



An Assessment of Competitive Factors in Medical Tourism: New Research Opportunity for Turkey

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Abstract

Increasing globalization of the healthcare sector indicates that there are new opportunities for emerging markets to take a bigger share from the whole healthcare industry. This is realized in the form of medical tourism where people prefer to travel to different destinations to receive medical treatments and services. Medical tourists prefer to travel for several reasons like low cost, high quality care or shorter waiting periods. The industry is growing rapidly and the annual expenditure is estimated to be around US\$ 30 billion at the end of 2019. The challenging amount of expenditure whets the appetite of the countries and competitiveness becomes crucial to take more market share in this respect. Therefore the factors that build up competitiveness is identified and assessed thoroughly. This paper makes a literature review on the subject and recommends a New research opportunity for Turkey in this field.

Key words: Medical tourism, Health tourism, Competitiveness, Healthcare, Stakeholders

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Introduction

Medical Tourism has become is a rapidly growing industry in the whole world. The increase in its popularity has also been elevated by high costs of healthcare in industrialized nations, ease and affordability of international travel, rapidly improving technology and standards of healthcare in many countries of the world, and the proven safety of healthcare in selected foreign nations (Horowitz & Rosenweig, 2007; Upadhyaya & Swoni, 2008). There is a tremendous tendency for medical tourism in developing countries which creates a highly competitive environment. The concept of competitiveness consists of many factors which should be assessed in depth.

Medical tourism can be defined as a subset of health tourism (Carrera & Bridges, 2006; Goeldner, 1989; Smith & Puczko, 2009) and is often recalled as a new niche form of tourism in which tourists travel to foreign destinations to receive medical treatments and services (Connell, 2006; Cook, 2010; Crooks, 2011; Lunt & Carrera, 2010; Yu & Ko, 2012), while also visiting travel attractions at the destination (Chambers & McIntosh, 2008; Connell, 2006; Upadhyaya & Swoni, 2008; Ye, Qiu, & Yuen, 2011).

Medical tourism can also be defined as; travel across international borders to obtain various types of medical treatments (Reddy, York and Brannon, 2010), travel motivated by key elements such as seeking medical treatment; moving beyond a nation's borders for treatment; and seeking traditional tourism experiences (Cook, 2010), travel which involves patients crossing national borders in search of medical care and services (Crooks et al., 2011), an emerging phenomenon in the healthcare industry which involves the act of traveling abroad to seek medical treatment and care (Yu & Ko, 2012), it occurs when tourists travel outside of their home environment with the main purpose of receiving medical treatments with a visit that lasts no more than a year (Hall, 2013), a specialist activity that has the potential to be a sustainable market segment for a number of destinations for many years (Wongkit & McKercher, 2013).

Organization of this paper is as follows. The introduction section is succeeded by the conceptual framework, followed by the methodology, after which the results are presented and discussed. The paper then concludes, makes recommendations for practice, acknowledges limitations, and ends by suggesting directions for further research.

The Global Medical Tourism Market

The global medical tourism market was estimated to be US\$ 11 billion in 2012 and was expected to reach US\$ 33 billion by the end of 2019, a compound growth rate of 18% (Transparency Market Research, 2013). Asia is one of the first movers in this area, which positioned itself competitively in the global medical tourism market in terms of affordable and high quality medical care (Mary, 2014). Thailand, Singapore, Malaysia and India are the four leading medical tourism destinations with ambitions to control more than 80% of Asia's medical tourism market.

Countries around the world are now competing for the medical tourism. Many countries give importance to medical tourism as an income generating source for the economy and established long term plans and projections for healthcare industry. Besides medical treatment, some countries offer medical tourists to organize airfare transportation, medical itinerary, follow up services, touristic site seeing and entertainment services. The competition is high and countries are eager to get more market share in this field.

Medical Tourism Statistics

Approximately 2.5 million foreign patients traveled to hospitals in Thailand in 2013. In Bangkok's prestigious Bumrungrad International Hospital, over 520 000 international patients received treatment at the hospital. Singapore has been a growing medical tourism center in South East Asia with 850 000 medical tourists arriving in 2012.

