

Marketing Strategies for Promoting Medical Tourism in Thailand

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ABSTRACT

Thailand is considered to be among the global leaders in the medical tourism market which has grown rapidly in recent years but has faced formidable competition from Singapore, India and other countries. This exploratory research was intended to evaluate the current marketing strategies of healthcare providers and intermediaries through interviews with stakeholders and observation, and to propose effective marketing strategies for preserving and enhancing Thailand's position as a leading medical tourism destination. The paper identifies the strengths of Thailand's healthcare service providers and points to a number of problems that may reduce the growth opportunity of this industry. These include lack of practical government policies with regard to medical tourism and of other supporting regulations, lack of organization as a cooperation centre aimed at promoting the medical tourism industry as a whole, remaining low awareness of the opportunities presented by the industry among potential foreign patients, and a shortage of doctors and qualified medical staff. Measures for improvement are suggested.

Keywords: *medical travel, medical tourism, Thailand, marketing strategies*

INTRODUCTION

Medical tourism is a new form of niche market in the tourism industry which has grown rapidly in recent years. The term “medical tourism” describes tourists traveling overseas to obtain health care services such as medical, dental and surgical care. They may or may not combine treatment with visiting the tourist attractions of that country as well. The main groups of medical tourists come from the industrialized countries of the world, especially Western Europe, Japan,

the U.S., Canada and Australia, where the cost of medical treatment is very high and waiting times for some treatments may in some cases be months and even years (Connell, 2006). Today's medical travel is mostly associated with economically less developed countries, such as Thailand, India, Singapore, Hungary, Costa Rica etc (Awadzi and Panda, 2006), which provide not only low-cost high-standard treatment, but also the opportunity of combining it with a vacation in a popular tourist destination.

According to Suthin, Assenov and Tirasatayapitak (2007), the reasons for medical tourism gaining popularity in the above countries are as follows: 1. The long waiting lists in the developed countries, 2. The low cost of medical treatments in medical tourism destinations, 3. The state-of-the-art technology of health care services which have been adopted by the new service providers, 4. Affordable international air fares, and 5. The advance of the Internet and the emergence of new companies and agents to serve as middlemen between international patients and hospital networks which help patients to easily access price and any other information.

Thailand has emerged in recent years as one of the leaders in the industry. Data collected from 30 private hospitals by the Department of Export Promotion of the Ministry of Commerce shows the increasing number of international patients who have come to obtain medical treatment in private hospitals in Thailand. In 1997 only 120,000 patients came for medical treatment; since then, the number has drastically increased to 975,532 in 2003 and 1,356,000 in 2006 (see Figure 1).

The main competitors in the medical tourism industry of Thailand in Asia are: Singapore, Malaysia, India, and Hong Kong (Bangkok Bank, 2005). Thailand has a number of competitive advantages: it is already a well-known tourist destination; it was one of the first countries to enter the medical tourism market; it is known for its unique culture of service – the renowned Thai hospitality; and also provides high quality services by qualified staff at a reasonable price.

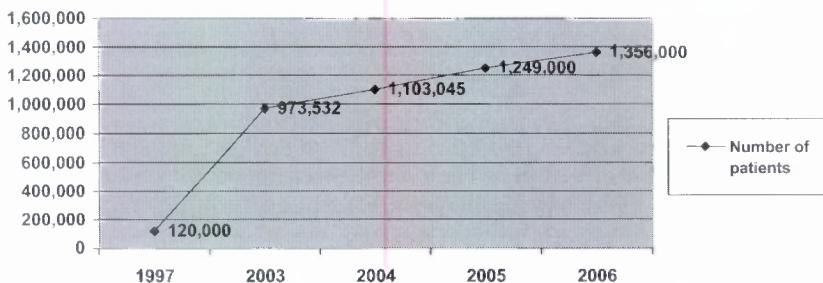


Figure1: Number of international patients in Thailand, 1997-2006

Source: Data collected from 30 private hospitals by the Department of Export Promotion, Ministry of Commerce (cited in <http://mrd-hss.moph.go.th/ac/download.asp>)

Under the guidance and regulation of the Ministry of Public Health, some Thai hospitals have been recognized and approved for the standards set by the Hospital Accreditation of both Thailand and International (Joint Commission International or JCI), and also other international standards such as ISO and Hazards and Critical Control Points Principle (HACCP).

