

Value Innovation in Medical Tourism

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Abstract

The global medical tourism sector is growing exponentially and is emerging as a major growth area in healthcare services. India has carved out a unique place for itself in providing low-cost and advanced global healthcare services. Medical tourism can be the next Indian success story after Information Technology if it succeeds in making the competition from other Asian countries irrelevant. However, the medical tourism industry in India cannot hope to gain sustainable competitive advantage if the healthcare providers and government agencies do not work in coordination and cooperation in this direction. The article accentuates that if India wants to position itself as a destination of choice in medical tourism, it will have to look beyond developing countries in Asia and Africa. India will have to create fresh market share in developed nations like America and Europe through targeted marketing activities focusing on FTA (foreign tourist arrivals) at its airports from these countries. Furthermore, practicing managers in the medical tourism sector must realize the important role played by the Internet in the growth of medical tourism and leverage information technology. The Indian state also has to play a critical role in fostering inter-state cooperation in developing medical tourism and make over unfriendly regulatory procedures into 'hospitality services' for international patients.

Keywords: medical tourism, marketing mix, value innovation, India, web portal, regulations

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A recent study by Ehrbeck, Guevara, and Mango (2008) had estimated that worldwide Medical Tourism is a USD 100 billion industry. Asia has ample opportunity to catch up and grow further in the years ahead going by this forecast. Many countries in our neighborhood have suddenly woken up to this golden opportunity that has the potential to give the necessary economic boost following recession. On April 23, 2014, Dubai Health Authority (DHA) rolled out its ambitious Medical Tourism Strategy with the objective of assisting Dubai to boost its economy by upto Dh.2.6 billion by 2020 (Saber, 2014). Likewise, other countries like Philippines, Malaysia, Singapore and South Korea have put in place government-supported Medical Tourism programs to capitalize on this growth opportunity.

The National Health Policy (2002) document had, even though belatedly, noticed these far reaching changes happening in Global healthcare arena and had mentioned that “secondary and tertiary facilities available in India are of good quality and cost-effective compared to international medical facilities. This is true not only of facilities in the allopathic disciplines, but also of those belonging to the alternative systems of medicine, particularly Ayurveda”. Subsequently, a research report was published by Indian Institute of Tourism and Travel Management (IITTM) in 2011. According to this report, Africa and the Middle East are the main source markets for India's medical tourism industry. Other studies have shown that India's efforts to become a destination of choice for medical tourism has only fructified to some extent in its neighborhood with patient inflows from

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developing countries like Pakistan, Bangladesh and Maldives (Neelakantan, 2003). However, the real challenge for India is to succeed in penetrating the highly lucrative USA and European markets.

Objective of the Study

To identify areas that medical tourism stakeholders in India must focus on to gain sustainable competitive advantage.

Growth of Global Medical Tourism

Medical tourism is a niche area in the tourism sector where people travel beyond their borders to obtain medical, dental and surgical care while simultaneously being holidaymakers (Connell, 2006). The growth of medical tourism in the developing countries can be traced back to globalization, usage of internet technology and healthcare service being accorded the stature of market 'commodity' for foreign patients who want to shop for healthcare services beyond their country's borders. From the economical dimension, relatively cheaper medical cost in developing countries (Connell, 2006 ; Lin, 2010), reduced cost of air fare and exchange rates are identified as the chief factors that contribute to the growth of medical tourism industry in the developing countries (Chambers & McIntosh, 2008). Looking from the technical angle the factors that impelled Medical Tourism to developing countries were the availability of well trained physicians, especially educated from the West, improvement of technology, increased standards of medical facilities, personalized post operative care, hygiene, safe medical services compatible to western standards (Chambers & McIntosh, 2008 ; Connell, 2006) and less waiting hours (Lin, 2010). These factors became predominant market drivers for the emerging medical tourism industry as we see today.

Advantages for India in Medical Tourism

India has many distinct advantages which no other country in the world can easily replicate. Alongside the most advanced allopathic treatment facilities, comparable to the best anywhere in the world, India is also the proud inheritor of a well established and time tested Indian System of medicine 'Ayurveda'. India has some of the best quality medical tourism destinations with one of the lowest costs for treatments (Herrick, 2007). India's healthcare costs come to about 20 percent of what U.S. offers (Deloitte, 2008). There are many leading hospitals which have been accredited by Joint Commission International (JCI). The National Accreditation Board for Hospitals (NABH) has also accredited many Hospitals in India. India also has world class healthcare providers like Apollo Hospitals, Manipal Hospitals, Fortis Healthcare, and Wockhardt Hospitals.

