

Medical Tourism in Thailand and Its Marketing Strategies

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Abstract

Thailand has emerged as a leading medical tourism destination in recent years. The increase in the number of international patients shows that Thailand has great potential for medical tourism and the improvement of its marketing strategies will further increase the image of Thailand as a medical tourism destination. In order to face off the challenges of growing competition from India, Singapore, Malaysia and other destinations, Thailand needs among other things to improve its marketing as a favourite medical tourism destination in the region. Therefore, this exploratory research was set 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. This qualitative research employed semi-structured interviews to examine the current marketing strategies of Thailand's healthcare 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, and Pattaya. Respondents were selected through purposive sampling. In addition, observation of stakeholders' websites and online marketing of service providers of competitors (Singapore, India, and Malaysia) took place. The paper identifies the strengths of Thailand's healthcare service providers and points at 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 shortage of doctors and qualified medical staff. Measures for improvement are suggested.

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

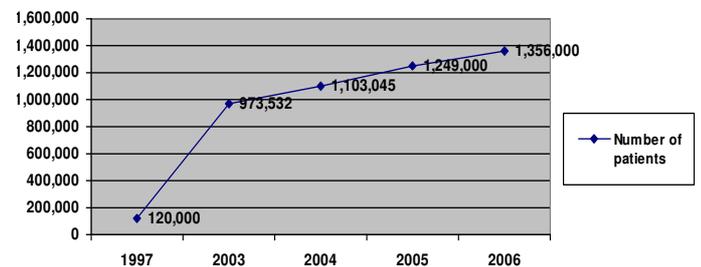
1. Introduction

Medical tourism is a new form of a niche tourism market which has been rapidly growing in the recent years. The term “Medical tourism” describes tourists who travel to overseas countries to obtain healthcare services and facilities such as medical, dental and surgical care whilst having the opportunity to combine it with visiting the tourist attractions of that country. The main groups of Medical tourists come from the industrialized countries of the world especially Europe, the UK, Middle East, Japan, U.S. and Canada where the cost of medical treatment is very expensive and there are often long waiting times for treatments [1]. Other than Thailand, countries that are currently promoting medical tourism are Bolivia, Brazil, Belgium, Cuba, Costa Rica, Hungary, India, Israel, Jordan, Lithuania, Malaysia, Poland, Singapore and South Korea.

The main reasons for the growing popularity in medical tourism are: 1.) The long waiting lists in the developed countries, 2.) The low cost of medical treatments in developing countries, 3.) The affordable international air fares and favorable exchange rates, 4.) The Internet; with the development of communications, new companies have emerged who acts as middlemen between international patients and hospital networks, giving patients easy access to information, prices and option, 5.) The state-of-art technology that has been adopted by the new healthcare services [2].

Thailand has emerged in recent years as one of the leaders in the industry. Data collected from 30 private hospitals by Department of Export Promotion of Ministry of Commerce shows the increasing number of international patients who came to obtain the medical treatments 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).

Figure 1
Number of International Patients in Thailand,
1997-2006



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

Thailand has a number of competitive advantages: it is already a well-known tourist destination; it is one of the first countries which entered 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. 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).

Thailand's main Asian competitors in the industry of medical tourism are India, Singapore, Malaysia and Hong Kong [3]. India, with its lower cost of health services, has recently 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 [4]. Despite this, India still lacks the quality of standards and infrastructure, and suffers from a negative image due to the low hygiene and sanitation perception of travelers. Singapore has high living standards, a strong government support for the medical tourism

industry, excellent English speaking communication and high quality medical services. Their services are offered at somewhat higher prices 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 also offers low prices for healthcare services, and as a predominantly Muslim country has a competitive advantage in attracting patients from the Middle East [5]. According to the Association of Private Hospitals Malaysia [6], the number of international patients seeking medical services in Malaysia has grown from 75,210 patients in 2001 to 296,687 patients in 2006 and generated 59 million USD in revenue.

In order to face off the challenges of growing competition, Thailand needs among other things to improve its marketing of healthcare services. Therefore, this research was set with the objectives to study and observe 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 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 effective planning in the future and to enhancing the co-operation between stakeholders.

2. 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, and Pattaya. 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 Thailand Private Hospital Association, high number of international patients who received medical treatments, active marketing on the Internet, and non-medical care serviced 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) was used to accomplish the objectives of the study.