The main competitors of Thailand in the region, as mentioned above, are India, Singapore and Malaysia. India, with its lower cost of health services, has emerged as an important competitor to Thailand. It had approximately 150,000 patients in 2004 and the Indian government predicted that this industry could grow by 13% per year in the near future (Kaur, Sundar, Vaidya, and Bhargava, 2007). However, it still lacks the quality standards and infrastructure, and suffers from a negative image due to the low hygiene and sanitation perception by travelers. Singapore has high living standards, there is strong government support for the medical tourism industry, English is widely spoken, and high quality medical services are offered at somewhat higher price than in Thailand, but are still much cheaper than in developed countries. In 2006, 410,000 patients traveled to Singapore specifically for healthcare and the country hopes to attract 1 million medical travelers annually by 2012 (www.singaporemedicine.com). Malaysia offers low prices for healthcare services, and as a predominantly Muslim country has competitive advantages, in particular in attracting patients from the Middle East (Tirasatayapitak, Suthin, and Assenov, 2007). According to the Association of Private Hospitals Malaysia (cited in Advertising and Publicity Division, Tourism Malaysia, 2007), the number of international patients seeking medical care in Malaysia has grown from 75,210 patients in 2001 to 296,687 patients in 2006 when they generated USD 59 million in revenue. Table 2, based on a publication by the Bureau of Policy and Strategy Ministry of Public Health (2007) of Thailand provides a comparison of the country with some of its major competitors.

In order to face the challenges of growing competition, Thailand needs, among others, to improve its marketing of healthcare services. Therefore, this research had the objectives of studying and observing the current marketing strategies of service providers in medical tourism in Thailand (public hospitals, private hospitals, clinics, and medical travel agents) and related parties such as the Ministry of Public Health, the Tourism Authority of Thailand (TAT), and the Provincial Health Authority, and to analyze and evaluate the marketing strategies of Thailand and its main competitors in the region (Singapore, India, and Malaysia) in order to come up with a proposal of effective marketing strategies to develop and promote medical tourism in the country. This is the first such study carried out in Thailand, and is expected to enhance knowledge as well as to contribute to the development of effective planning in the future and to enhance the co-operation between stakeholders.

Table 2: Competitive advantages: Thailand & Asian competitors

Competitive Advantage	Thailand	Singapore	India	Malaysia	Hong Kong
Service & Hospitality	xxxxx	xx	x	x	xx
Hi-technological Hardware	xx	xxxx	xx	x	xx
HR Quality	xxxx	xxxx	xx	xx	xxx
International Accredited Hospital	xx	xx		x	x
Pre-emptive Move	xx	xxx	x	x	x
Synergy/Strategic Partner	x	xx	x	x	x
Accessibility/Market Channel	xx	xxx	x	xx	xx
Reasonable Cost	xxxx	x	xxxx	xxx	x

Source: Bureau of Policy and Strategy, Ministry of Public Health, 2007 (retrieved from <http://203.157.19.191/HealthPolicy7.pdf>)

METHODOLOGY

This qualitative research employed semi-structured interviews to examine the current marketing strategies of Thailand's medical tourism service providers. Interviews took place with healthcare service providers (public hospitals, private hospitals, and clinics), medical travel agents and related parties, at several popular tourism destinations of Thailand: Bangkok, Phuket, Pattaya, and Koh Samui. Respondents were selected through purposive sampling, based on information from secondary data and the researchers' experience in the area, as well as observation of healthcare providers' websites. Criteria for inclusion in the interview list included: membership in the Thailand Private Hospital Association, the high number of international patients who received medical treatment, active marketing on the Internet, and non-medical care service provided to the patients. The interview topics included questions related to current and future target markets and marketing strategies, channel distribution, positioning, main competitors, threats to medical tourism in Thailand, industry collaboration, involvement of new stakeholders, medical travel packaging, and other relevant topics. In addition, observation of stakeholders' websites and online marketing of service providers of competitors (Singapore, India, and Malaysia) were used to accomplish the second objective of the study.

RESULTS AND DISCUSSION

The findings from the interviews with the healthcare service providers and observation of stakeholders' websites about the current marketing strategies used by Thailand's health care service providers are described based on the 7 Ps of

the marketing mix proposed by Kotler and Armstrong (2008) and the Chartered Institute of Marketing (2005): Product, Price, Place, Promotion, People, Process, and Physical Evidence.