The alternative healthcare services showcased to the world by India includes Ayurveda, Yoga, Panchakarma, and Siddha system of medicine, which are known to Indians since time immemorial. These alternative healthcare solutions have immense potential to contribute to global medical tourism sector. Today, it is not uncommon to find foreign patients coming to India solely to seek Ayurvedic treatment and not for allopathic treatment due to the popularity of Ayurveda abroad as a safe alternative. The case of Amala Ayurvedic Hospital & Research Center at Thrissur in Central Kerala, which is a Group hospital of the famous Amala Cancer Hospital and Research Centre established in 1978 as a nonprofit charitable institution is a pointer in this regard. Amala Ayurvedic Hospital is an accredited NABH, Green Leaf and Olive Leaf healthcare service provider where foreign patients from countries like Germany, Middle East, France, UK, Switzerland, USA, Canada, Italy, Sweden, Russia and Spain frequently visit for treatment as inpatients in the Ayurvedic system. This reputed Ayurvedic hospital has successfully leveraged the 8 Ps of Medical Tourism services marketing mix to carve out a unique position for itself on the global Medical Tourism map in Indian alternative medicines market (Nair, 2014).

Barriers to Medical Tourism in India

Even after having many inherent and comparative advantages, there are still several barriers to the growth of medical tourism in India. Non-portability of health insurance coverage and the non-recognition of Indian medical degrees abroad are two stultifying barriers to the growth of this industry. The other major obstacle in the growth and sustenance of medical tourism in India is harrowing experiences by the foreign visitor to India. This is chiefly due to cultural and linguistic differences, unscientific infrastructural designs in hospitals, accessibility issues, substandard accommodation and non-availability of skilled paramedics and other support manpower. The hygiene conditions of healthcare service providers are not upto the international standards in majority of cases. Harassment of foreign tourists as part of regulatory compliance by police and immigration officials is also hindering the growth of medical tourism in India (Sharma, 2013). Absence of proper coordination among key medical tourism industry players like tourism departments, airline operators, hotels and hospitals is a real challenge for the medical tourism sector (Shanmugam, 2013). Shortage of manpower that has knowledge of foreign languages is another challenging area that creates impediment in relations with foreign patients.

Foreign Tourist Arrivals for Medical Purposes

In India seriousness dawned about the immense potentiality and economic advantages of medical tourism primarily after the McKinsey-CII (2002) study of this sector. However, even after a decade of this study, India still has a long way to go before becoming a destination of choice for global medical tourism. India has not been able to capitalize much on its known strengths like skillful and qualified doctors, no or little wait time, good nursing staff, medical technology at par with world standards, low cost treatment, and so forth. This is abundantly clear from an analysis of available tourism data with the Ministry of Tourism in India.

Indian Tourism Statistics (2012) released by the Ministry of Tourism showed that there was a positive growth of 4.3% in Foreign Tourist Arrivals (FTAs) to the country over the figures of the same period during the previous year. The total Foreign Tourist Arrivals (FTAs) to India were 6.58 million. The top two tourist generating countries for India during the year 2012 were USA with 15.81%, followed by UK at 11.98%. However, the disembarkation card of Foreign Tourists at Indian Airports indicated that out of the total FTAs who arrived in India during the year 2012 only 2.6 % visited this country for medical purposes. This abysmally small percentage of FTA for medical purpose definitely does not augur well with India's medical tourism dreams and ambitions. The largest number of FTAs to India for medical purposes came from developing countries in South Asia, Africa and West Asia. However, FTAs for healthcare purpose from developed countries like North America, Western Europe and Australasia were negligible. This clearly indicates that the American and European foreign patients do not prefer India as a destination for healthcare even when they are visiting India in large numbers for other purposes like business, professional, holiday, recreation and visiting friends or relatives.

In order to achieve sustainable competitive advantage in medical tourism industry, India will have to look beyond developing countries in Asia and Africa and seek out fresh market share in developed countries or uncontested figurative 'Blue Ocean' countries if it wants to gain supremacy in global healthcare services by synergizing 'value' and 'innovation'. India must focus on making the competition irrelevant by enhancing value for buyers of healthcare services, thus reaching new and uncontested market space across the globe. Indian Medical Tourism Industry cannot hope to gain sustainable competitive advantage if the healthcare providers and Government agencies do not think strategically toward achieving value innovation by seeking to create blue oceans by simultaneously achieving cost leadership and differentiation (Kim & Mauborgne, 2005).