Latin America, particularly Costa Rica and Panama, are fast becoming tourist spots for medical travelers with approximately 40,000 foreign patients seeking healthcare in Costa Rica in 2011. Due to its close proximity to the U.S., Mexico has become a top medical tourism destination with 40 000– 80 000 American seniors spending their retirement there with a considerable number receiving nursing home and health care. • After more than doubling in the last 5 years, Malaysia is also becoming a famous destination with 770 134 medical travelers in 2013.

India has become a medical tourism hot spot, with 166 000 international patients in 2012 coming to the country due to the selection of highly skilled doctors and improved medical infrastructure. Americans prefer Mexico, Costa Rica or Panama for dental services or cosmetic surgeries due to their proximity. Southeast Asia and India are the choice destinations for orthopedic and cardiovascular cases due to the high quality of healthcare, and a significant number of U.S accredited hospitals and physicians (Holiday Health, 2017).

Patient beyond Borders lists the top specialties for medical travelers as:

Cosmetic Surgery, Dentistry (general, restorative, cosmetic), Cardiovascular, Orthopedics (joint and spine, sports medicine), Cancer – Types, nanotechnology, Reproductive (fertility, IVF, Women's Health), Weight Loss (Lap-Band, gastric bypass), Scans, tests, health screenings and second opinions.

The top destinations for these procedures are:

Costa Rica, India, Israel, Malaysia, Mexico, Singapore, South Korea, Taiwan, Thailand, Turkey, and United States.

The reasons these destinations are considered world class destinations as described by Patients beyond Borders are:

Government and private sector investment in healthcare infrastructure, demonstrable commitment to international accreditation, quality assurance, and transparency of outcomes, International patient flow, potential for cost savings on medical procedures, political transparency and social stability, excellent tourism infrastructure, sustained reputation for clinical excellence, history of healthcare innovation and achievement, successful adoption of best practices and state-of-the-art medical technology, availability of internationally-trained, and experienced medical staff.

In the race to attract medical tourists many countries are looking across their borders at their neighboring countries to market their specialized health care services. When deciding where and how to market your medical tourism services targeting your audience and understanding who is already traveling to your country is the best place to start (Sandberg, 2017)

Competitiveness of Nations

There are many factors which fuels the growth of medical tourism in developing countries. The increasing tendency of healthy living, elevated medical costs, growing waiting lists, number of uninsured people, tendency for cosmetic and dental surgeries, availability of quality hospitals, availability accredited healthcare processes, quality healthcare professionals are some factors that makes patients to travel. Nations try to compete with each other to attract more patients.

According to Porter, national competitiveness can be analyzed in four sets of factors; demand conditions, factor conditions, related - supporting industries and strategy, structure and rivalry.

Demand Conditions

Competitive success is more likely in an industry for which there is strong local demand (Porter, 1998). Demand increases innovation, high-quality standards and the scale economy. In medical tourism local and regional demand is an important factor in the development of medical quality. Singapore and Thailand attracts the regional patients and recognized as the preferred location for medical intervention. (Cohen, 2008).

Factor Conditions

Factor conditions and particularly the quality factor inputs, are recognized by Porter as a key determinant of competitive success. In medical tourism sector, a number of emerging economies have strong factor or supply conditions. These economies produce considerable number of healthcare specialists. In addition to that, in many developing countries, qualified medical workers emigrate, seeking better paid positions (Enderwick, 2010)

Emerging economies also enjoy the factor advantage of low costs. The above average rate of medical cost increase is attributed to additional expenditure on prescription drugs and technology, an aging population and a shift in the nature of healthcare with a greater preponderance of chronic illness in advanced economies. In those economies which offer subsidized medical care, the result has been longer waiting times and lists for treatment. Moreover, in developed countries there is likely to be much less third party, particularly government and insurance, participation in healthcare services. One estimate suggests that in the US third

parties (insurance companies, government and employers) account for 87 percent of healthcare expenditure. The comparable figure for a country such as India is just 22 percent (Herrick, 2007).