Product

Thailand's healthcare service providers offer specialized treatments such as cardiovascular, cosmetic or plastic surgery, dental care, gender reassignment, general surgery, ophthalmology, orthopedics, and health checks in accordance with the needs of the patients in each target market. Well-trained medical staff and specialists and cutting-edge technology are used to reassure patients about the standard and high quality of medical treatment. The quality of treatment in a less developed country is the major concern raised by the medical travelers from industrialized countries. Most respondents commented that Thailand is still considered a developing country among Westerners, especially those who have never been in the country before, so the availability of high quality medical care services is not easily recognized – unlike Singapore, with its positive image as a high living standards country. However, the results of the previous research of Suthin, Assenov and Tirasatayapitak (2007) about satisfaction with the health service in Thailand indicated that most of the patients who had been treated were very satisfied with the facilities of the hospitals, the medical staff's professionalism, and quality of medical treatments and were willing to recommend these to their friends/relatives and spread word of mouth information to more potential patients. Another marketing strategy used by service providers is to create more value through services to differentiate themselves from their increasing number of competitors. Such services include developing and intensifying customer relationships through offering medical transportation both on land and air, serviced apartments for patients' relatives, cafés and restaurants, online immigration service, services for translating different kinds of languages, individual personal care services, one-to-one nursing care service, online services for medical arrangements, contact center, patient center, hotel selection, reservation, sightseeing tour services, internet and WiFi services, etc. The unique culture and the inborn characteristic of genuine hospitality of the Thai people are highly regarded among the foreigners and are special and difficult to find in other countries. The quality of Thai hospitality and its importance in differentiation were also confirmed in reports by the Bureau of Policy and Strategy, Ministry of Public Health (2007), and the Boston Consulting Group (2008).

Price

Thailand's healthcare service providers have a competitive advantage due to their high standard of medical treatment and services offered to the patients at a very

competitive price. Singapore offers medical treatment at a higher price than Thailand because of its positioning with high end complex quality acute care (Boston Consulting Group, 2008). India offers lower prices than Thailand but still has the negative image of poor hygiene and sanitation. Kaur et al. (2007) stated that in India complicated medical procedures are being carried out at only one tenth of the cost in industrialized countries, but in terms of infrastructure facilities such as roads, sanitation, power backups, accommodation, and public utility services much more is needed for the country to become a medical tourism destination. Malaysia offers prices lower than Thailand, partly due to the favorable exchange rate but its focus is mainly on the Muslim patients from Indonesia, Brunei and the Middle East.

While costs themselves are competitive enough, problems arise from overcharging and overpricing of treatments by some Thai healthcare service providers. Some patients complain of hidden costs that are not announced in advance. The costs of medical services are also rising due to the high taxes on imported medical technology or equipment. Therefore, the government has to come up with a tax incentive policy which can not only solve the issue of the cost but further encourage the healthcare service provider in the development and implementation of high quality products and services. A good example is given by the Malaysian government which provides tax incentives for building hospitals, using medical equipment, training, promoting services, etc. to encourage development of the healthcare industry (Leng, 2007).

Place

The internet is the main means for disseminating information related to healthcare services offered by Thai healthcare service providers. It is the most effective and inexpensive way to reach its target customers with its product directly and at the same time help the patients acquire correct and valuable information and allow them to make an informed decision. Informative online marketing of each service provider creates awareness of the medical treatment available and reassures potential patients. Interactive communication, treatment description, description of services and facilities, quality assurance and other concierge services are used on the websites to attract the patients who are on a medical traveling program. At the moment Thailand does not have a central organization to publicize valuable information on the health care services to medical travelers. Singapore established an outstanding website www.singaporemedicine.com as the center of the country's healthcare services. It aims at promoting Singapore as a world class medical tourism destination, and has proved very successful in this respect. The Thai government should support or set up an official central website which combines all major healthcare service providers together, for a focused promotion of medical tourism in Thailand to the international market. Such a website would provide information

on treatment, facilities, links to healthcare service providers, medical travel agents, and could handle inquiries from overseas patients.

Agents in the target countries are also used as representatives to provide information and advice to patients on their treatment. The agents work as the center between patients and hospitals for screening cases, sending all necessary medical reports of the patients to the hospitals, spreading word of mouth information, serving as a source of assurance, proving the reliability of hospitals, etc. Some respondents expressed concerns about the services of the medical travel agents, with regard to low accuracy in the medical correspondence and over-promising to the patients which both lead to patients' subsequent dissatisfaction and create a negative image of the medical service provider. Therefore, healthcare service providers should choose high standard, professional and ethical agent partners to promote their healthcare services as accurately as possible. It is also recommended that the agent partners should be invited on a familiarization visit by the healthcare service providers in order to be able to disseminate correct and valuable information to the medical travelers.

