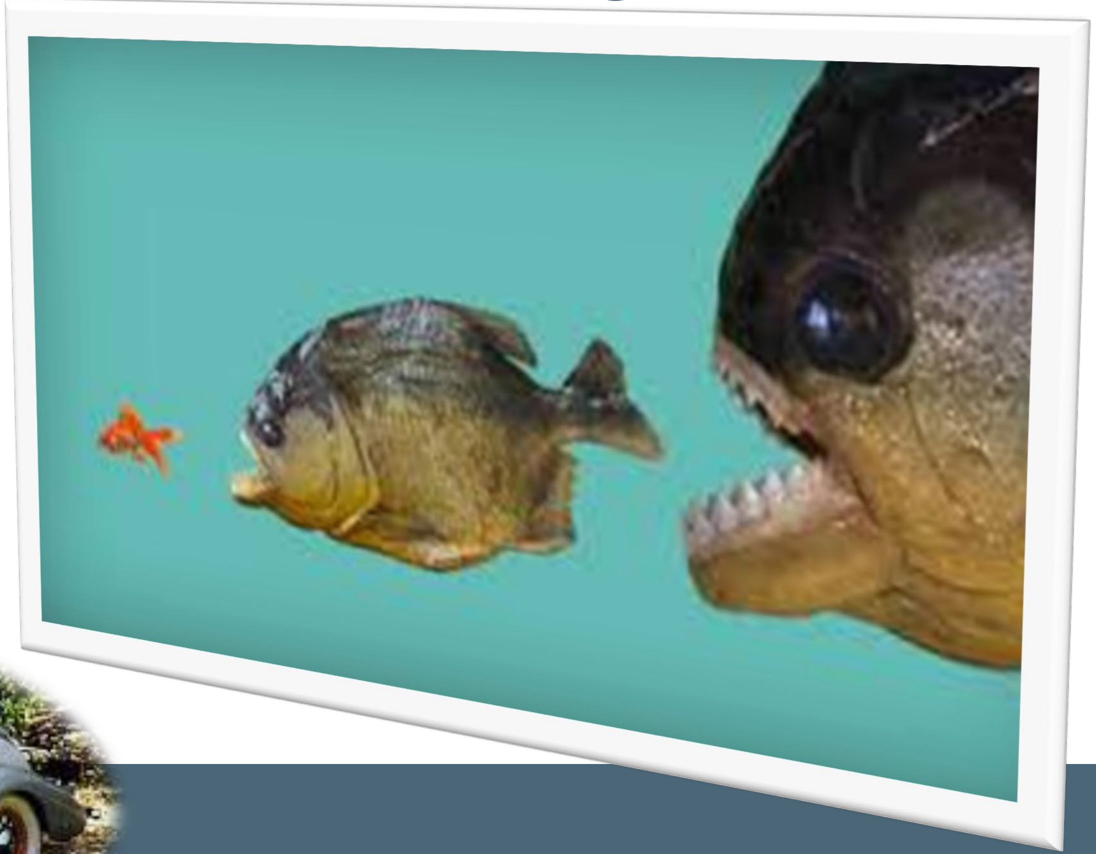
Herbert Lytle in Winning "American" Stock Chassis Car

THE AMERICAN MOTOR CAR COMPANY

Indianapolis Indiana

Competition

Auto Industry – Horizontal Integration



As the market Grew……….

- Smaller less efficient Companies Sold to Larger Companies
- Others banded together with others in “Buying Groups”
- Purchase steel, and tires and other things more efficiently.

Competition

Horizontal Integration

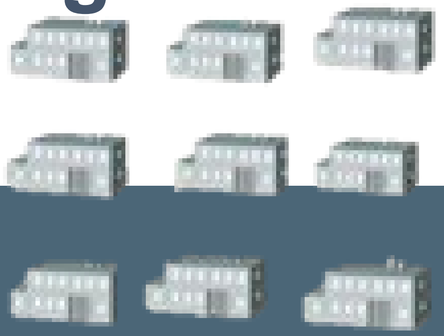
Chevrolet Motor Car Company

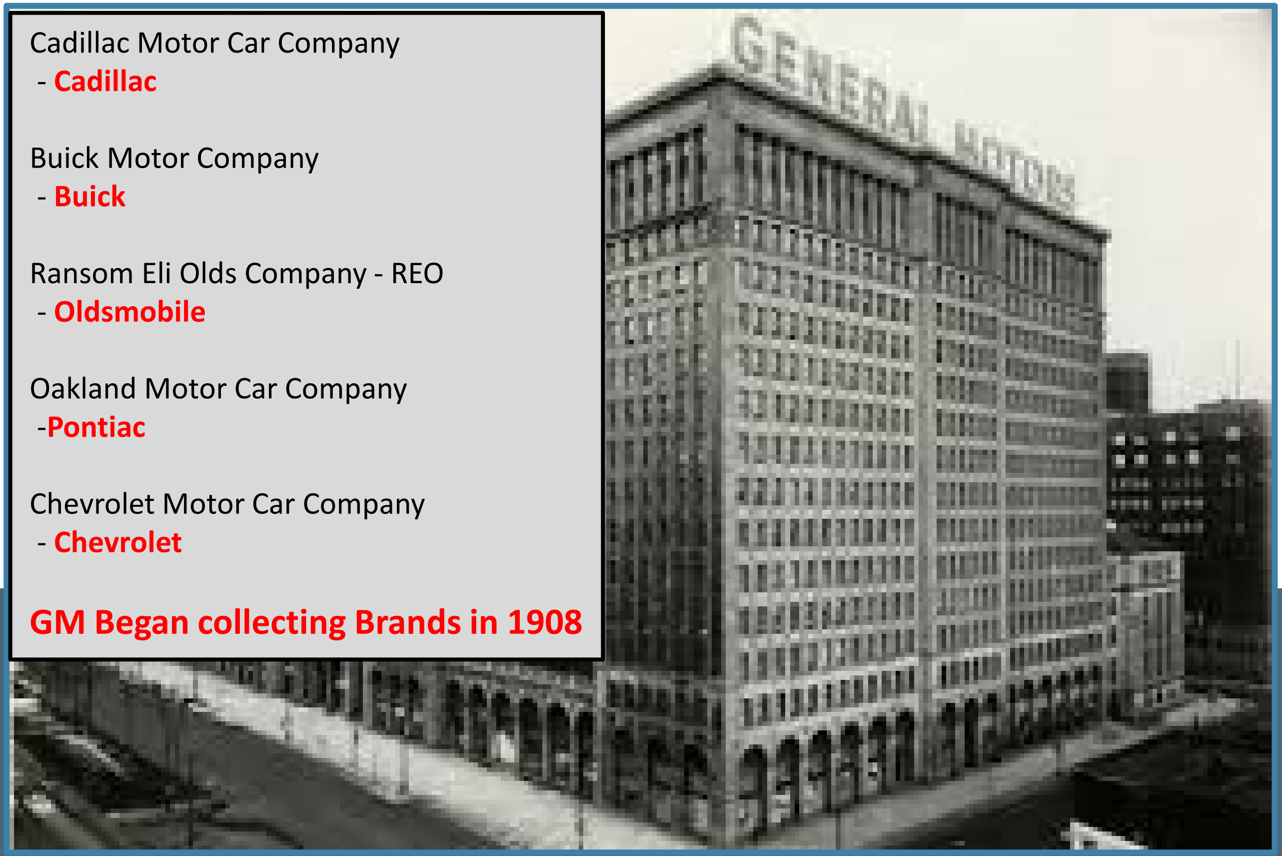
Oakland Motor Car Company

Ransom Eli Olds Company – REO

Buick Motor Company

Cadillac Motor Company





Cadillac Motor Car Company
- **Cadillac**

Buick Motor Company
- **Buick**

Ransom Eli Olds Company - REO
- **Oldsmobile**

Oakland Motor Car Company
-**Pontiac**

Chevrolet Motor Car Company
- **Chevrolet**

GM Began collecting Brands in 1908

Larger Companies Purchase Smaller Companies

Competition

Auto Industry

Sloan Philosophy

Up to the 1920s

“Th primary object of the corporation

money, not just to make motorcars”

Ajudism Prevailed in the Automobile Bus

Just Building Good Reliable Affordable Produc

- Annual Model Change
- Brand Architecture
- Planned Obsolescence

Albert Prichard Sloan

1875-1966

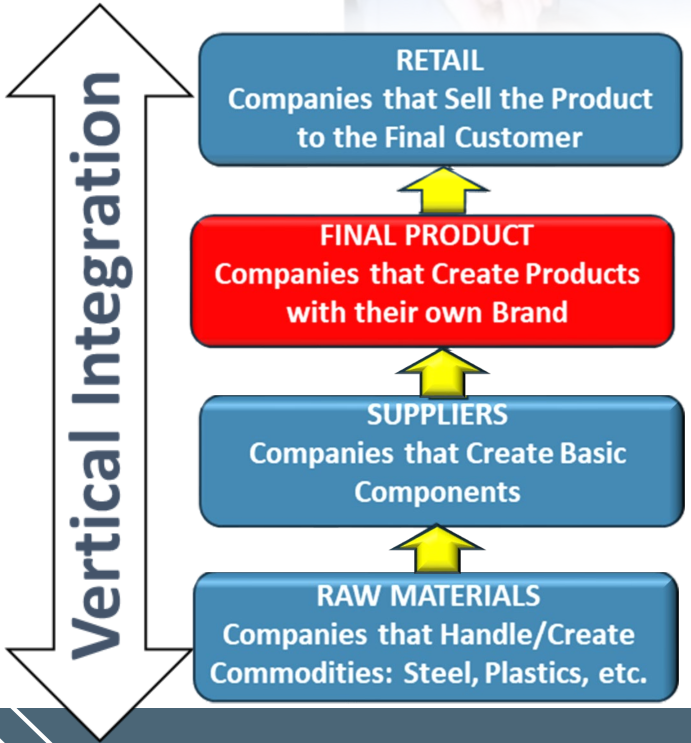
PRESIDENT&CEO

General Motors

1923-1956

Competition

Two types of Vertical Integration



2. Forward Vertical Integration

When a company moves to control the distribution of its products or services.

1. Backward Vertical Integration

When a company expands its role to fulfill tasks by buying companies that will make products to be used in their vehicles.

Competition

Auto Industry –Forward Vertical Integration

Competing With Their Former Customers

In the 1940 -50s auto manufacturers *acquired or merged* with business entities that were its customers, while still maintaining control over its initial business.

Competition

It’s a ***Normal*** Industrial ***Growth*** Process……..

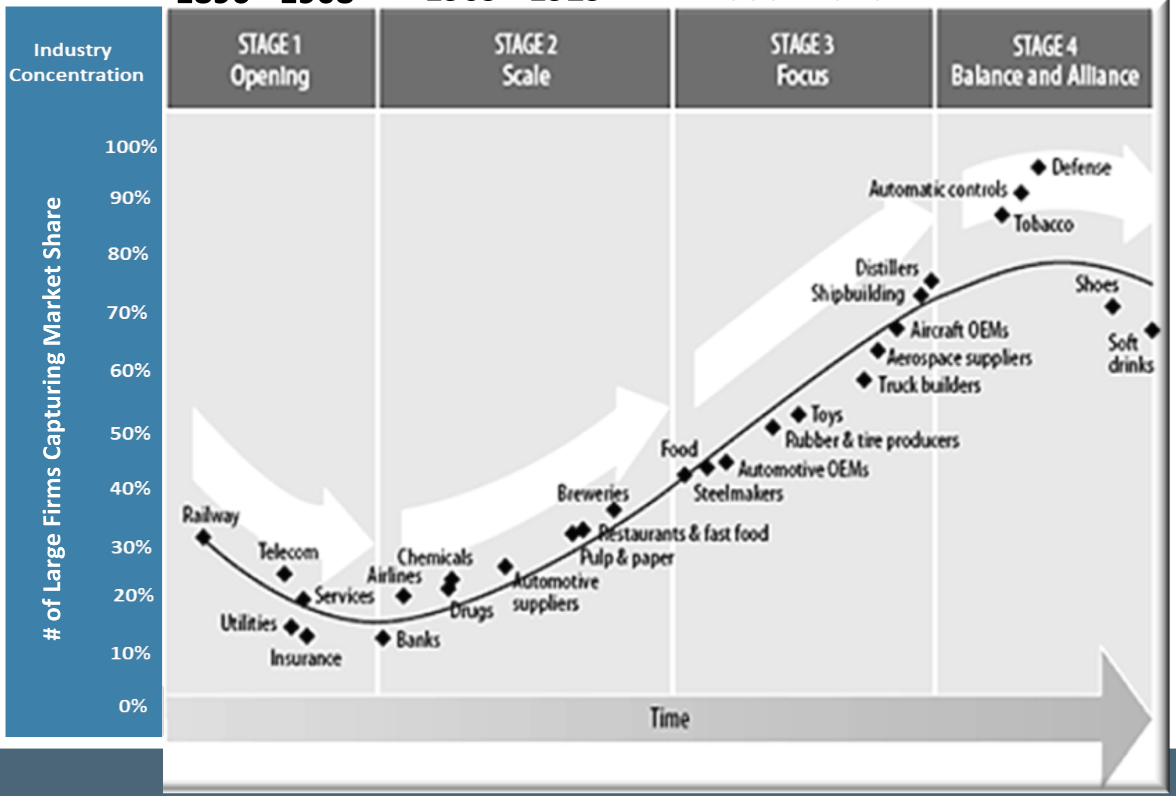
- **Stage 1 – Opening – ~1896 -1908**
  Building good, affordable, reliable products for the end user.

- **Stage 2 – Scale - ~1909 – 1929**
  Companies build reputations. Horizontal integration begins by major players purchasing weaker ones, empires beginning.

- **Stage 3 – Focus - ~1930 - 1946**
  Successful companies continue purchases of vehicle manufacturers an begin the purchase of purchase supplier companies and begin competing with their customers.

- **Stage 4 – Balance and Alliance - ~1947 - Current**
  Forward vertical integration continues aggressively. Successful manufacturers now actively competing with their customers.

~1896 - 1908 **~1909 - 1929** **~1930 - 1946** **~1947 - Current**



Deans, Kroeger & Zeisel, 2002

It’s a ***Normal*** Industrial ***Growth*** Process……..

Competition

Founding & 1st Growth Wave……..

- **Founding of the Profession 1940s to 1960s**
- **Opening of Private Practice (1978)**
  - In **1978**, the ASHA lifted its ban on audiologists (1983, SAC lifted ban in Canada on audiologists selling hearing aids - Audiologists could now combine diagnostic services with dispensing, creating **private audiology practices**.
  - Practices & manufacturers building reputations. Some Horizontal integration begins by major players purchasing weaker ones, retirement purchases, empires beginning.
  - Through the 1980s, small practices began to multiply, especially in suburban and urban areas.

Competition

2nd Growth Wave……..