Balancing Value and Innovation

Medical tourism was a niche market with very few players and less competition. But, now the scenario is fast changing and this sector is becoming crowded with many competing countries in Asia focusing on this sector.

New players like Dubai and Philippines have entered this lucrative sector in a big way and rolling out value added packages to Medical Tourists. India has low cost advantage which is acknowledged world over. However, to achieve sustainable competitive advantage India will have to strike the right balances between low cost value-added healthcare services and differentiation through healthcare innovation by adopting technology. Telemedicine, use of cloud computing in healthcare, single stay rooms, specialty treatment, implementing ranking system for hospitals, 5 star facilities, secretarial support for foreign patients who are elite workers, hospital based spas, tourism activities, etc. are some of the strategies applied by healthcare providers to provide value innovation to the foreign patients. Alongside the value innovation the following important areas need immediate attention if India needs to gain sustainable competitive advantage:

(1) Targeting Foreign Tourist Arrivals (FTA): Many foreign patients come from the neighboring countries to India as it has highly advanced medical facilities which they lack in their home country. Moreover, the cultural assimilation is easier for neighboring country patients in India. Another reason why these patients prefer India is because it is costlier to travel and get medical treatment in developed countries like USA or UK. As such, India need not focus too much on this segment of foreign patients from our neighboring countries as they are naturally inclined to come to India due to the advantages they receive. The real market for India's healthcare service lies in the developed and rich Western and European countries and is very challenging. India should purposively target and market to Foreign Tourists Arriving from USA, Europe, Germany, France, etc., through concerted healthcare marketing activities at airports and other locations where foreign tourists visit.

(2) Promotion at Airports: The Tourism Ministry and medical service providers should promote medical and wellness tourism at international airports targeting FTAs from developed countries. The main reason for suggesting this is that air travel is the most preferred mode of transport for FTAs. In 2012, out of the 6.58 million foreign tourist arrivals in India, as per the Indian Tourism statistics, a majority of 91.7% FTAs arrived by air. Arrivals through land routes comprised tourists mainly from Bangladesh and Pakistan. The 5 metro airports alone, i.e. Delhi, Mumbai, Chennai, Kolkata and Bengaluru accounted for 75.4% of total FTAs in India in 2012. This pattern is unlikely to change much. Hence, promoting medical tourism in a big way at the point of landing inside India precisely targeting Western and European tourists will pay dividends in the long run to the Medical Tourism sector.

(3) Inter-State Cooperation: India will have to promote Medical Tourism destinations to Foreign Tourists who arrive at various State/Union Territories (UTs). There is disconnect between the State Tourism Departments and lack of sharing of Tourist related information amongst them in India. There is great disparity in foreign tourist arrivals in India. Some States have a high percentage of FTAs, whereas others with great potential are left far behind. For example, as per Indian Tourism Statistics (2012) the top 5 States/UTs in terms of FTAs were Maharashtra (5.1 million), Tamil Nadu (3.6 million), Delhi (2.3 million), Uttar Pradesh (2.0 million) and Rajasthan (1.5 million) with their respective shares being 24.7%, 17.2%, 11.3%, 9.6% and 7.0%. These 5 States/UTs accounted for about 69.8% of the total FTAs to the States/UTs in the country. In stark contrast, Kerala which is branded as God's Own Country with high brand recall and considered to be a top destination for general tourism, medical tourism and wellness tourism, curiously enough, had an individual FTA of only 3.83% share in national FTA, pushing it to the 8th position in all India ranking in 2012.

A state like Kerala can benefit from interlinking promotional activities with the support of Tourism Department with the States/UTs which are hub for FTA. If the objective of Ministry of Tourism is to promote India as a quality Healthcare destination across the globe it will invariably have to enhance coordination and cooperation between State tourism departments. The Union Government has the potential to influence more inter-state tourism partnerships and cooperation so that FTAs can be diverted to States having potential to become medical and wellness tourism destination.