Another factor is that price transparency and disclosure are much higher in emerging markets as package prices are available for certain kinds of treatments. This enables easy price comparisons. In developing countries there are fewer regulations that restrict the hospitals and doctors. Malpractice costs are also lower compared to developed countries. All these factors affect low pricing strategy which in turn becomes advantageous for developing nations.

Using the above-mentioned cost advantages in the healthcare industry, the developing countries invest in high technologic facilities and computerized health information systems which constitutes a modern and reliable healthcare system. The system becomes larger enabling more employment opportunities.

Related and Supporting Industries

The term 'Medical Tourism' itself contains the term tourism in it. Medical tourists enjoy the tourism opportunities besides the medical treatment which makes the whole process more attractive even at better costs. Medical tourism sector affects very high number of sectors such as transportation, education, training, tourism, pharmacy, accreditation companies, health management, intermediary companies, travel agencies, shops, restaurants, hotels etc. which shows that it is a very important industry.

Strategy and Structure

Strategy within the medical tourism industry focuses on non-price factors. While there are considerable differences in the cost levels of healthcare services provided in developed and emerging markets, there may be limited price competition between competing providers in particular locations. This expectation follows from the nature of credence goods which often may display a direct, rather than the more common inverse relationship, between price and demand (Dulleck and Kerschbamer, 2006). Another strategy is hospital affiliation with world class institutions in searching for credibility. Accreditation is also another tool for the same reason. Investing in technology, building sophisticated web sites are other strategies that developing countries use to promote their healthcare services.

Competitiveness

The countries have to analyze their competitiveness in order to increase market share from the medical tourism sector. Exposure to international markets has made it easier to find new destinations for medical treatment.

In this respect, competitiveness becomes a crucial factor in regard to evaluating the medical tourism market and the market shares of the countries that are ambitious in this sector. The success of tourism destinations in world markets is influenced by their relative competitiveness (Enright and Newton, 2004). Heath in 2003 studied the competitiveness foundations model whereas Dwyer and Kim studied model of destinations competitiveness in 2004. In 2007, Crouch studied a conceptual model of destination competitiveness.

The term of 'destination competitiveness' should be consistent with the term of 'competitiveness' in the international business literature. The literature reveals a variation in perspective in defining, understanding, and measuring competitiveness. Perspectives from various disciplines reveal that competitiveness is a multi-faceted concept. We can regard the term of competitiveness as associated with three major groups of thoughts. These are:

Comparative advantage and/or price competitiveness perspective

(Bellak, 1993; Cartwright, 1993; Durand & Giorno, 1987; Fagerberg, 1988; Fakiolas, 1985; Hilke & Nelson, 1988; Hodgetts, 1993; Porter, 1990; Rugman, 1991; Rugman & D'Cruz, 1993).

A strategy and management perspective

(Day & Wensley, 1988; D'Cruz & Rugman, 1993; Ghoshal & Kim, 1986; Grant, 1991; Kogut, 1985; Mahmoud et al., 1992; Mahoney & Pandian, 1992; Mathur, 1992; Parsons, 1983; Peters, 1988; Porter, 1985, 1990, 1999; Porter & Millar, 1985; Powell, 1992a, 1992b; Yip, 1989).

A historical and socio-cultural perspective

(Aaker,1989; Franke et al., 1991; Hofstede,1980,1983; Hofstede&Bond,1988; Kennedy,1987;Porter etal.,2001)

After the investigation of the literature on the factors affecting competitiveness of medical tourism destination, the factors can be classified as;

Attributes that are related with medical treatments and services.

Attributes that are related with tourism specific factors.

Attributes that are related with destination related factors.

The factors that are related with medical treatments and services can be listed as;

Availability of related treatments

Availability of expert medical doctors in the related field

Availability of good manners in the medical staff

Availability of accreditation

Reasonable/ reliable medical costs

Availability of translator

Availability of latest technology medical equipment

Availability of follow up services

Low number of malpractice cases

Availability of insurance coverage

Availability of support services (accommodation arrangements for relatives etc.)