- **1990s–2000s – Professionalization & Market Expansion**
  - In the US, the shift to the **AuD (Doctor of Audiology) degree** in the 1990s/2000s raised professional recognition and autonomy.
  - Rapid improvements in **digital hearing aids** drove patient demand, fueling practice revenue.
  - Insurance coverage for diagnostics (though often not hearing aids) brought more patients into clinics.
  - During this era, audiology practices became a **recognized by the Business Community as a Growth Industry**, with rising employment and private practice ownership.

Audiology Practice is a

Growth Industry

Competition

3rd Growth Wave……..

- **2010s – Consolidation & Retail Competition**
    - Large retail chains (e.g., Costco, Sam’s Club, Amplifon, Beltone) and manufacturer-owned networks began capturing market share.
    - Despite competition, independent practices grew by focusing on personalized care, bundled service models, and elderly populations.
    - Still a growth sector, but with pressures on margins.
    - Continued Horizontal and Vertical Integration by Industry Companies, ***Competition substantially increases with their customers.***
    - Buying Groups begin Horizontal and Vertical Integration.

Audiology Practice is a
Growth Industry

Competition

4th Growth Wave……..

- **2020s–2025 – Growth Reshaped by OTC & Demographics**
  - **Aging population** (65+), increeased hearing loss awareness, keeps demand high
  - Many clinics did not survive COVID or were bought out at that time.
  - The **2022 FDA ruling on OTC hearing aids** disrupted the industry: Some predicted it would hurt private practices, a stimulus incurred.
  - Instead, many practices are adapting — hybrid product offerings (OTC + premium), Peripheral Products (Headsets and other products), unbundled services, teleaudiology, and wellness care.
  - E**mployment of audiologists is projected to grow ~11% from 2022 to 2032** — faster than average for all occupations.
  - **Amlani & Bray (2024)** predict minimal growth of the profession.

Competition

Hearing Industry Integration……..

Zenith,
Argosy,
Maico,
Bernafon,
Rexton,
Unitron
Qualitone
Microtech
Phillips
3M
Sonic Innovations
Siemens
Audiotone
Telex
Otarion

& Many Others

Horizontal Integration

Larger Companies Purchase Smaller Companies

Competition

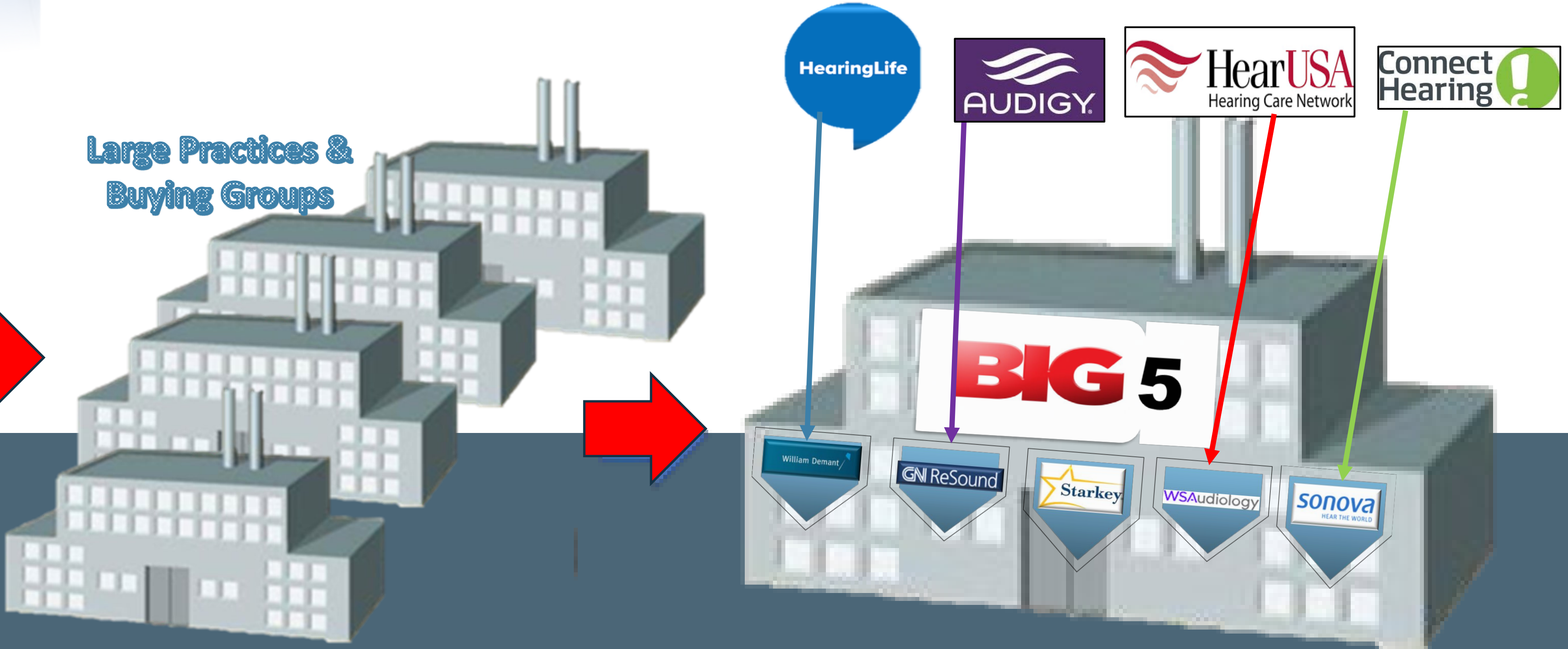
Audiology Practice & Buying Group Integration…

Horizontal Integration

Mom & Pop Clinics

Consolidation of Buying Groups,
- Marcon
- EarQ
- Alpaca
- Consult YHN

Practices Selling to Manufacturers



Larger Companies Purchase Smaller Companies

Competition

Hearing Industry Vertical Integration……..

HearingLife

Competing
With Former

Connect

2. Forward Vertical Integration

When a company moves further in the direction of controlling the distribution of its products or services.

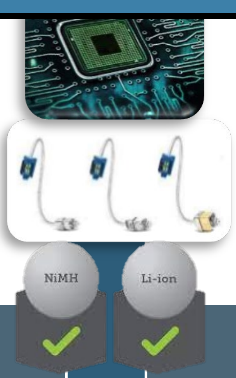
**"The primary object of the corporation …
is to make money, not just to make Hearing Aids & Equipment"**

Vertical

Chips

Receivers

Batteries



1. Backward Vertical Integration

When a company expands its role to fulfill tasksby buying companies that will make products to be used in their products.

BLUE MOUNTAIN

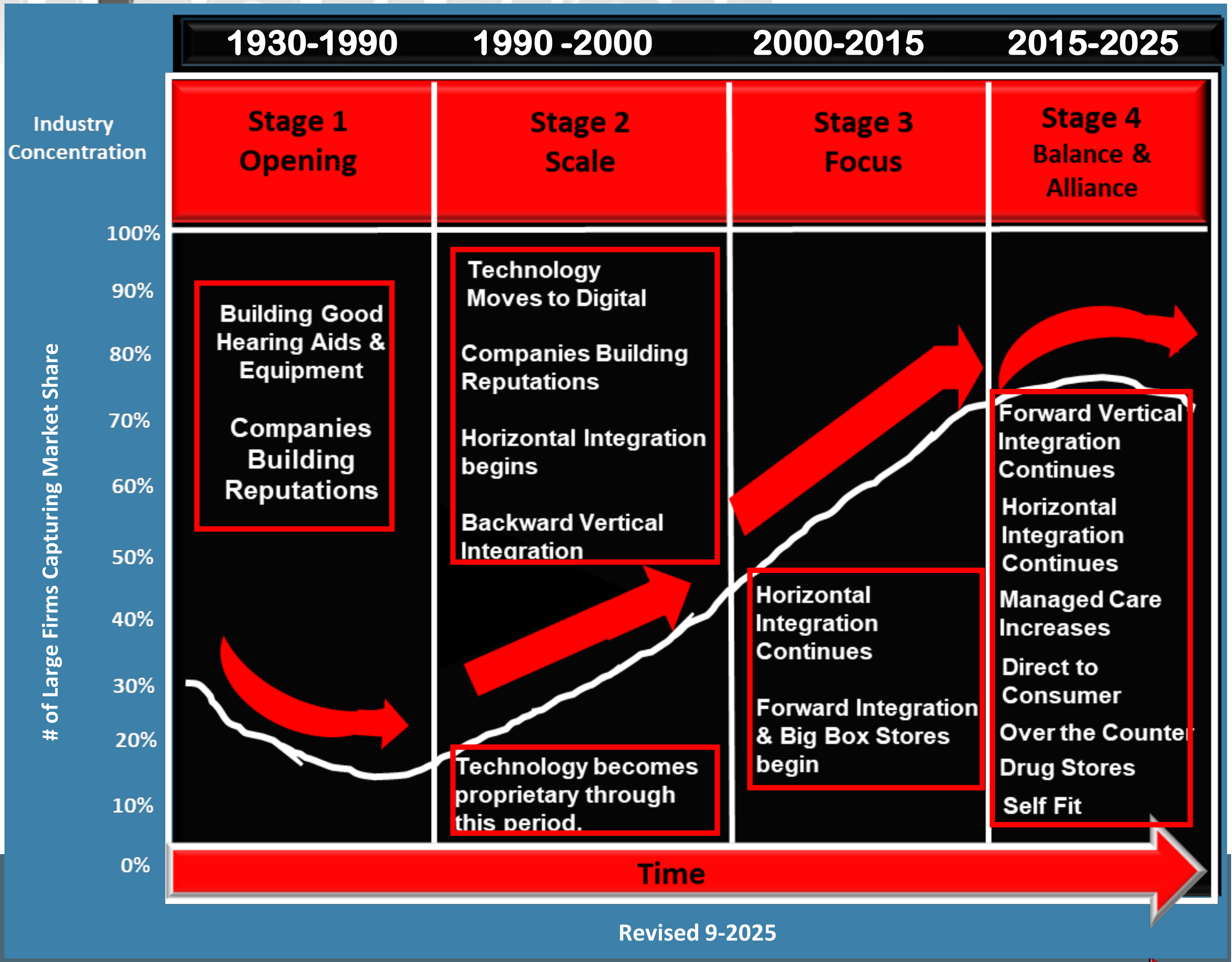
Competition

- **Stage 1 – Opening ~ 1930-1990**
  Building good reliable products for the end user.

- **Stage 2 – Scale ~1990-2000**
  Companies build reputations. Technology becomes proprietary Horizontal integration begins by major players purchasing weaker ones, empires developing.

- **Stage 3 – Focus ~2000-2015**
  Companies begin to purchase suppliers, practices build, and hearing aid manufacturers begin competing with their customers.

- **Stage 4 – Balance and Alliance ~2015-2025 & Beyond**
  Forward integration continues aggressively. Successful manufacturers now actively competing with their customers. Managed care becomes a factor with DTC and OTC.

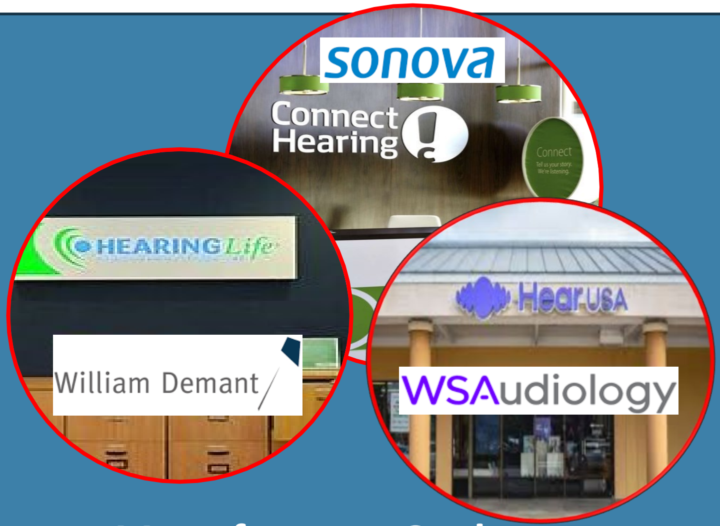


Deans, Kroeger & Zeisel, 2002

It's a ***Normal*** Industrial ***Growth*** Process……..

Competition

Major Changes in the Climate in Which We practice!



Manufacturer Outlets

- They make the products
- Minimal product cost
- Can Make very good Deals
- Use Name Brands
- Environment like a practice

Big Box Stores

- Huge Negotiation Power
- Name Brands Not the Same Products
- Warehouse Environment
- Some have Exclusive relationships
- Liberal Returns

No Matter What they say………Most Manufacturers Compete Against us!

BLUE MOUNTAIN

Competition

Major Changes in the Climate in Which We practice!

Physicians

- ENT Clinics
- New “Physician Only” Buying Groups
- Usually, an Audiologist running operation.

OTC & Internet

- Manufactures have second brands that they list on the internet.
- Lots of OTC sites sell direct to consumers w a hearing test.
- Some have a back up A/R program.
- OTC Ads led to higher prescription sales.

Direct to Consumer

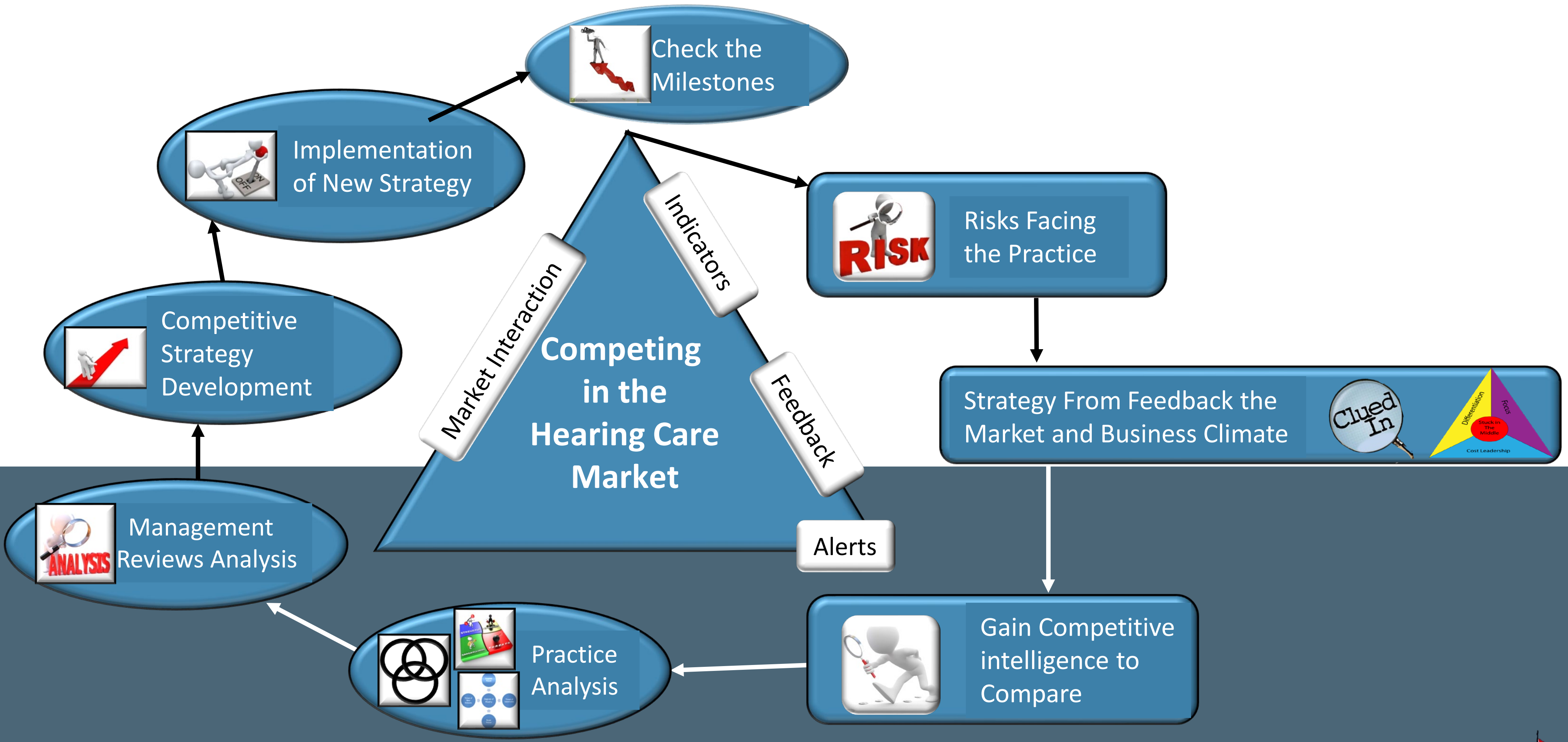
- Consumer Orders Direct From Manufacturer.
- Many are Self Fitting Hearing aids.
- Use of videos, preprogrammed devices and A/R follow up.
- Some of these manufacturers also offer prescription products.

