

Press Release

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PolyU Study Finds Opportunities Abound for Medical Tourism in Korea

To maximise the potential of its medical tourism industry, Korea needs to maximise its strengths, “utilise its opportunities, overcome its weaknesses and prepare for threats”, argue Drs Samuel Seongseop Kim and Jinsoo Lee of the School of Hotel and Tourism Management (SHTM) at The Hong Kong Polytechnic University. In a research paper published with a co-author, the pair investigate the general trends in the medical tourism market and how they affect Korea. By identifying the strengths and weaknesses in the Korean medical tourism industry, they show the path the country could take to “become one of the premier destinations for medical tourism” in the world.

Medical tourism has become an increasingly important sector in recent years. In 2010, six million tourists from the US alone travelled abroad to receive medical care, and this number is expected to increase to 23 million by 2017. The researchers note that approximately 45% of medical tourists from the US travel to Asia, attracted by the relatively low cost of medical care. Asian medical tourists are also a huge potential market, as “93% of all medical tourists originating in Asia remain in Asia”.

This is at least in part due to the economic fallout from the Asian financial crisis in 1997. The researchers comment that with “stunted national and regional economies”, several countries in the region began to promote medical tourism as “one means of increasing economic development”. Thailand and India, the “vanguards in the international tourism industry”, have since been highly popular with medical tourists from both the US and Asia due to low costs and high medical standards.

Korea, however, has yet to fully benefit from the Asian medical tourism market. The researchers point out that the country did receive 81,789 foreign medical tourists in 2010 for an annual growth rate of 36%, but their spending on medical care amounted to only US\$100 million. Compare this to the US\$1.4 billion that foreign patients spent in Singapore during the previous year. Various challenges must still be met before the country reaches the “level of its advanced and well-established competitors”.

The researchers thus set out to fully understand the current situation in Korea and “suggest measures to secure a competitive advantage” over its competitors. They first analysed content related to medical tourism in Korean newspapers, magazines, advertising materials, websites and government documents, and then conducted in-depth interviews with experts in an “initial effort to explore the overarching characteristics” of Korea’s medical tourism industry.

Fifteen “primary stakeholders” from Korea’s medical tourism industry were selected to participate in the interviews, including two high-level officials from the Korea Tourism Organisation, eleven administrative staff members from the medical tourism sections of large hospitals and two plastic surgeons. They were asked questions focused on the traditional areas of SWOT analysis – strengths, weaknesses, opportunities and threats – such as “What opportunities could assist Korea in becoming a medical tourism destination in Asia?” and “What solutions can you suggest to overcome the obstacles and take advantage of the strengths or opportunities that you identified?”

Drawing on the information they gained from the interviews and publications, the researchers found that Korea has “high-quality medical staff and offers advanced medical services”. It is highly competitive in a number of areas, including cancer surgery, and is well known for its state-of-the-art technologies and medical staff in fields such as cardiovascular care, robotic surgery and stem cell treatments. Many patients seek treatment in hospitals that specialise in particular treatments, such as ophthalmology, fertility treatment and plastic surgery. These strengths are being further boosted by the Korean government’s strong support, with the aim of making the country “a major medical tourism destination”, according to the researchers.

However, Korea does have major weaknesses as a medical tourism destination. The researchers highlight the lack of promotion in the industry, explaining that efforts currently focus on highlighting “advanced medical technology or personnel”. Publicising the “outcomes of empirical medical research”, they argue, would lead to better evaluations of Korea’s medical institutions. Furthermore, government agencies and institutions are not centralised, with each local government having to “develop its own laws” and “implement its own policies”. Such disjointedness reduces the effectiveness of cooperative marketing ventures.

In overcoming these weaknesses, the industry would benefit from marketing strategies that differentiate it from its competitors in other emerging Asian economies. The researchers suggest that more patient-oriented services could be introduced, offering “one-stop services”. Medical institutions should also take advantage of the “cutting-edge IT offerings” that give them an advantage over counterparts in countries such as India, Singapore and Thailand.

Other areas for improvement according to the researchers include the lack of medical professionals in the industry. Needed are professionals who should ideally be “multilingual, understand other cultural backgrounds, and be competent in both medicine and tourism”. Further limitations are caused by the “lack of supporting legal systems for medical visa issuance, medical disputes, insurance, or indemnification”, with low levels of legal liability not conducive to attracting medical tourists in comparison to the situations in Thailand and India.

Conversely, the researchers identify opportunities for the Korean medical tourism industry, given that it is part of an international market experiencing “soaring demand”. Currently, the global market is “estimated to produce US\$60 billion in business” with an annual growth rate of 20%. The Korean government is aware of this situation and is providing strong support for the industry, recently implementing a number of “strategies that aim to attract more foreign patients”. Various institutions have also hosted medical

tourism conferences, international exhibitions and tour programmes, all of which the researchers note are “helpful tools for promoting Korean medical services”.

Nevertheless, various threats to the industry need to be overcome, including the continuing growth in established Asian destinations. Taiwan has also emerged as a new competitor, attracting Chinese patients from the mainland and overseas. Meanwhile, the number of visitors from the Middle East is expected to decrease as the quality of medical services in countries such as the UAE, Qatar and Saudi Arabia improve. The researchers also mention that the “anti-Korean cultural movement among Japanese far-right groups” has discouraged Japanese from visiting Korea for medical treatment, and that the “critical press in China” may put off visitors from the mainland.

A final point is that the researchers found the cost of medical treatment in Korea to be internationally competitive but still above what tourists could expect in destinations such as Thailand and India, mainly due to higher labour costs. The Korean government, they suggest, should “monitor the price” of medical services to address this threat and “maintain a transparent pricing system”.

Ultimately, the outlook for medical tourism worldwide is optimistic and the situation in Korea should be no different. Despite the weakness and threats identified, the researchers suggest that if the stakeholders in medical tourism cooperate effectively, the country will play an increasingly substantial part in the expected growth of medical tourism in Asia over the next few years.

Kim, Seongseop, Lee, Jinsoo and Jung, Jishim. (2013). Assessment of Medical Tourism Development in Korea for the Achievement of Competitive Advantages. *Asia Pacific Journal of Tourism Research*, 18(4), 421-445.

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