Availability of modern hospitals

Reputation of the hospital/doctor in the related field

Availability of quality of care

Ease of access to health-care services

The factors that are related with tourism specific can be listed as;

Variety of tourism attractions

Attractiveness of tourism programs

Availability of tour packages

Availability of travel agents

Availability of tour operators

Image of tourism destinations

International awareness about the tourism destination

Availability of tour information

Easiness of travel arrangements

The factors that are destination related can be listed as;

- Availability of visa for entry
- Safety
- Comfortable accommodation
- Availability of quality food
- Naturally beautiful destination
- Shopping opportunities
- Exchange rate opportunity
- Transportation
- Physical distance between host and destination country
- Culture and historical attractions
- Hygiene and cleanliness
- Access to information
- Credibility and trust
- Cultural distance
- Political and economic stability
- Regulations and legal framework

The factors listed above are gathered from the literature review of several researchers on studies related with destination competitiveness of tourism sector. The factors are modified according to medical tourism sector.

Need for Organizing a Research

These factors should be organized as a questionnaire and should be distributed to the medical tourism stakeholders in an ambition to search for ranking according to its importance in medical tourism. Additionally, the stakeholders should rate the same factors according to their performance in Turkey. In other words, stakeholders should first rank each factor according to its importance and then they should rate each factor according to how they perform in Turkey. For example; the specialist will rank the factor 'Availability of translator' as very important and makes it number 1 in ranking while on the other hand the stakeholder may rate Turkey as 'poor' on the same factor as there may be low number of translators in the hospitals. In this way after all the factors are ranked and rated, data will be analyzed statistically. As a result, there would be four different groups where the factors may appear.

The first possibility is the factors which lay in the high importance and high performance region. These factors are the competitive edges of Turkey in medical tourism sector. They are the strengths of Turkey therefore the efforts should be made to maintain and improve these factors. The second possibility is the factors which lay in the high importance and low performance region. These factors are the most important ones as they need special attention in order to improve the performance. The factors that stay in this region should be thoroughly examined and the policy makers should be dealing with these factors in order to remove the obstacles or find new ways to bypass the poor performance. These factors may be considered the weaknesses of Turkey in medical tourism sector. The third possibility is the low importance but high performance region. The factors that lay in this region should be reconsidered again by the policy makers. Although these factors are of low importance, Turkey is performing well in those. That means the resources may be misused for low importance factors. Finally, the fourth possibility is the low importance and low performance region. As the factors lay in this region has a low importance ranking, no need to waste effort and investment in these factors.

The above-mentioned research is being organized and implemented nowadays for medical tourism stakeholders in Turkey. The findings will be published in the early months of 2019.

Conclusion

Medical tourism is an emerging phenomenon in the healthcare industry which involves the act of traveling abroad to seek medical treatment and care. It is receiving medical treatment outside of home country with a visit that lasts no more than a year. Increase in globalization, telecommunication capabilities and social media, the need for low costs, short waiting periods and high quality care makes medical tourists to search for different destinations for surgery or treatment. Exposure to international markets has made it easier to find new destinations for medical treatment. The international medical tourism industry is getting bigger every year making the countries eager to get more market share from the medical tourism sector. In this respect, competition gets harder and the factors that bring competitive edge to the countries becomes crucial to evaluate. The factors that constitute the competitiveness are analyzed thoroughly in this paper. The factors that constitute competitiveness are three-fold; factors that are related with medical treatments and services, factors that are related with tourism and factors that are related with destination. Related factors are listed in detail in the previous pages. The factors can be searched for countries that are in medical tourism sector in order to find out the competitive edge of nations. The author of this paper is organizing a research in Turkey in order to find out the competitive advantages of Turkey. The limitation of this paper is that it does not use any original data, instead overviews the literature. As this paper makes a literature review on the subject and addresses some research possibilities regarding to the competitiveness of the medical tourism sector, the emerging medical tourism industry is an important area where further work is needed.

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