New Competition in Town

How do You Compete in This Type of Market?

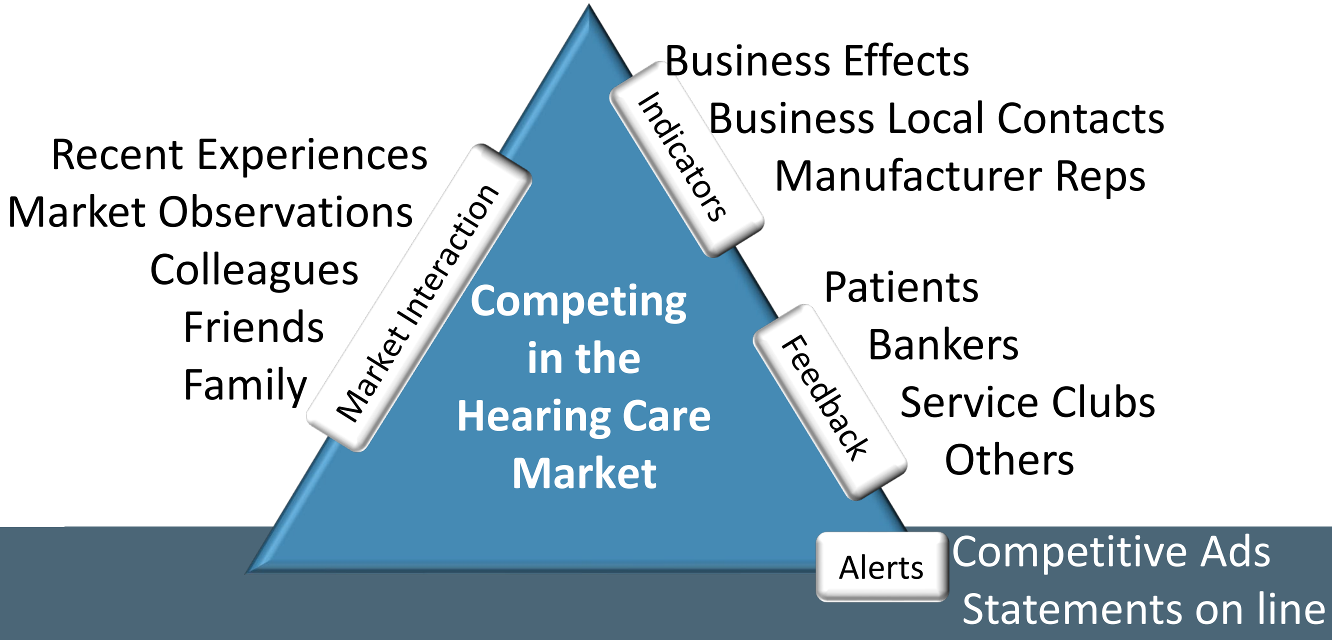
Take a *<u>Long & Hard Look</u>* at your Practice!

Steps to Competing in Today’s Hearing Care Market



Traynor, 1999, 2026

Steps to Competing in Today’s Hearing Care Market



Steps to Competing in Today’s Hearing Care Market

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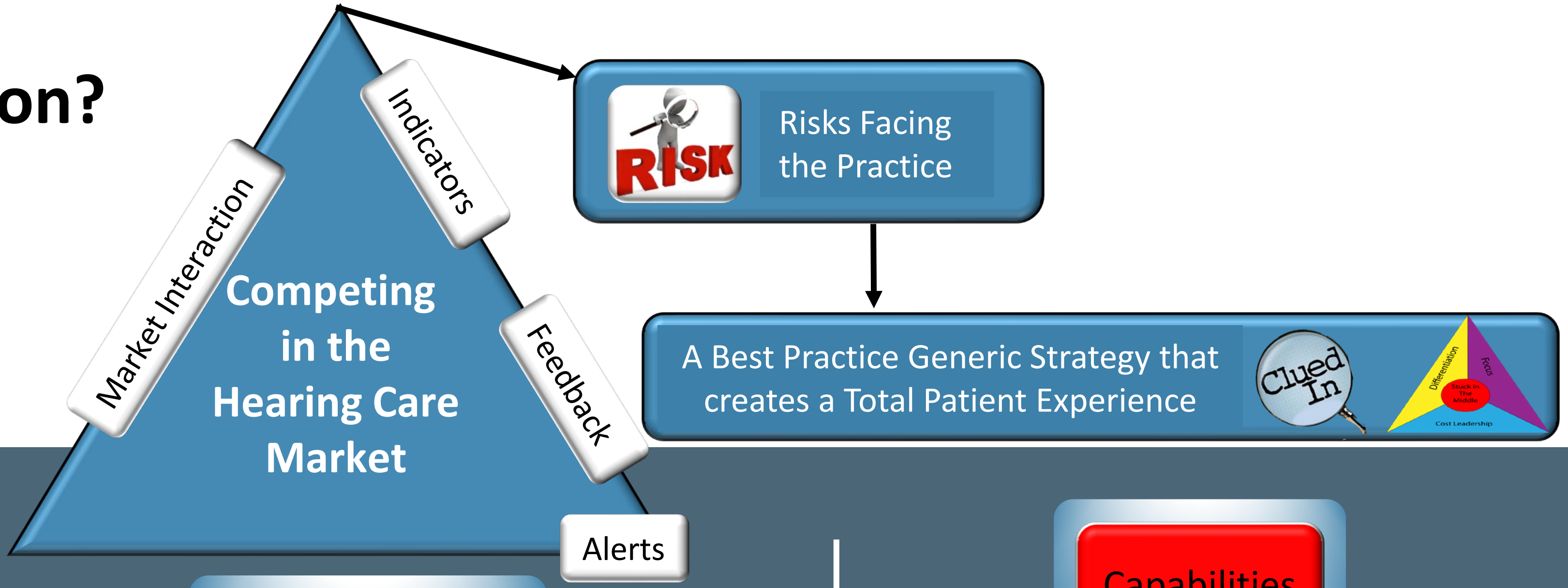
Steps to Competing in Today's Hearing Care Market

Developing Strategy….

Then…..What's the Situation?



Resources

Anything and everything that assists a practice **operate and conduct business.**

Distinctive Competencies

Distinctive competence of a practice that allows it to consistently perform better than its competitors and give it an advantage.

Capabilities

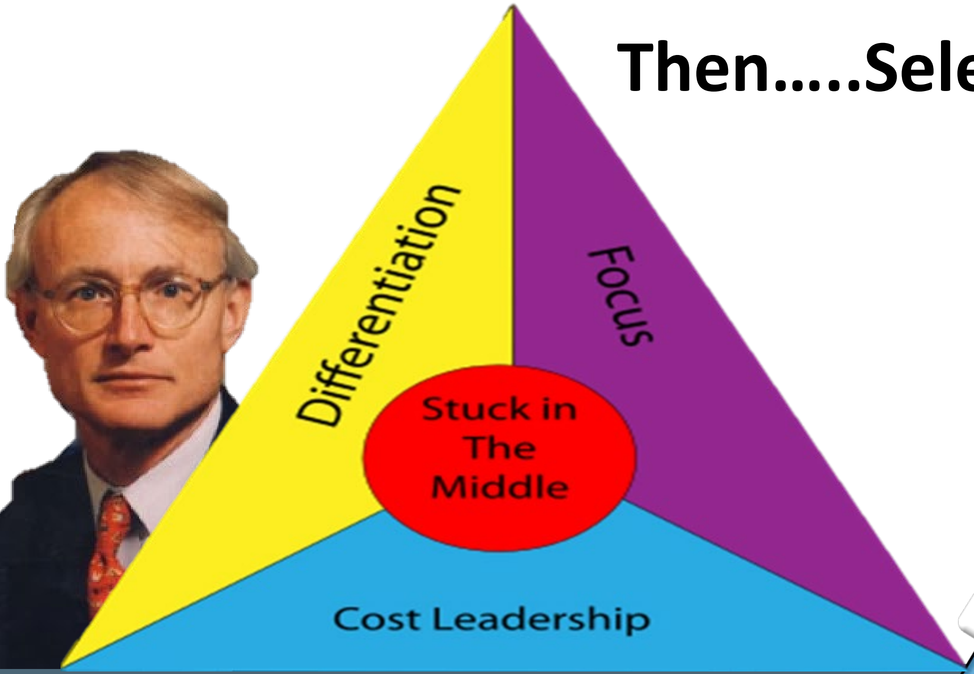
What the **practice can do** with the available resources and distinctive competencies.

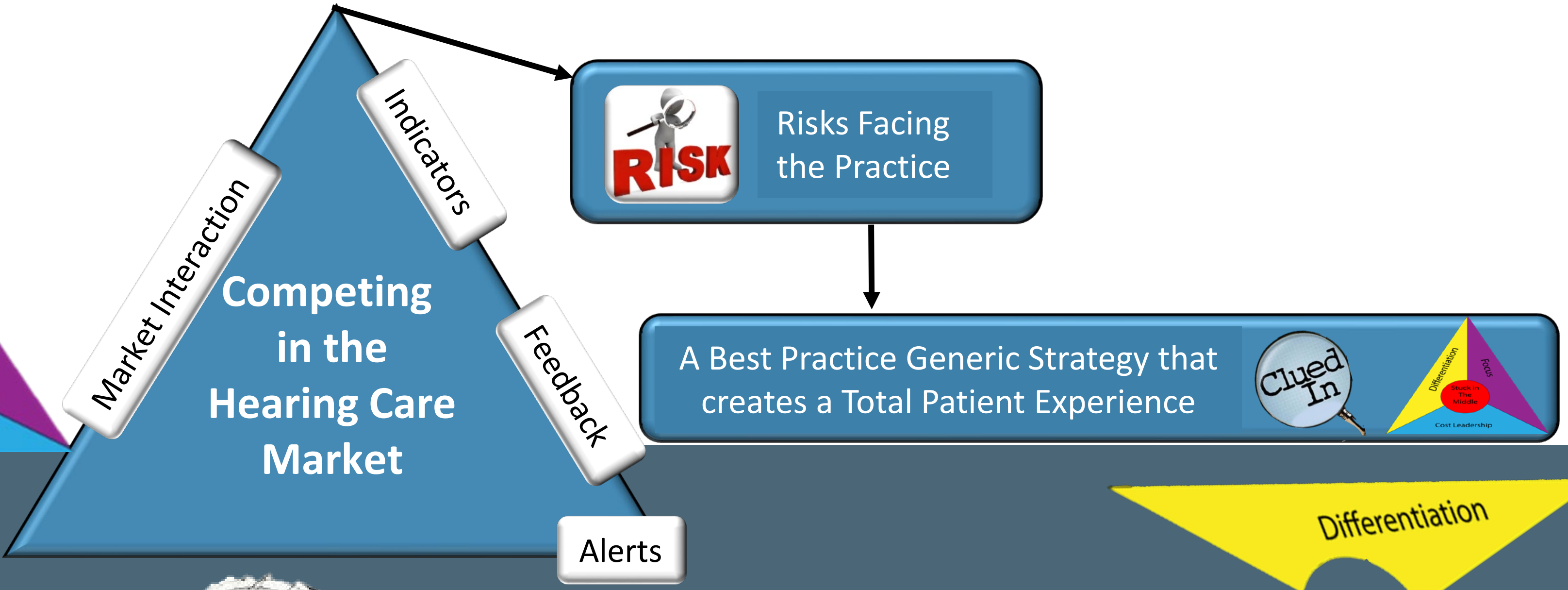
Traynor, 2026

Porter, 1985, 2008

Steps to Competing in Today’s Hearing Care Market

Then…..Select Generic Strategy!





Stuck in The Middle

A practice not offering high value for money and/or distinctive product or service, *not special, Focused* or *differentiated.*

You Do Not Want this!

Cost

The ability t… he same benefits as … but at a lowe…

Focus

Focusing on an **underserved** area of practice, such as Pediatrics, Hearing Conservation, Vestibular

Differentiation

Offering something different as part of the practice/procedures.