(4) Medical Tourism Marketing Mix: Medical tourism niche sector grew primarily because internet technology provided a supportive platform for foreign patients to gain access to healthcare information in other countries and explore their medical expertise, facilities and comparative costs. The internet is inextricably linked with the rise and growth of Medical Tourism and is an important element in marketing strategy to gaining sustainable competitive advantage in global healthcare services. A professionally designed website (Portal) is indispensable. The web portal should be, apart from others, search engine optimized, user friendly, healthcare device integrated, quality rated, provide health information, integrated to payment gateway and should have international language translation facility.

For the internet savvy foreigners, the website (portal) is normally the first landing spot, before buying the air ticket to international healthcare destination, for exploring and learning about the facilities and treatment of the healthcare service providers. Unfortunately, Medical Tourism service providers are still adopting the traditional 7 Ps of marketing mix strategy consisting of Product, Price, Place, Promotion, People, Process, and Physical Evidence to market their services to international patients (consumer) ignoring the internet's predominance in this sector. This is a serious mistake as there is a contextual difference in Medical Tourism services marketing and other services marketing. Therefore, the traditional Marketing mix was extended specifically in the case of Medical Tourism to include another important P, that is, *Portal* (Nair, 2014). Accordingly, medical tourism services marketers should deliver value to the foreign patients (consumer) by packing their services in each of the 8 Ps of Medical Tourism services marketing mix: Product, Price, Place, Promotion, People, Process, Physical Evidence and Portal.

(5) Virtual Clinics : Technology has swiftly advanced to new frontiers. We are in the age of Cloud computing. Today, it is possible to have online remote consultation and monitoring for primary or secondary medical needs using 'Virtual Clinic' design architecture in cyberspace. Such 'Virtual clinic' model integrated with virtual pharmacy and smart phone healthcare device connectivity for supporting home monitoring and fitness scenario can replace the brick-and-mortar models and save costs for the healthcare service providers, helping them avoid setting up costly branches or clinics abroad. Post-treatment healthcare services requiring real time physical interventions abroad can be extended through tie-ups with international healthcare providers.

(6) Turning Regulatory Procedures into Hospitality Services : The medical visa, valid for one year, requires patients to register with the Foreigner Regional Registration Office within two weeks of their arrival, a process that is "insulting" and physically taxing for people suffering from serious health problems and not in line with the famous Indian ethos of '*atithi devo bhava*' (guest is god). A program of institutionalizing visits by India immigration officials to hospitals for registration and other regulatory matters concerning foreign patients should replace existing insensitive practices in India. Such an arrangement will set an exemplary example for public-private partnership in medical tourism sector and transform regulatory procedures into a hospitality service promoting goodwill amongst international guests.

Conclusion

The new visa regime announced by the Central Government is expected to salvage the dwindling Foreign Tourist Arrival numbers and boost the Tourism industry in India. For instance, Thiruvananthapuram and Cochin international airports will soon have electronic travel authorization (e-visa) facilities. T-VoA (Tourist Visa on Arrival) now restricted to 15 countries is to be extended to another 140 countries . This can be seen as a great opportunity for medical tourism sector. Globalized medical services generate foreign revenue and are needed to drive economic growth in India. This calls for a strategic response to competitive global conditions by all stakeholders in the medical tourism sector. In order to gain bigger market share in medical tourism industry, healthcare centers should venture into uncontested territories in developed countries and carve out new market spaces for themselves while sustaining the right balance between value and innovation.

Managerial Implications

To gain acceptance by international patients' as a destination of choice for Medical tourism the Indian practitioners and other stakeholders must be extremely cautious. Managers should realize the important role played by the internet in the growth of Medical tourism. The internet provides a channel for information, advertising and purchasing decisions made by international patients. To become a medical tourism destination of choice, the managers must improve their perspectives and indefatigably analyze their competitors' web portal and also seek out uncontested markets for development beyond developing countries. Managers must work towards value innovation for sustainable competitive advantage.

Limitations of the Study and Scope for Further Research

The research work is based on secondary data published in various research journals, leading news papers, websites and government reports. The results need to be validated using empirical studies.

Medical tourism sector in India is growing and future research is needed to help hospitals provide suitable service patterns and medical products/services that meet the needs and expectations of international patients. The internet has aided in the growth of Medical Tourism in a big way and India is reaping the benefit of this. However, there is a great scarcity of empirical evidence on the role, use and impact of internet and web portals on the behavior of international patients. Thus there is ample scope for future research on usage of websites, nature of information search, quality of information and influence of information on decision making by international healthcare consumers.

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