Promotion

Attending trade fairs, travel markets/travel fairs, exhibitions, seminars and conferences were used by the health care service providers to communicate their products and services to the customers. Some of the trade fairs, travel markets/travel fairs, and exhibitions were organized in cooperation with TAT, the Ministry of Foreign Affairs, and the Department of Export Promotion (DEP). But some providers participated on their own or with local organizations, local institutes, medical schools, and universities in those target countries to establish collaboration and to promote the available medical care services. Observations indicated that the strategies to provide various information resources and promotional services were implemented on the websites, so that patients seeking medical treatments abroad could regularly visit to discover medical service promotions, the latest developments of the medical service providers and also to gain confidence in using their services in Thailand. The government and TAT should come up with various supports and encourage more health care service providers to participate in the trade fairs, travel markets and exhibitions in order to promote their products and services. Moreover the media, journalists, travel writers and book writers should be used to as a tool to develop a positive image abroad. These could be invited for a free trip to the country and to specific medical facilities. A strong network into overseas countries, e.g. through joint venture partnerships, is also a measure to build the image of the products and services of the Thailand. It is recommended that the Thai government and the healthcare service providers cooperate more and work together in maintaining the current standard of high quality products and services and further develop and expand the image of the country as the "Medical Hub of Asia".

People

Another strategy that health care service providers use to attract the international patients for their treatments in Thailand is to emphasize its well-trained medical specialists, with degrees from well-known overseas institutes. It was acknowledged by all the health care service providers that having specialized and qualified doctors and staff proved a competitive advantage for the hospitals. This has been observed, for example on the websites of Bumrungrad hospital and Bangkok hospital, where the qualifications of doctors and hospital nurses and the medical staff were intensively promoted to attract and capture potential patients. However, a shortage of doctors and trained medical staff was the major concern currently commented on by the respondents. Moreover, language communication skills – sometimes of doctors, but more often of nurses, receptionists, and other relevant staff – and misunderstanding of the patients' culture were still considered a problem and challenges for the medical tourism business for both hospitals and clinics. Communication problems can lead to misunderstandings between the patients and the medical staff and possibly to wrong diagnoses or unsuitable treatment. These issues need to be addressed immediately by the Thai government and the health care service providers. Development of the education curriculum in the medical field should be emphasized and people encouraged to pursue and specialize in medical studies by offering various scholarships for studies in the country and abroad.

Process

Patients who seek medical treatment abroad are mostly concerned with the quality of treatment and often want to make sure the hospital they select is licensed and preferably accredited by a recognized international organization that audits medical quality. The process of acquiring an international accreditation with Joint Commission International (JCI) is one of the marketing strategy tools for the health care service providers in Thailand. Such accreditation recognizes that the practices of the doctors, nurses, medical assistants, the management team and the facilities of the hospital meet or exceed the standards of medical facilities in the US. The websites of the major hospitals aim to convince visitors of the quality of the products, services and facilities through showing their awards and accreditations such as JCI, ISO and others received from the international organization and the government. So far in Thailand, Bumrungrad International Hospital, Samitivej Hospital, and Bangkok Hospital Medical Center have attained JCI accreditation, compared to 11 hospitals in Singapore (accounting for one-third of all JCI-accredited facilities in Asia), and eight hospitals in India (The Boston Consulting Group, 2008). There are other hospital assurance schemes and awards which are also important to guarantee the quality of medical care services, such as Thailand Hospital Accreditation Program (HA) conducted

by the Institute of Hospital Quality Improvement & Accreditation, and ISO. In order to compete with the competitors both Government and Health care service providers need to work in cooperation to further develop and enhance the medical infrastructure, quality of products and services, management, etc. of many more hospitals and clinics which should acquire similar international accreditations. This will not only increase the number of visitors but will boost the image of Thailand as a medical tourism destination.

Physical Evidence

Having developed its healthcare industry actively relatively late, Thailand's healthcare service providers have had the advantage of learning and understanding the needs and desires of patients better. The service providers have developed and constructed outstanding hospitals equipped with the latest advanced technologies, good ambiance with spacious and luxurious rooms, and excellent amenities. This provides a competitive advantage over other medical providers to market and gain the confidence of the patients in choosing the hospitals. It has been observed that major health care providers have developed significantly both infrastructures and facilities; however, there is still a need for many other service providers to improve their infrastructure and facilities.

CONCLUSION

The medical tourism industry in Thailand is still growing and expanding in spite of the high competition. Both online and offline promotion tools were used to create awareness of the availability of high quality medical care and non-medical care services, reassure patients about the standards and quality of medical treatments, and offer alternative healthcare services for selection by potential target customers. This research identified a number of other issues related to the further promotion and expansion of the healthcare business in Thailand to the overseas markets. These include the need for practical government support and a common global strategy, adoption of appropriate laws and regulation, and facilitation in the visa extensions procedures. The need for more qualified specialists and staff, language training, cross-cultural training, and positive PR for Thailand that remove the "third-world country" image, the lack of collaboration among service providers and of an organization to work as the centre in this area are other relevant issues identified.

In order to maintain the high standards and to compete with the high competition emerging from new medical tourism destinations every year, the researchers hope that these issues will be given immediate attention and addressed responsibly and appropriately by the Government, medical services provider and the other related stakeholders in the near future.

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