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Porter, 1985, 2008

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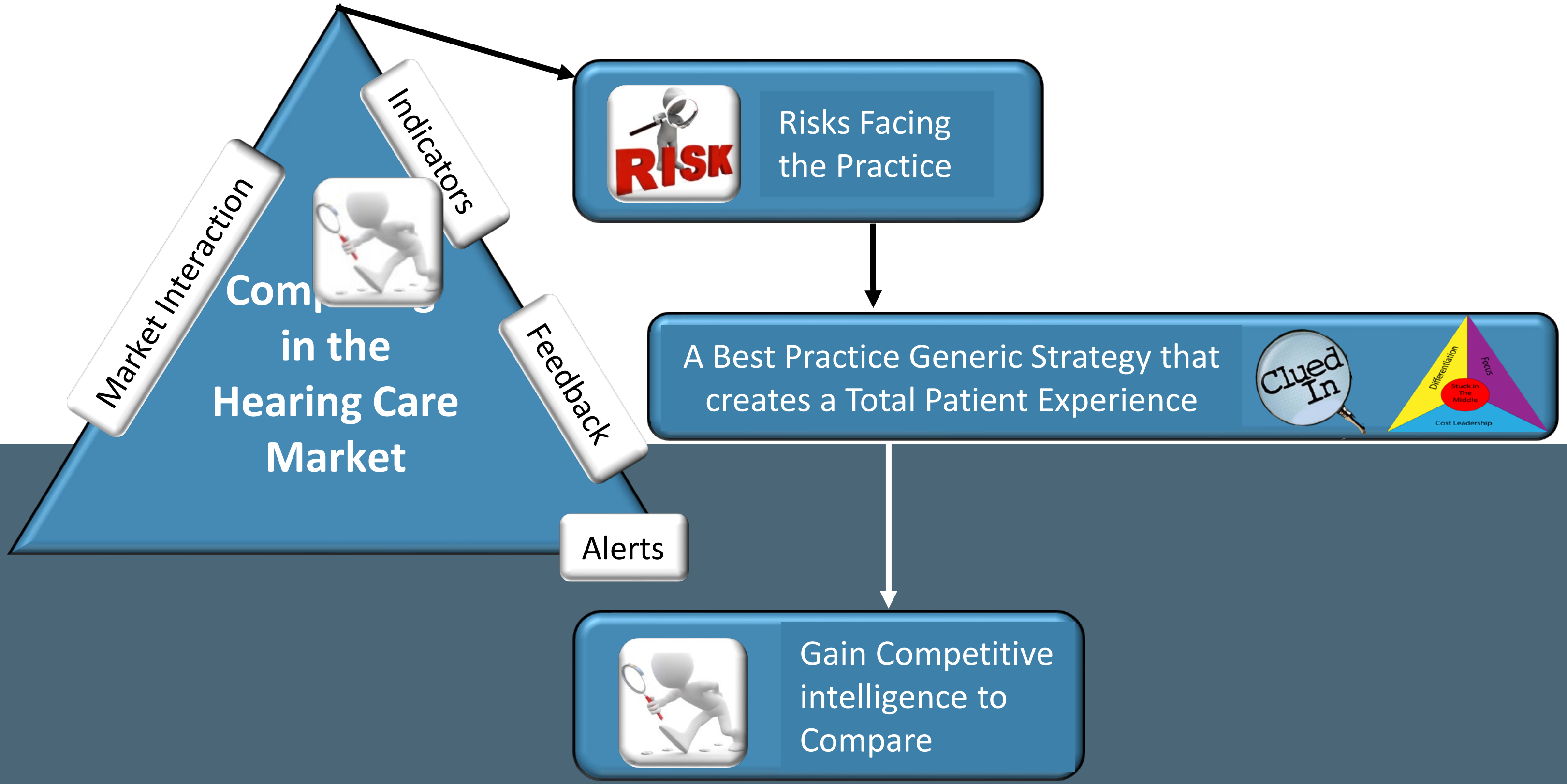
Competitive Intelligence – Intensive Study of the Market!

Gilad, 2004



Steps to Competing in Today’s Hearing Care Market

Competitive Intelligence

Decide who to attack and who to avoid!

Gilad, 2004

Identifying the Practice’s Competitors	Determining Competitor’s Goals & Objectives	Identifying Competition’s Strategies and Tactics	Assessment of Competitor’s Strengths & Weaknesses	Estimating Competitor’s Reactivity & Hostility
Who’s the Competition?	**Where do THEY Want To Be?**	**How Will They Get there?**	**Capability**	**Competitive Rivalry**
Audiologist Dispenser Franchise Manufacturer Store Big Box Direct to Consumer	Steal Referral sources Steal Patients New Locations	Heavy Advertising Free Hearing Tests High Pressure Sales Steal Referral sources Steal Patients New Locations Offer new procedures	Credentials Resources Staff Equipment Place	Your response Their Reaction to Your Response Small or large market

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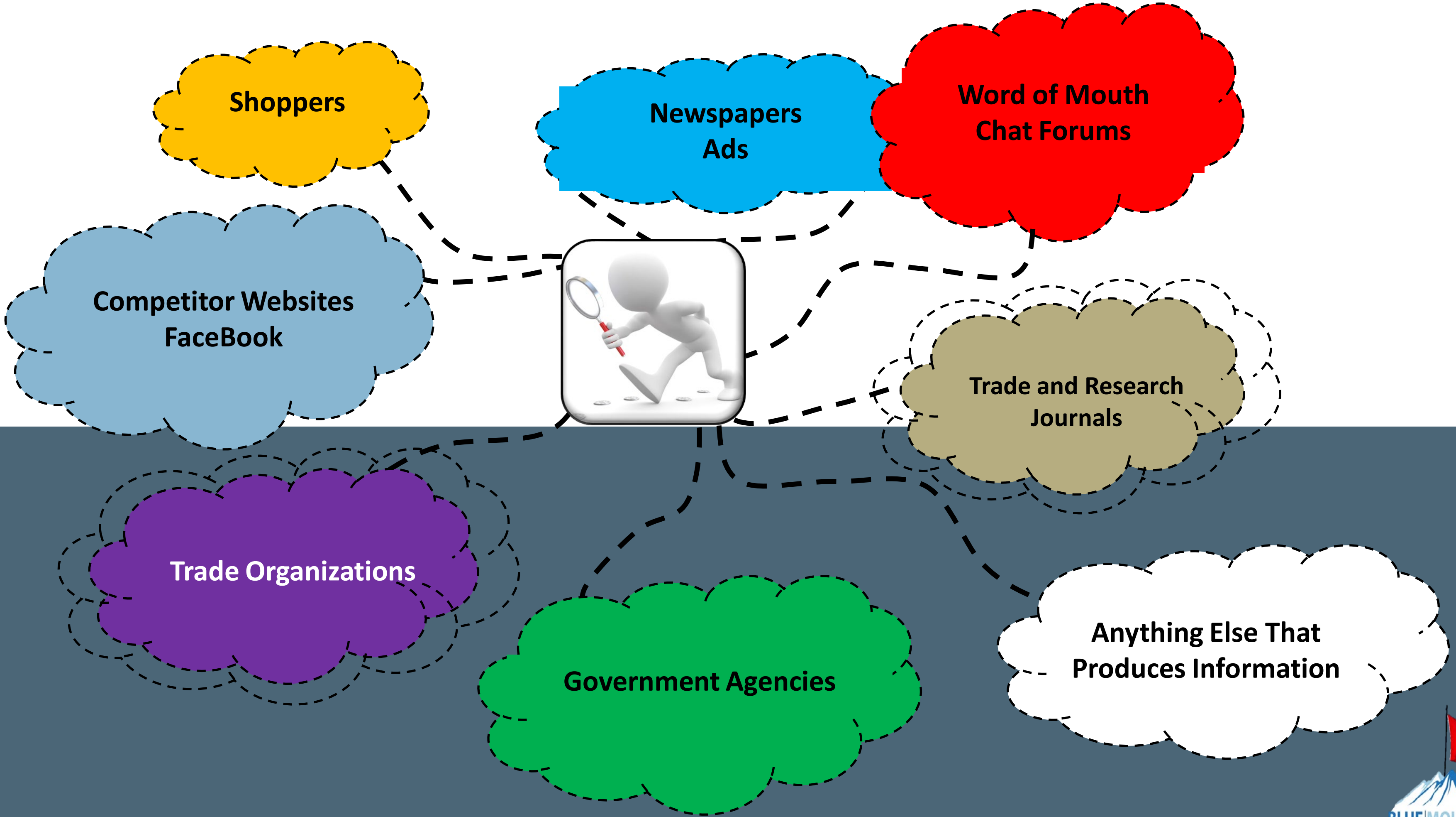
Competitive Intelligence

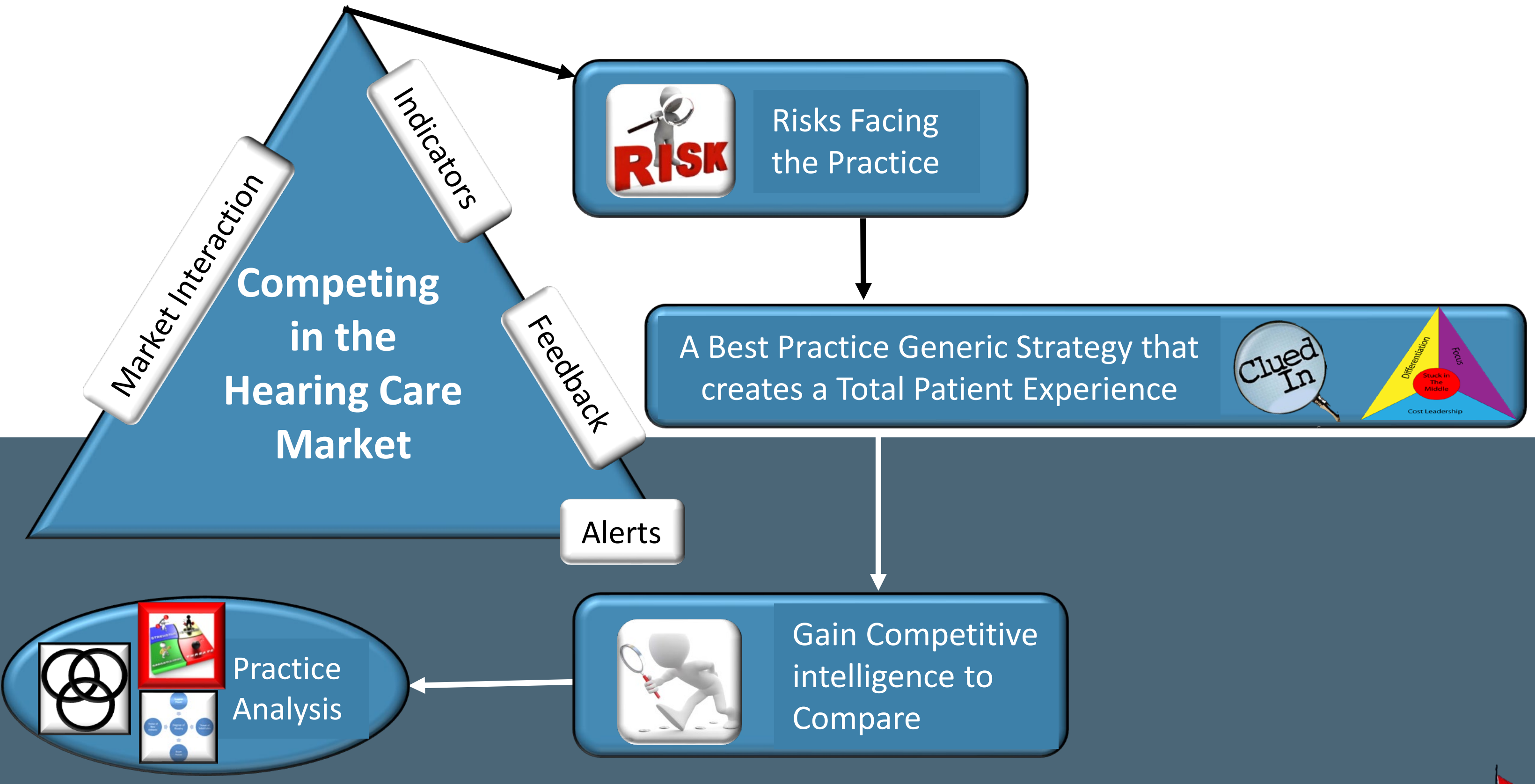
How Do You Gather Intelligence!

Gilad, 2004



Steps to Competing in Today's Hearing Care Market

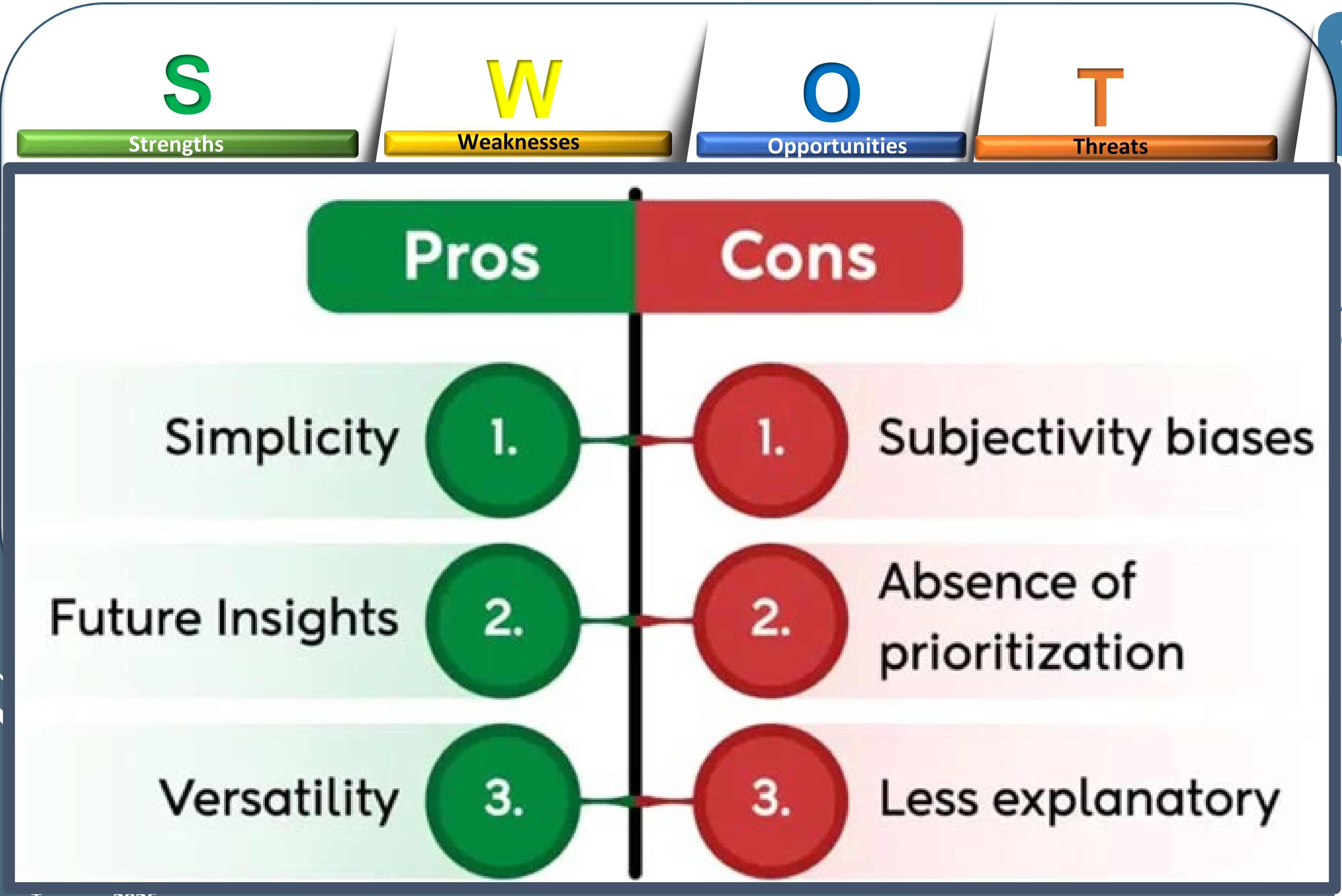
SWOT Analysis



A Method for Analyzing Practices Position in the Marketplace.

