

# Chapter 1

## Consumer behaviour in the dentistry market

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The market for dentistry services is regulated, and market prices play a limited role in consumers' choice of dentist. At the same time, the market is relatively large. In 2013, approximately DKK 8 billion was spent on dentistry services in Denmark, of which DKK 5.4 billion was spent on adult dental care.

In collaboration with Roskilde Tandpleje (Roskilde Dentistry), the Competition and Consumer Authority carried out a survey of 18-year-olds' choice of adult dentistry services. Today, young people typically choose the same dentist as their parents, which means they rarely choose based on price. In the controlled trials on which the analysis is based, some of the young people receive information about the prices of selected dentistry services where the price can be set freely by the dentist and where the consumer pays the bill. The price information is given at the time when the young people have to decide on their choice of adult dentist. This is done via a digital dentist selector.

The analysis shows that 14 percentage points more young people choose by price rather than e.g. following their parents' recommendations. On average, these young people will save DKK 558 on having a wisdom tooth removed. This is a saving of approximately 37 percent.

If this system was implemented nationwide, it would correspond to the "price-conscious" group saving DKK 1.5 million annually. In addition, more active consumers may lead to increased competition in the dentistry market, which may increase general pressure on prices. The digital dentist selector also seems to contribute to more young people actively choosing a private dentist in the transition from the public dental service. Finally, the dentist selector means fewer administrative burdens than the current system.

### 1.1 The dentistry market

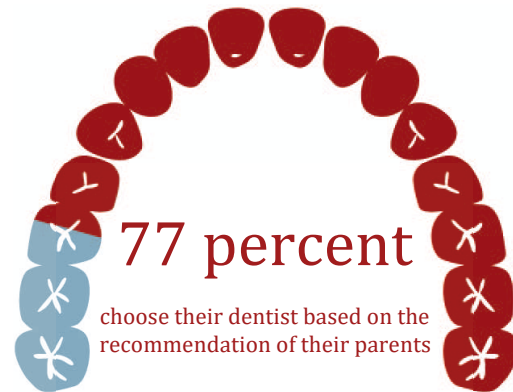
Each month, around 6,000 Danish young people turn 18 and must leave public dental care and, for the first time, choose a private dentist. This transition represents an important "touch point", i.e. a specific time when the consumer has to make a choice in the market. The low consumer activity in the dentistry market is reflected in many people keeping their dentist for a long time, even if the alternatives may be cheaper. Thus, a questionnaire survey points to 78 percent of all consumers in the dentistry market not having changed or considered changing their dentist.

For most consumers, the meeting with the dentist is one where the dentist is an expert, and consumers typically lack experience in assessing the quality and price parameters for purchased treatments - a so-called "credence good". Thus, the market is characterised by the consumer having to trust the dentist and that they propose the right treatment at a reasonable price.

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Trust can be built through e.g. repeated visits to a dentist, but also by the consumer asking others they trust about their experiences and, in the transition to private dentistry, using the dentist that family members have chosen. The more trust consumers place in the dentist, the more likely they will be to follow the dentist's advice and the less important price will be as a competitive parameter. For credence goods, decision-making is thus relatively dependent on previous choices (inertia) and social influences (e.g. social proof)



When young people turn 18, they move from public to private dental care and must therefore pay for a service of which they have limited experience and understanding.

In the dentistry market, this is particularly reflected in the fact that new consumers largely make choices based on recommendations from their parents, and this happens at the expense of other parameters, such as price or other more objective quality measurements (which are hard to obtain).

As dental services are credence goods where consumers rarely change their supplier, the 18-year-old's first choice of private dentist is of major importance. Once the young person has made their choice, it typically develops into a long-term and trust-based engagement. The choice of first private dentist is therefore a good time to activate price awareness among consumers.

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