

# Research Horizons

*Highlights of Recent Research by the SHTM*

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## Holistic View Needed for Medical Tourism to Thrive

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An holistic understanding of the interaction between demand and supply will be crucial for the sustained development of the medical tourism sector argue the SHTM's Vincent Heung, Deniz Kucukusta and Haiyan Song. In a recently published article, the researchers point to the rapid growth of the sector and analyse its dynamics. They suggest that "medical tourism requires good coordination of the health-care and tourism industries" to ensure that medical tourist decision making is fully understood and demand fully tapped.

### **A Rapidly Growing Sector**

With a "US\$60 billion global business" growing annually at 20%, medical tourism is a significant element of the overall tourism industry. Defined as "a vacation that involves travelling across international borders to obtain a broad range of medical services", it provides a "a medical service with a leisure component". From the medical perspective, the procedures accessed mainly include cosmetic surgery and dental operations, but also involve complex forms of surgery such as heart operations and joint replacements.

Given that the leisure element also has to be enticing, it should be no surprise that developing countries are increasingly seen as viable medical tourist destinations, offering relatively cheap treatment for tourists from developed countries and appealing locales for post-treatment recuperation. The researchers note that Thailand, India, Malaysia and Singapore are particularly well known destinations. Malaysia, for instance

"currently plays host to 100,000 foreign medical tourists each year".

Yet before they reach these destinations, explain the researchers, medical tourists need to make detailed travel arrangements, determine whether a particular service or doctor is available and plan for their recuperation services. This last consideration, in particular, opens up opportunities for the hospitality sector. The researchers give the example of a luxury hotel offering packages or specifically designed rooms for patients recovering from heart surgery over extended periods.

There is, of course, an element of safety that must be addressed in such situations, and the researchers are mindful of that and other potentially negative aspects of medical tourism. They note, most importantly, that the national health services and medical insurance companies in origin markets are often reluctant to compensate patients who have undergone procedures abroad. There is also often a lack of adequate follow-up care, and little recourse in cases of malpractice.

### **What Drives Demand?**

The central question here is how this burgeoning sector can be best appraised by the medical and tourism industries to guarantee its future growth while minimising its negative aspects. For the researchers, the answer lies in an holistic perspective that considers the interaction of demand and supply in the medical tourist's decision-making process. They begin by identifying

seven demand side factors that “affect tourists’ decisions in terms of destination and their medical options”.

These demand factors include the low cost of treatment in developing countries, the popularity of cosmetic surgery “which is rarely covered in insurance policies” and requires confidentiality, long domestic waiting lists in developed countries, the role of the Internet in disseminating information on services, cheap air travel and the education and licensing of many doctors from developing countries in developed countries. A final factor is the advent of outsourcing, whereby some procedures are relocated to give advantages in cost, access and quality.

With these factors attracting them to treatment in other countries, all medical tourists first choose an advertising and distribution channel such as a medical travel agency, word of mouth or the Internet. Yet the order in which the country, hospital and doctor are chosen differ widely, determined by such things as cost effectiveness (for cosmetic surgery) or the qualifications of the doctor (for an organ transplant). The researchers suggest that tourism authorities need to find out more about which demand factors are most important to what medical tourists – through such measures as surveys – to understand better how they make their decisions and what can be done to influence them.

### What Affects Supply?

On the supply side, the basic factors include the destination’s infrastructure, communications and the promotion of medical tourism by the government. The researchers argue that a supply side perspective involves focusing on “how an individual medical tourist’s requirements interact with the activities of the private, public and governmental sectors of medical tourism destinations during the selection procedure”.

The specific objective of supply side considerations should be to gather “valuable information on medical tourism institutions in terms of promotional activities and infrastructure and superstructure development”.

Once that information is gathered, the active government promotion of medical tourism is crucial. The researchers explain that the Thai government, for instance, realises the importance of coordinating various government bodies, drawing together the ministries of foreign affairs and health, the promotional efforts of the local tourism authority, and the building of the appropriate infrastructure. This, they write, is “one of the major reasons for Thailand’s success in the arena”.

### Holistic Action Needed Now

Other countries and regions, including Hong Kong, could certainly benefit from following the Thai lead on the supply side of medical tourism. Yet doing so without considering the demand factors and how they relate to the destination would not lead to any insights into how demand and supply considerations interact when medical tourists make their decisions. Writing of that interaction the researchers state plainly, “tourism organisations can no longer ignore it”.

#### Points to Note

- Medical tourism is a US\$60 billion global business.
- The sector provides opportunities for expanding medical and hospitality services.
- An understanding of both demand and supply factors is crucial to sustaining the sector’s growth.
- Such an holistic view will reveal the decision-making process of the medical tourist and aid in destination marketing and planning.

Heung, Vincent C. S., Kucukusta, Deniz and Song, Haiyan (2010). “A Conceptual Model of Medical Tourism: Implications for Future Research”. *International Journal of Travel and Tourism Marketing*, Vol. 27, pp. 236-251.