Assists in determining the Best Strategy to pursue or success.

Steps to Competing in Today's Hearing Care Market



What Does the SWOT Analysis Do For Me?

A review of the Strengths and Capabilities of the practice.

A review of the Weaknesses that are Controllable and must be Minimized or Eliminated.

Consideration of possible competitive advantage by capitalizing on opportunities.

Realize that Threats are uncontrollable, but must be considered in all decisions.

SWOT is NOT a Prescription .....It is a Guide

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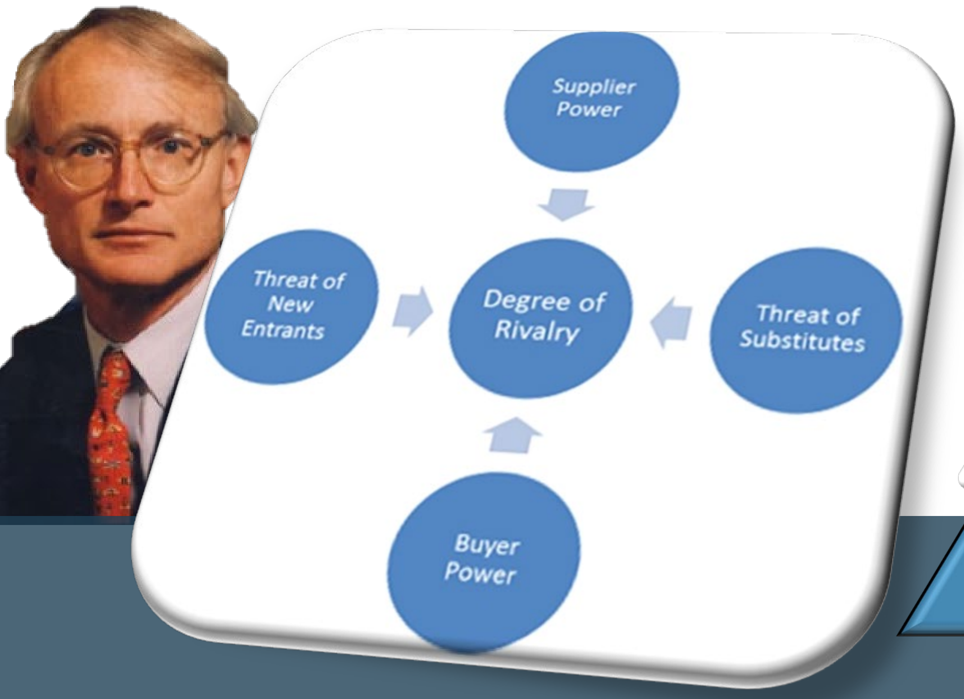
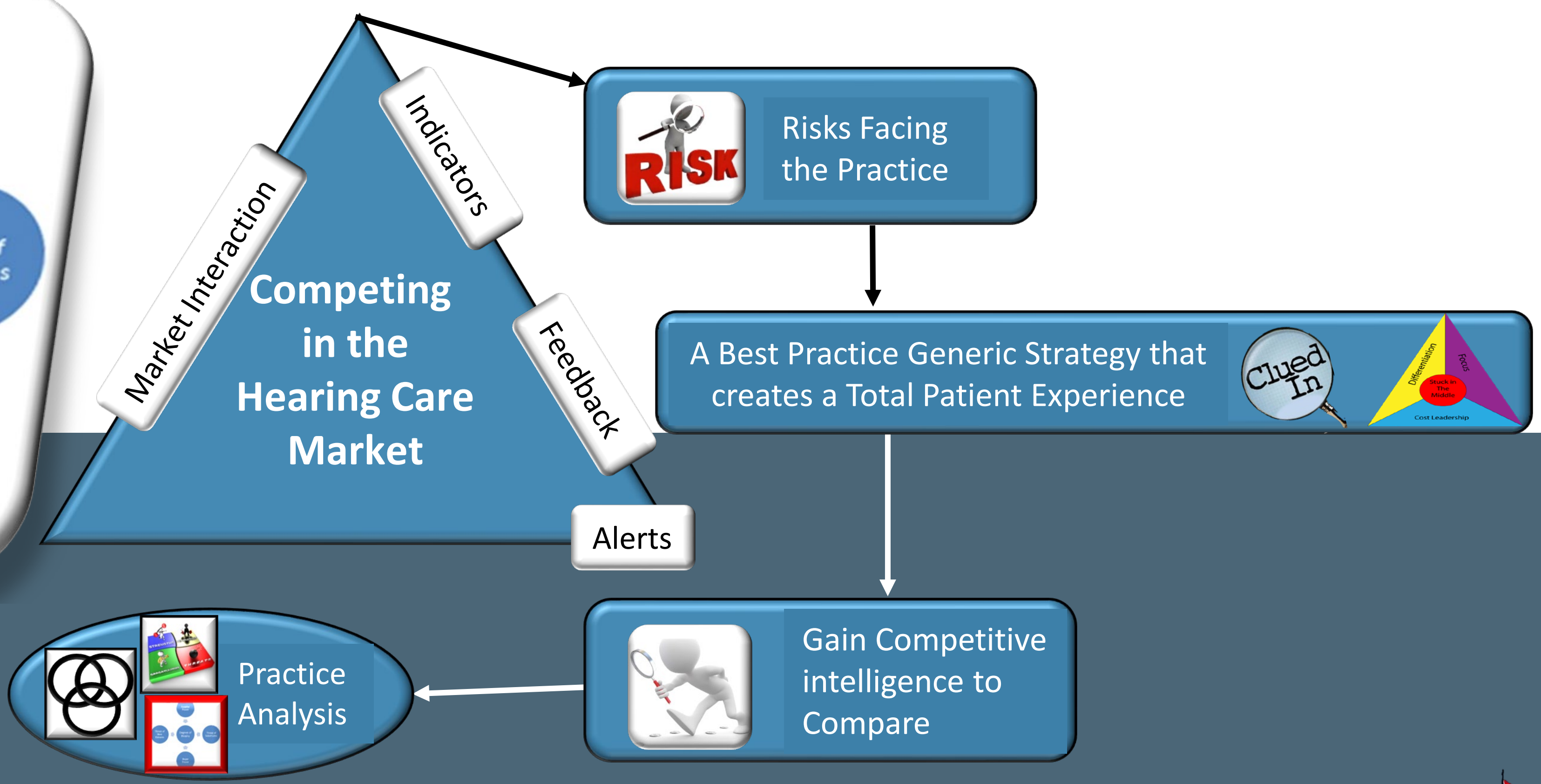
BLUE MOUNTAIN

Steps to Competing in Today's Hearing Care Market

Porter's Five Forces





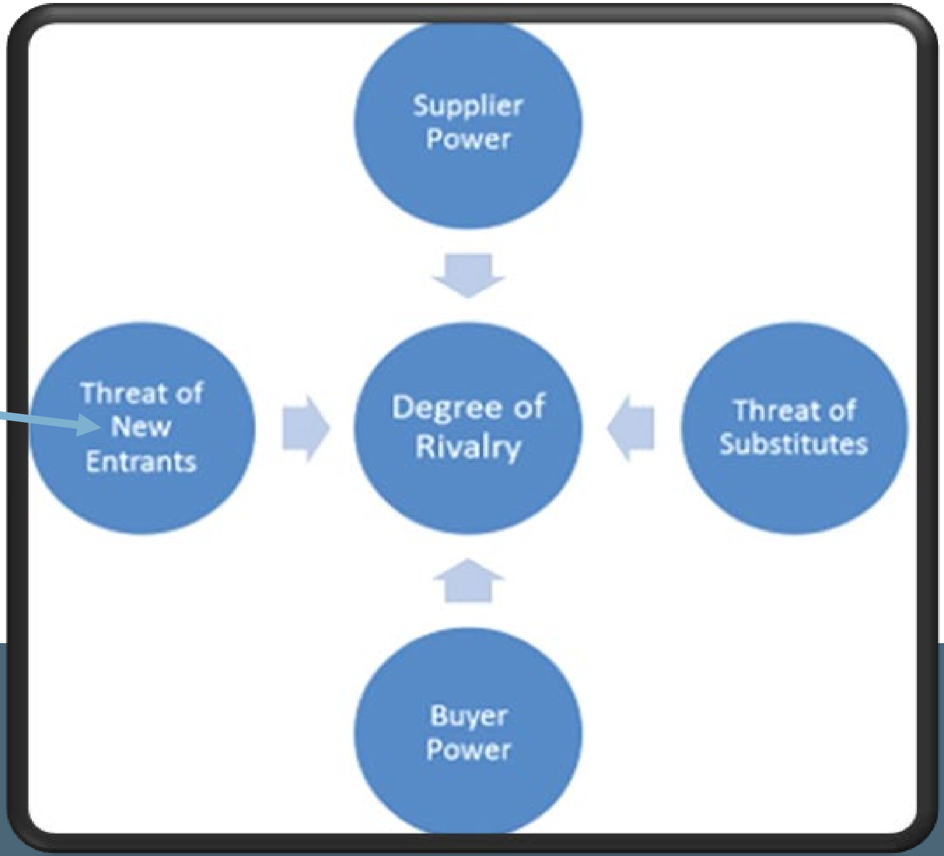
A Method for Analyzing
5 General Competitive Market
Forces Within an Industry.

Traynor, 2026 Porter, 1979, 2008

Steps to Competing in Today's Hearing Care Market

Porter's Five Forces

Threat of New Entrants



New businesses that are (or appear to be) the same as you, but do not have their doors open yet.

Traynor, 2026 Porter, 1979, 2008

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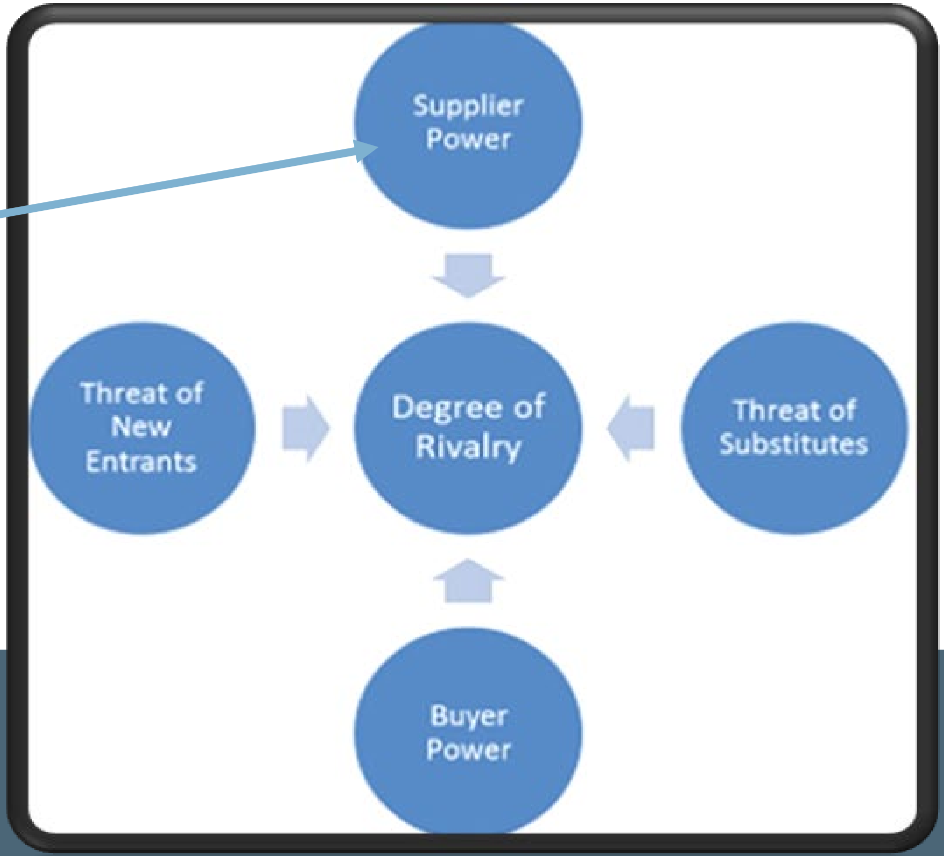
Porter's Five Forces

Supplier Power



The market is dominated by a **small number** of suppliers. Rural Areas, minimal competition. Consumers have **no other options**.

Traynor, 2026 Porter, 1979, 2008

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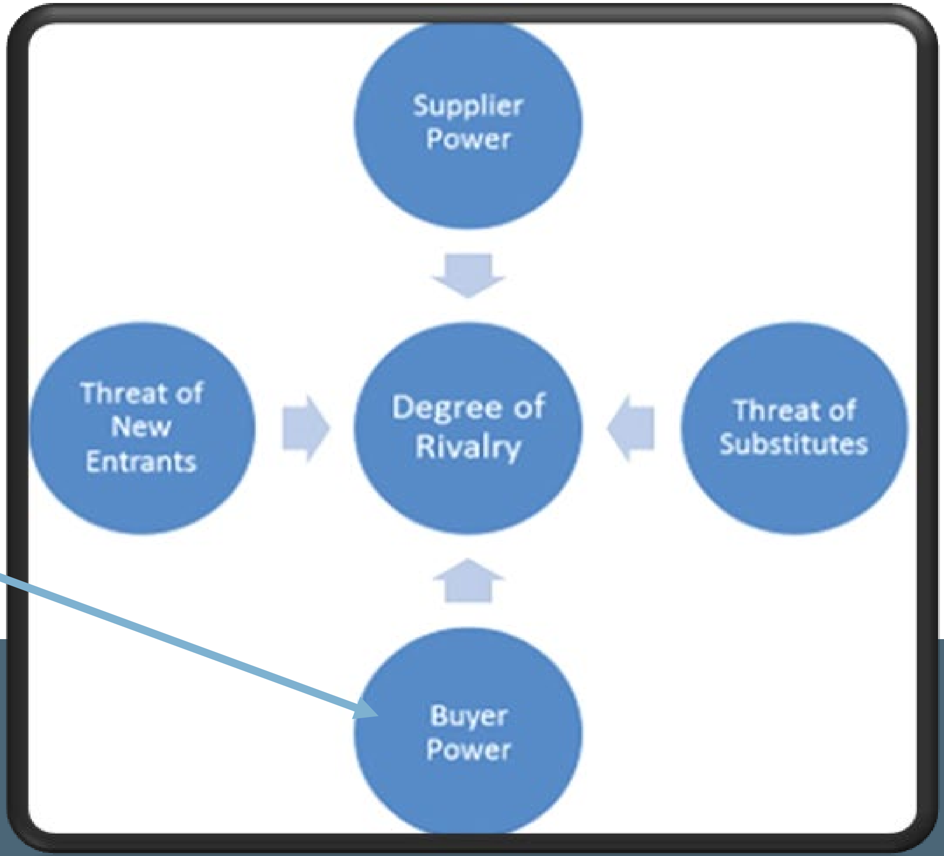
Porter's Five Forces

Buyer Power



The market is dominated by a **Large number** of suppliers. Urban Areas, maximum competition. Consumers have **many choices**!

Traynor, 2026 Porter, 1979, 2008

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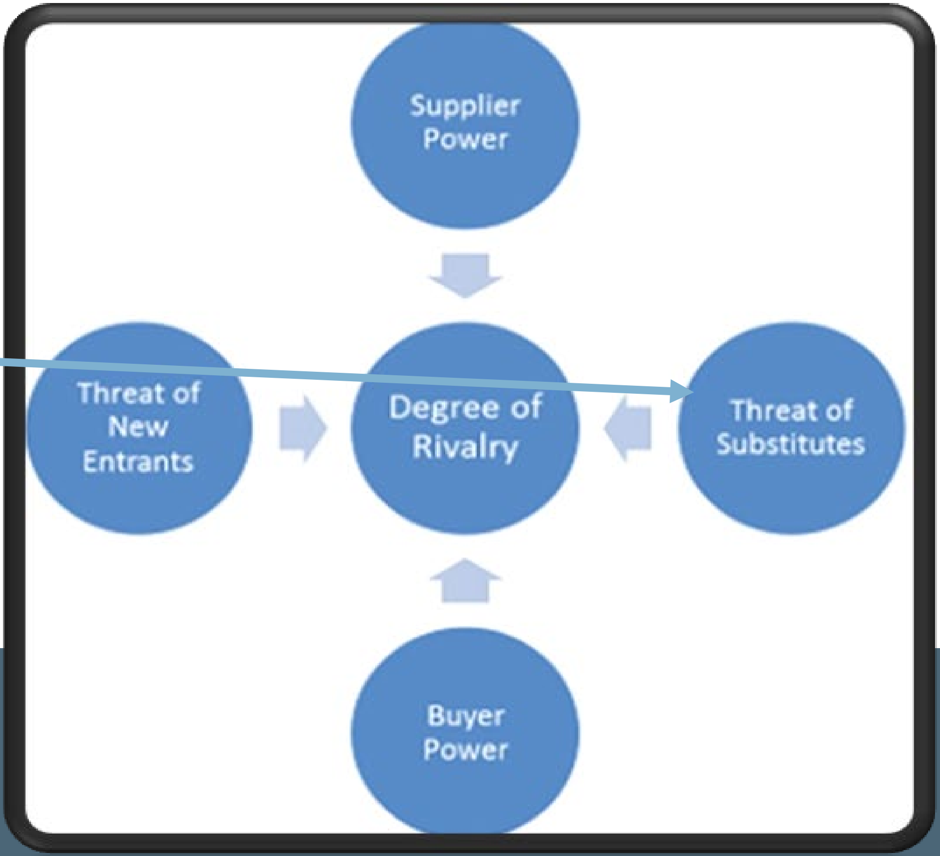
Porter's Five Forces

Threat of Substitutes



Not just competitive products or sales methods, but ***competitive alternative treatments***, new technology.

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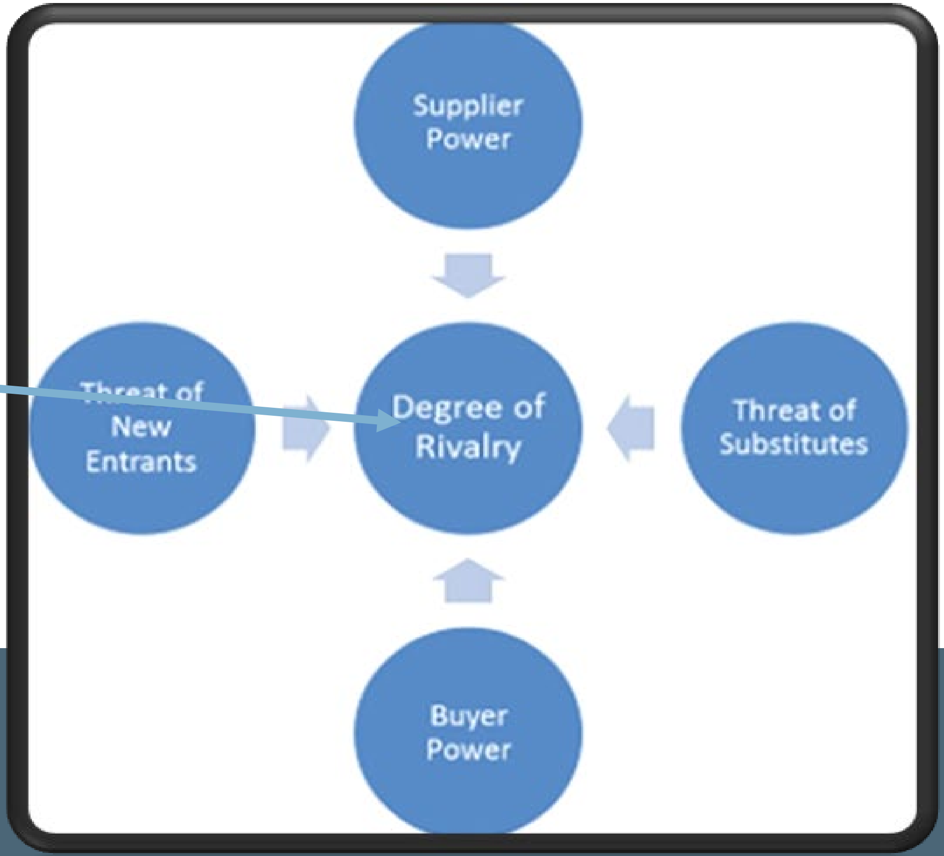
Porter’s Five Forces

Degree
Of Rivalry



All Contribute to the amount of competition and the level of rivalry within the marketplace

Traynor, 2026 Porter, 1979, 2008

Steps to Competing in Today's Hearing Care Market

Porter's Five Forces

What Does a Five Forces Analysis Do For Me?

Leads to a Method of Competing: A Market Strategy

A Five Forces Analysis works well to look at an Overall Picture of the Market

Gives the practitioner an overview of how the practice "stacks up" within the Market

Presents who has the POWER

Patients?

The Practice?

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Porter, 1979, 2008

Steps to Competing in Today’s Hearing Care Market

Three Circle Analysis

Market Interaction

Indicators

Feedback

Alerts

Competing in the Hearing Care Market

Risks Facing the Practice

A Best Practice Generic Strategy that creates a Total Patient Experience

Gain Competitive intelligence to Compare

Practice Analysis

A Method for Analyzing a Practice Compared to their Largest Competitor

Traynor, 2026 **Urbany & Davis, 2010**

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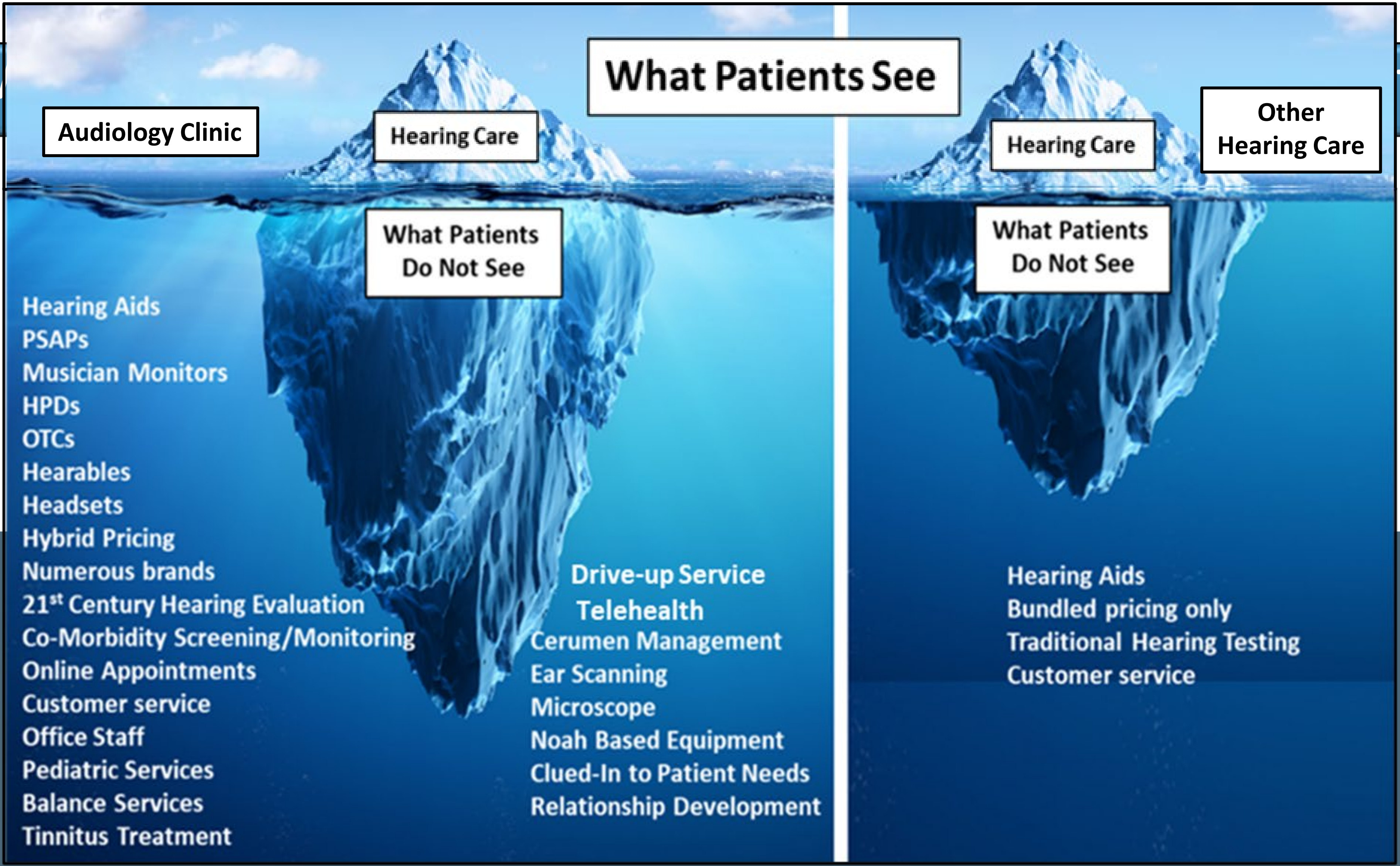
W titor?



Urbany & Davis, 2010

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Three Circle Analysis

Practice Offerings
Circle 1
What Value does the Practice Deliver?

Patient Needs
Circle 2
What are the Needs of The Patient?

Competitive Offerings
Circle 3
What Value does the Competition Deliver?

Urbany & Davis, 2010

Steps to Competing in Today's Hearing Care Market

Three Circle Analysis

Area E

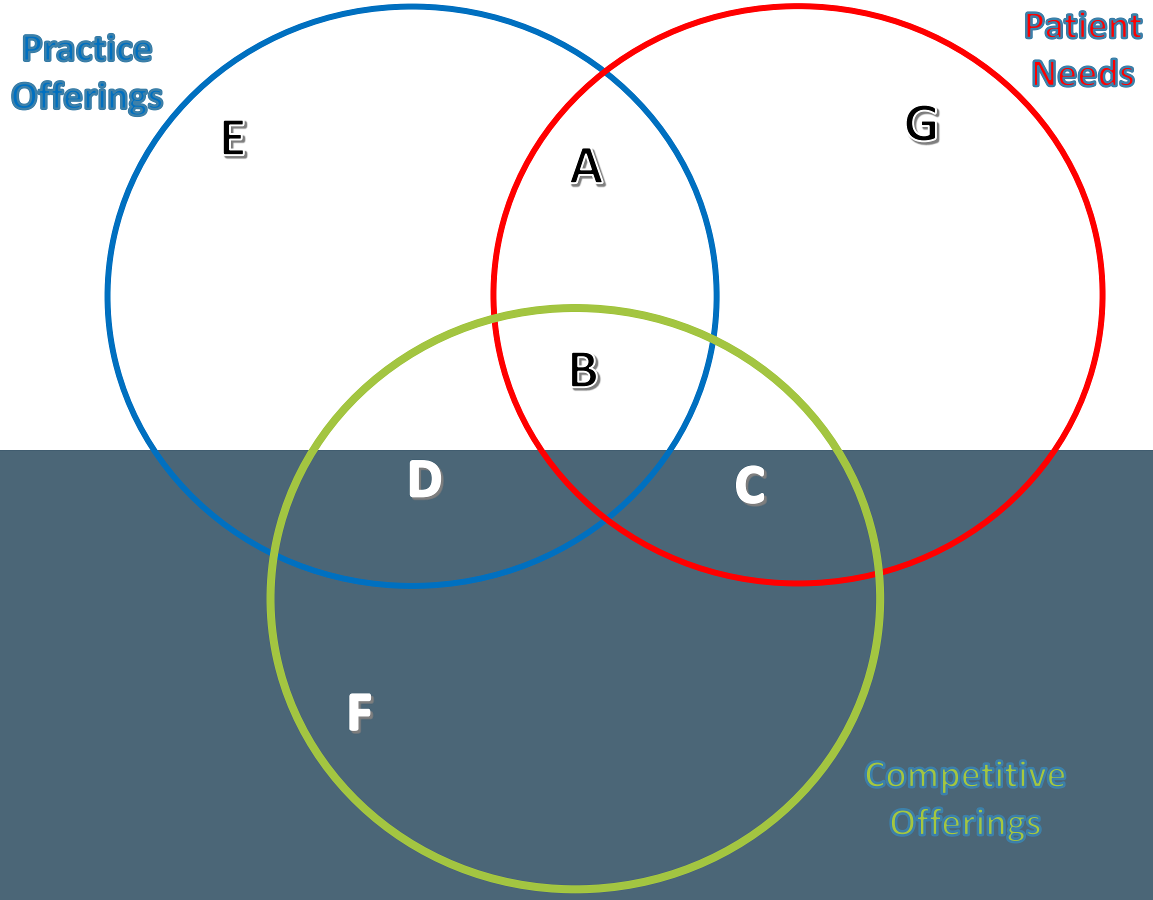
Patient unappreciated differences in the practice

Area F

Patient unappreciated differences in the competition

Area G

Patient Unmet Needs by Both



Area A

What the practice has or does better than the Competition – Most Important Area!

Area B

Practice points of Parity with the Competition.

Area C

What the competition has or does better than the practice.

Area D

Patient unappreciated differences for the Practice and the Competition.

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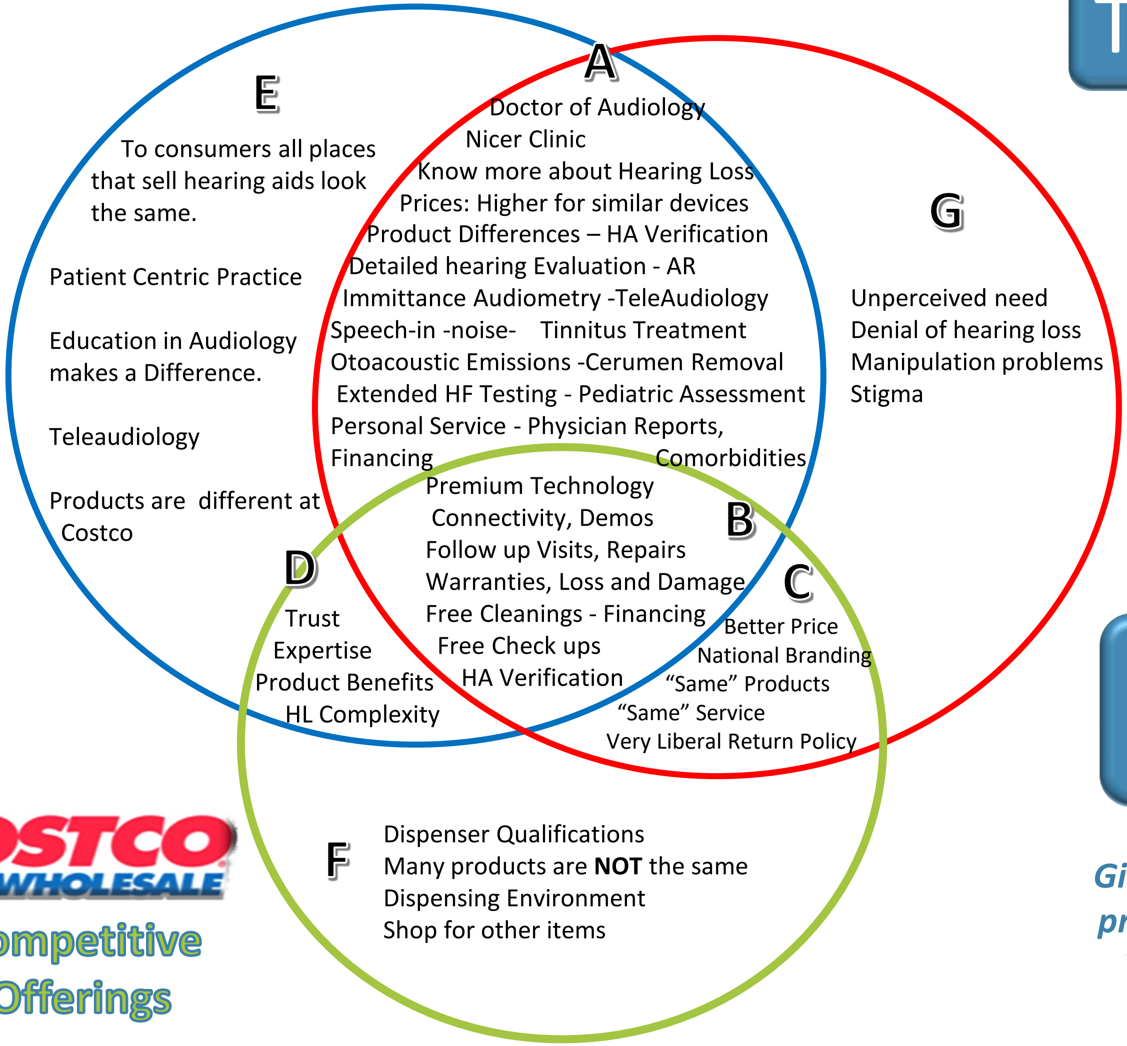
Three Circle Analysis

Practice Offerings



Patient Needs

COSTCO WHOLESALE

Competitive Offerings

What Does a Three Circle Analysis Do For Me?

Gives the practitioner a perspective of how their practice "stacks up" against a single competitor

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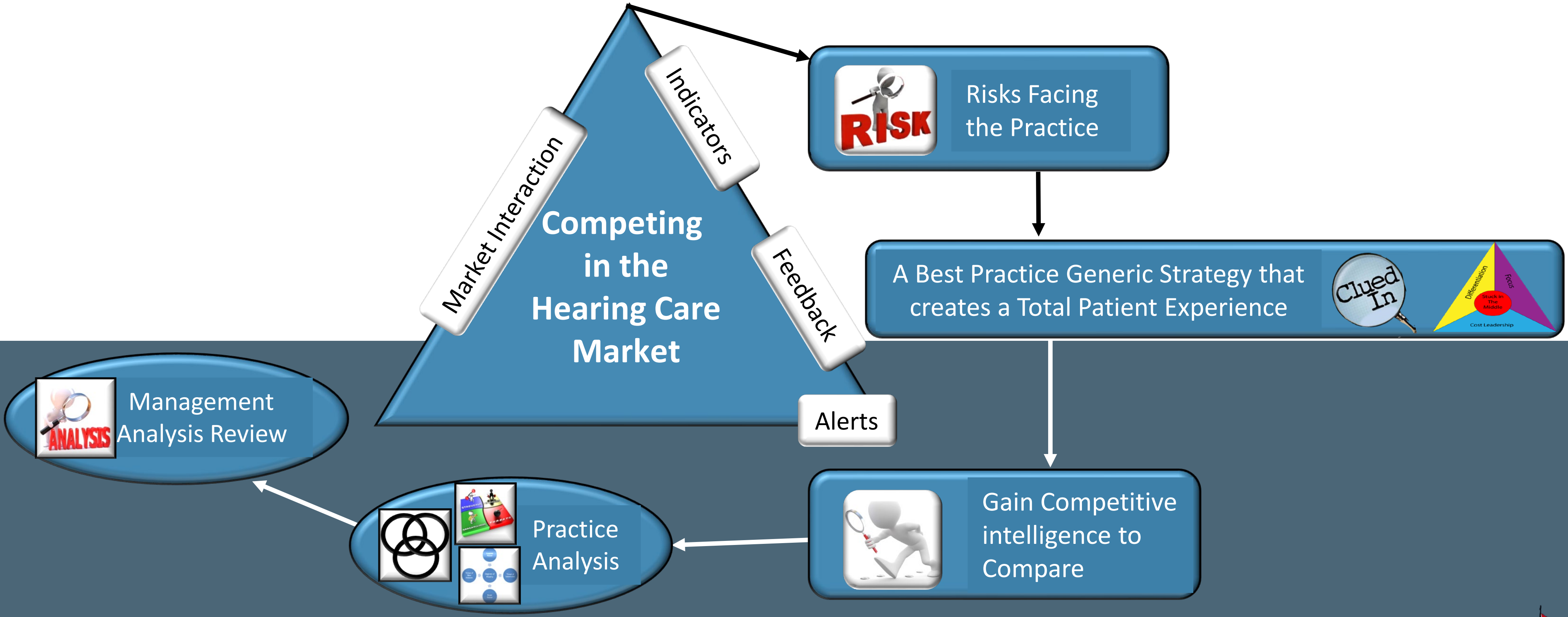

Steps to Competing in Today's Hearing Care Market

Strategic Development

Analyzing the Data Derived from the Three Analyses

- Data from SWOT
- Data From Porter's Five Forces
- Data On Specific Clinic from 3 Circle Analysis

The Whole Team Works Together to Analyze the Data

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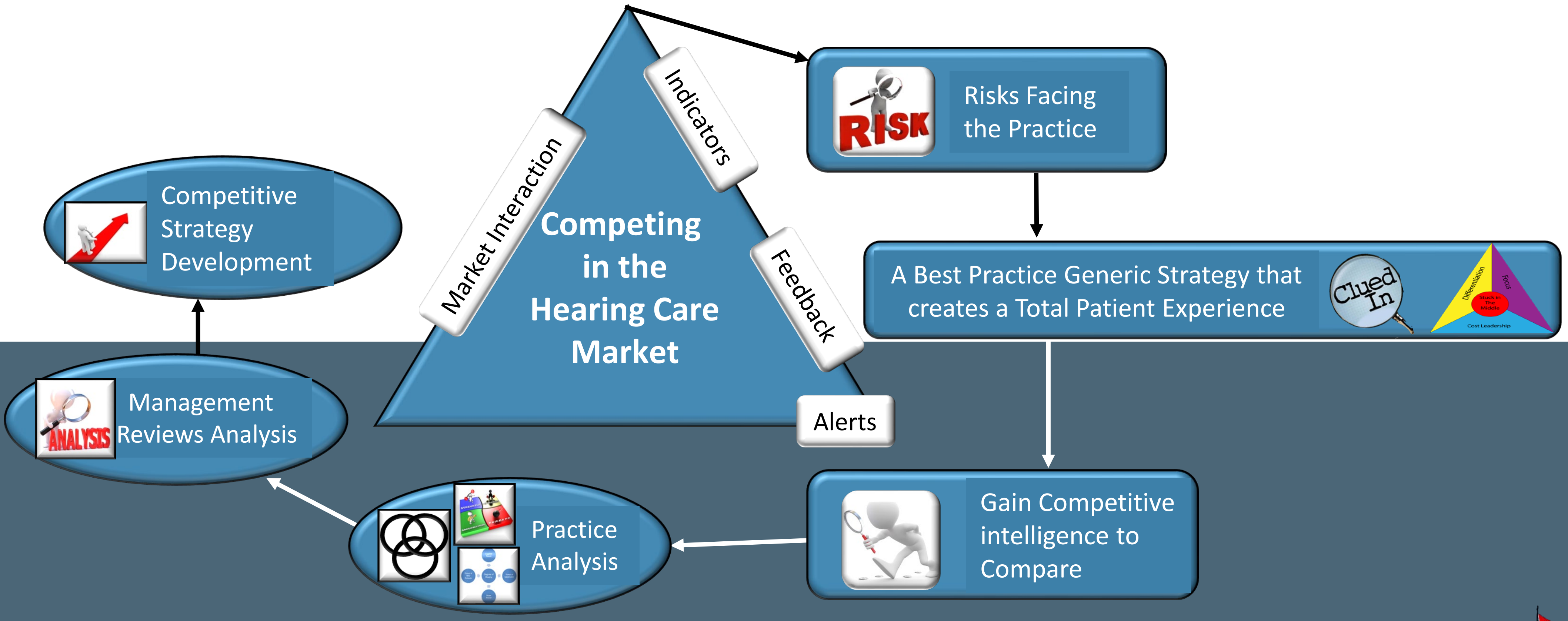

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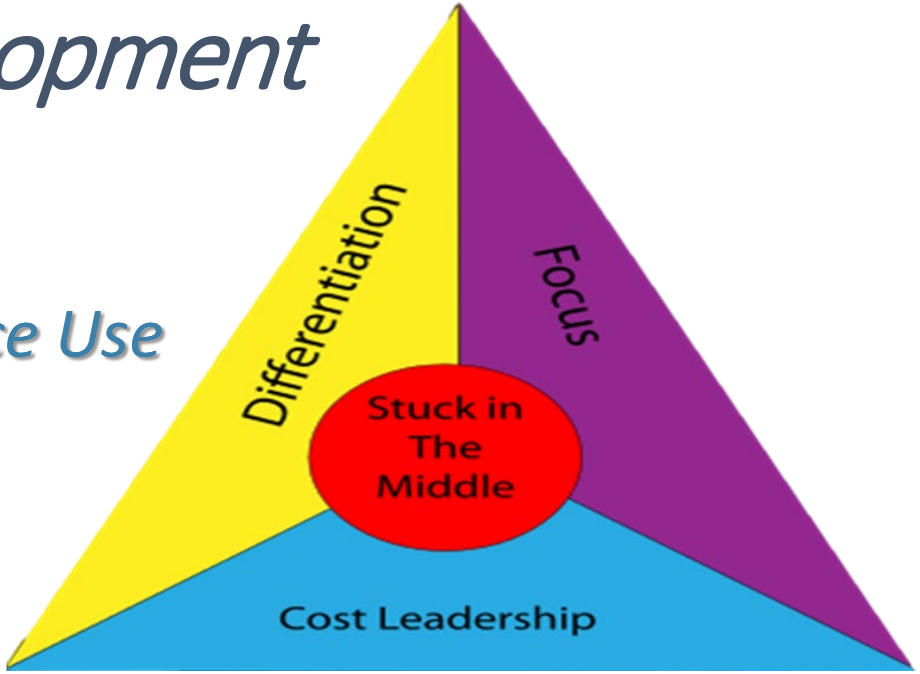
Strategic Development

Team Decides:

What Strategy Should the Practice Use to Move Forward?



Stuck in the Middle

Cost Leadership

Focus

Differentiation

Possibly Combine Strategies?

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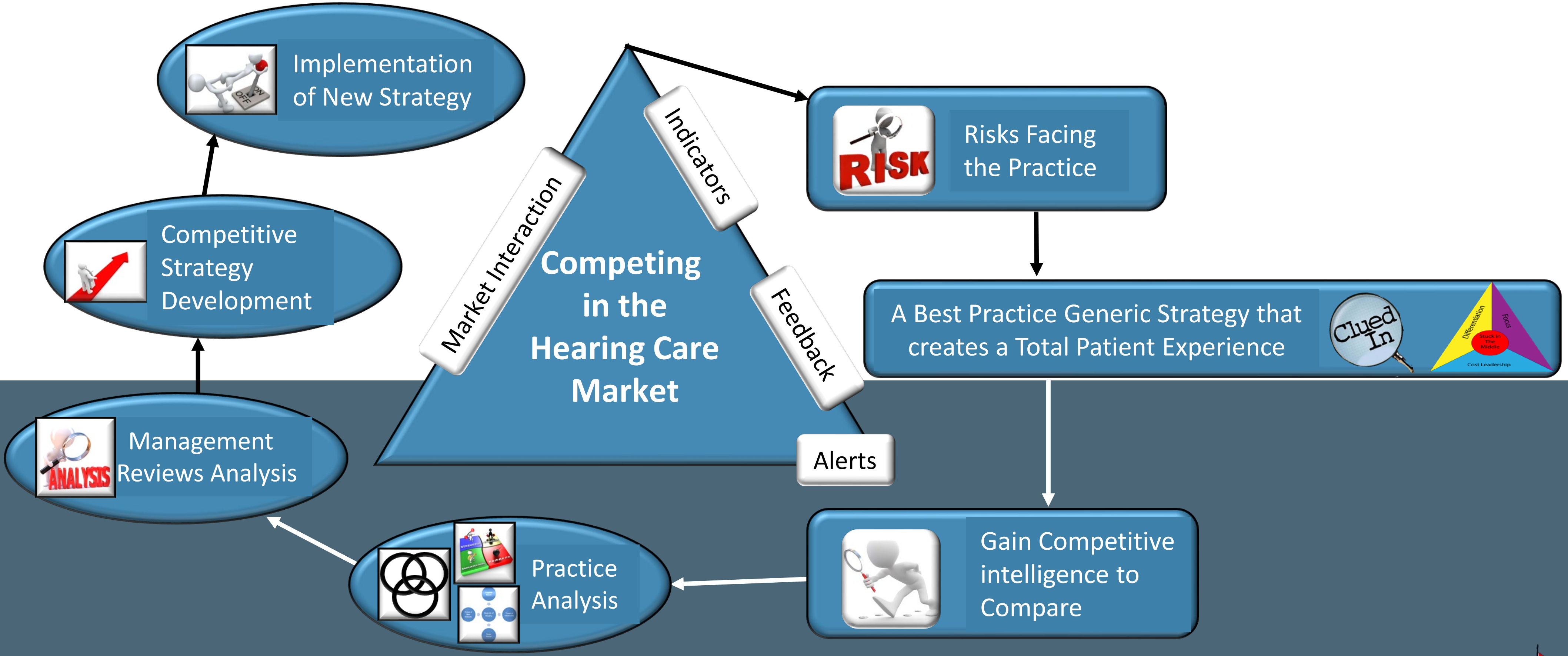
Steps to Competing in Today's Hearing Care Market



Steps to Competing in Today's Hearing Care Market

Let's Go with it?

Considering………

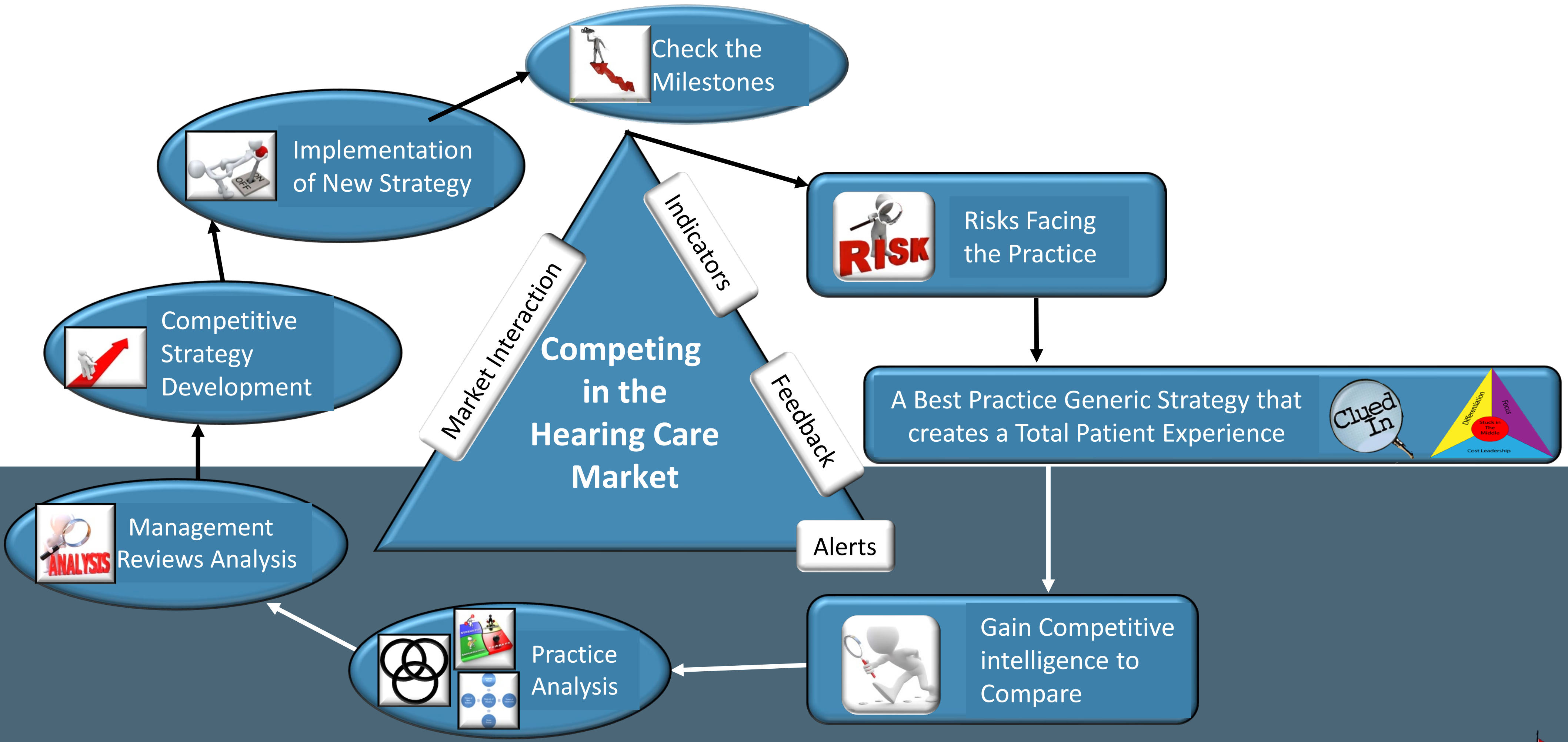
Resources

Distinctive Competencies

Capabilities

Again…The Whole Team Must be On Board

Steps to Competing in Today's Hearing Care Market



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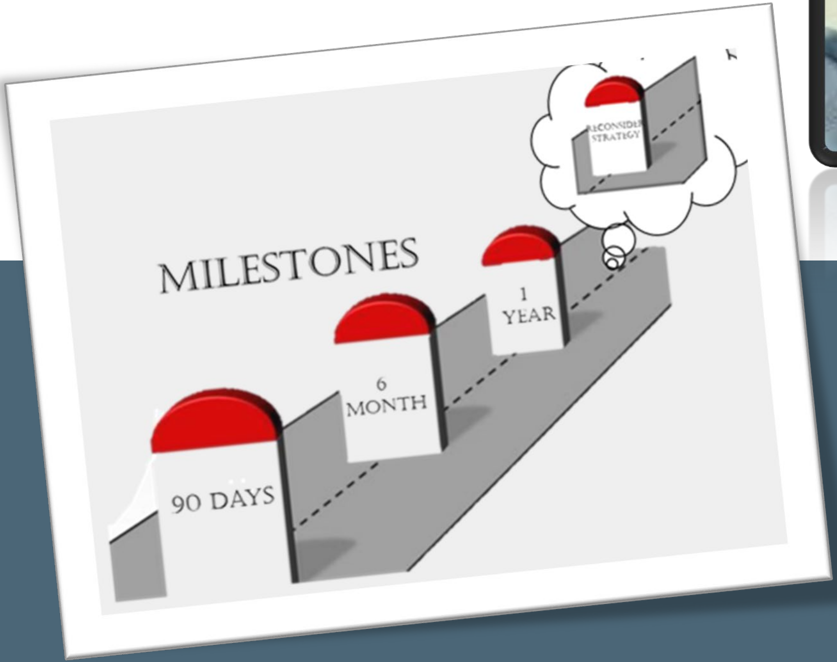
Steps to Competing in Today's Hearing Care Market

Watch the Milestones

Did the Team Make the Correct Choice?

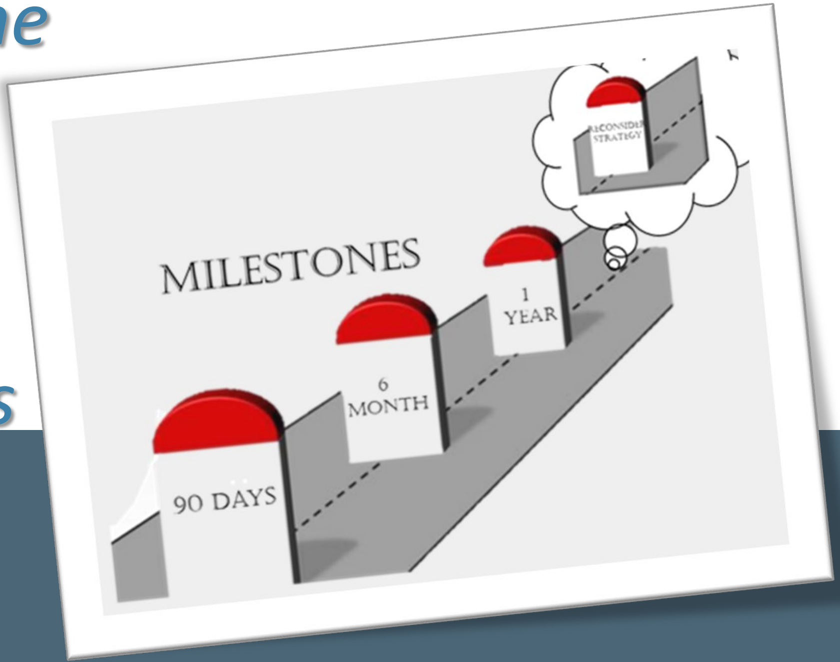


Steps to Competing in Today's Hearing Care Market

Watch the Milestones

Did the Team Make the Correct Choice?

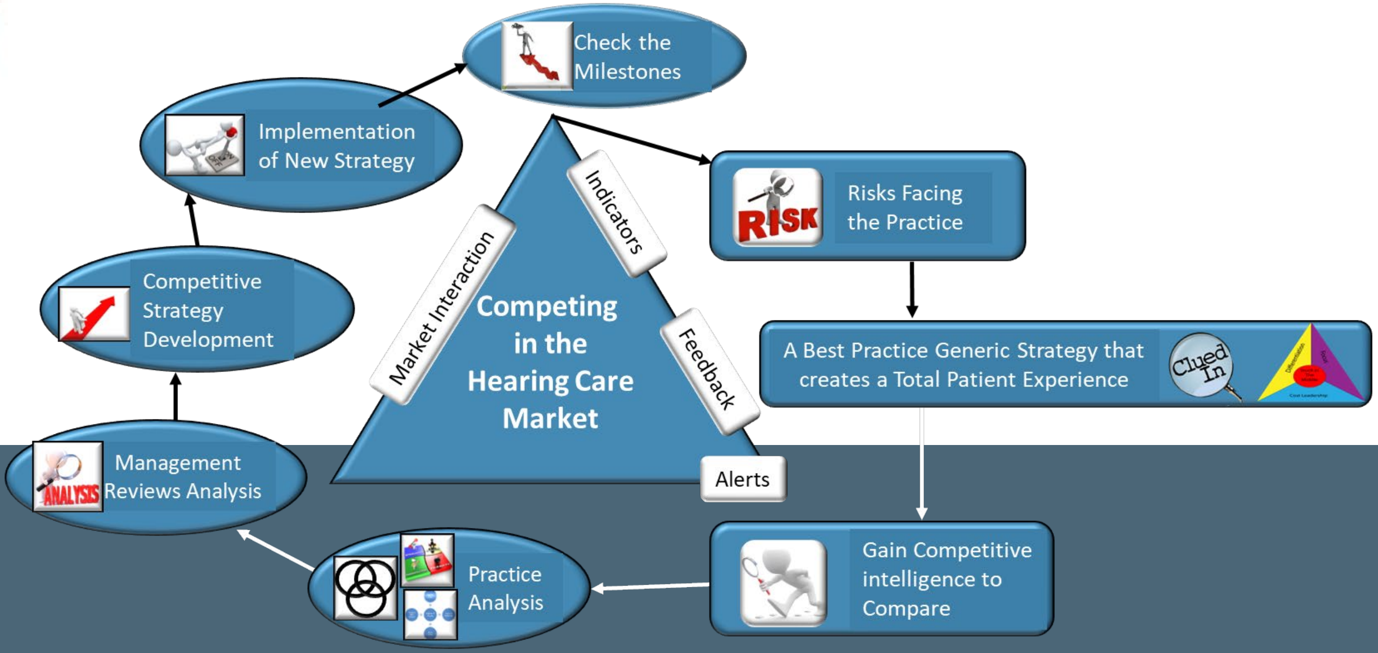
Check the Key Performance indicators



- More Traffic
- More Units of Product or Service
- More Revenue
- More anything but keep track!

Assign a Staff Member to each Milestone!

- Audiology Practice is a ***Growth*** Industry.
- Competition is from ***All*** Directions.
- Consult the model to **review/reset** the practice.



- ***Track the Key Performance Indicators***

…….And That is How The Elephant “In the Room”

Traynor, 2026

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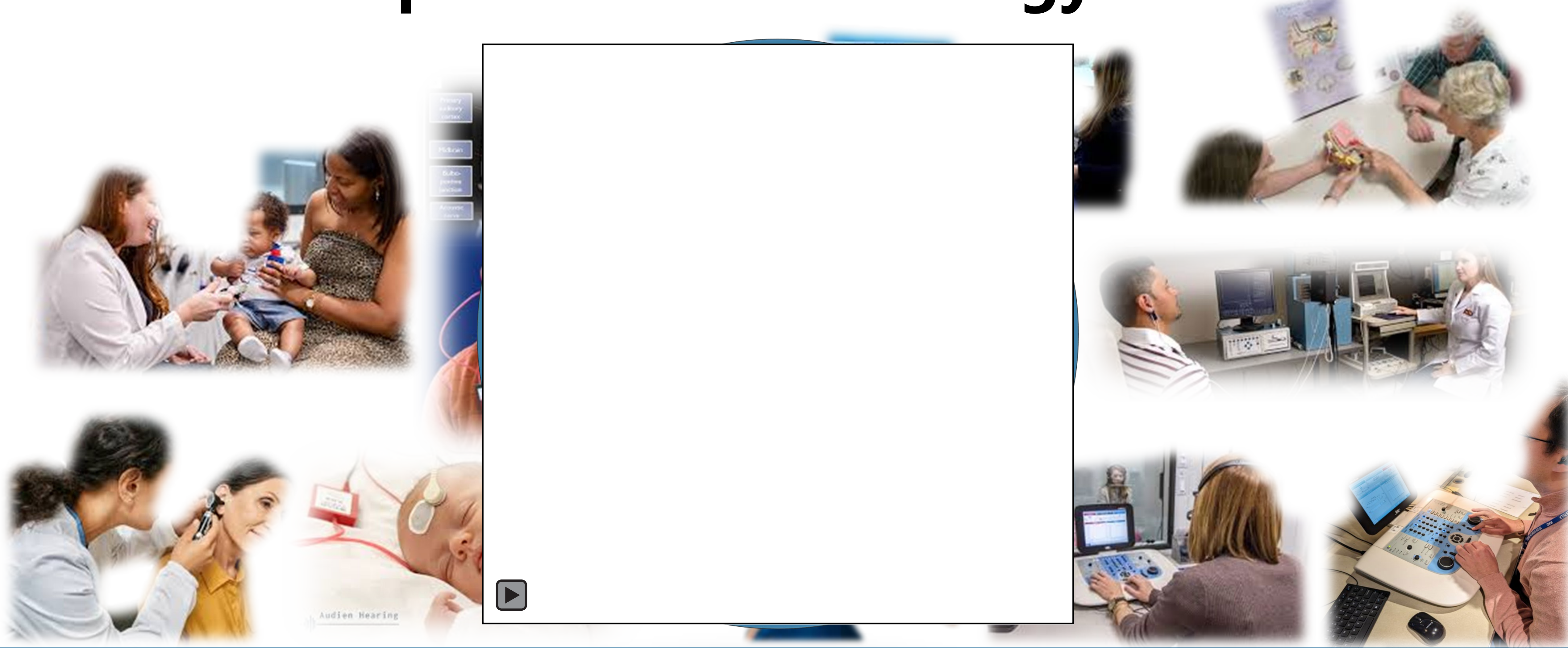
The Importance of Audiology Clinicians



A message from Raymond Carhart - 1975

BLUE MOUNTAIN

Lake Huron North Channel and Manitoulin expansions