3. Results and Discussions

The findings from the interviews with the healthcare service providers and observation of stakeholders' websites about the current marketing strategies used by Thailand's healthcare service providers are described based on the 7 Ps of marketing mix: Product, Price, Place, Promotion, People, Process, and Physical Evidence [7], [8].

Product: Thailand's healthcare service providers offer a wide range of tertiary and elective medical treatments such as Cardiology, Orthopedic, Cosmetic and

Plastic surgery, Dental care, Eye treatment, and etc. to attract the international patients. Well-trained medical staff with international board certification (US, UK, Australia, Germany, Japan) are considered as a valuable asset of the companies and used as an important tool to promote healthcare services. The patients of Bumrungrad Hospital and Bangkok Hospital Medical Center (the major player of Thailand's medical tourism business) can select their required doctors through their websites by name, gender, photo, medical qualification, their specialty, language spoken, and even the working day. Moreover, the cutting-edge technology and equipment available made by each service provider was also used as one of the major products in this industry. Quality of treatment in a less-developed and developing countries is the major concern raised by the medical travelers from industrialized countries. Most of respondents commented that Thailand is still considered as 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 of high living standards country. However, the results of previous research [2] about satisfaction with health service in Thailand indicated that most of the patients who have been treated were very satisfied with facility of hospitals, medical staffs' professionalism, and quality of medical treatments and willing to recommend to their friends/relatives which spread word of mouth information to more potential patients

Another marketing strategy used by service providers is to create more value through services. Superior value-added services have been created to differentiate themselves from their increasing competitors, increasing its efficiency, creating convenience for the patients, and developing and strengthening the customer relationships. These non-medical care services are services such as, on-line service for medical arrangement, travel arrangement, interpreter

services in many languages (Arabic, Burmese, Bengali, Bhutanese, English, French, Japanese, Korean, German, Spanish, Mandarin, Vietnamese, and etc), luxury service apartments for patients' relatives adjacent to the hospital, hotel selection and reservation, sightseeing tour services, medical transportation both on land and air, one-to-one nursing care service, and etc.

Major healthcare service providers in Thailand have started expanding their business to other countries by investing in and/or operating hospitals or medical center overseas. These hospitals function as a diagnostic center for screening cases and also for follow-ups in medical treatments. Bumrungrad Hospital invested in the newest private medical center in Manila, Philippines and is investing about US\$ 10 million into a new hospital in Dubai, as well as having plans to manage other two new regional hospitals in Yangon, Myanmar and Dhaka, Bangladesh to expand its operations in other potential countries. Moreover, Bangkok Dusit Medical Services Group (a listed holding company operates 17 hospitals in Bangkok, Pattaya, Phuket, and Koh Samui which also includes Samitivaj Hospital, Bangkok Hospital Center, and BNH Hospital) already operates the Royal Angkor International Hospital in Siem Reap, Cambodia and also has future plans of setting up diagnostic centers in Abu Dhabi, and the United Arab Emirates which will be a joint venture hospital network to the UAE and the Middle-East. It also plans to open a boutique hospital in Phnom Penh, Cambodia which will offer health check-up programs, investigating diseases and primary treatments as well as making referrals of patients to Bangkok Hospital Medical Center in Bangkok for further secondary treatments if needed in the near future.

Price: Thailand's healthcare service providers have a competitive advantage among their competitor due to its high standard of medical treatments and services offered to the patients at a very competitive

price. Singapore offer medical treatments at a higher price than Thailand because of its positioning as a high-end complex quality acute care [9]. India offers lower price than Thailand but still has the negative image of poor hygiene and sanitation. India complicated medical procedures are being done only at one tenth of the cost in industrialized countries but in terms of infrastructure facilities such as roads, sanitation, power backups, accommodations, and public utility services much more is needed for the country to become a medical tourism destination [4]. 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.

Place: Internet is the main means for disseminating information related to medical and non-medical care services offered by each of healthcare service providers (both hospitals, and clinics). It is the most effective and inexpensive way to reach the product to its target customers directly, and at the same time helping patients acquire correct and valuable information allowing them to make an informed decision. Informative online marketing of each service provider creates awareness of the medical treatments available and reassures potential patients. Interactive communication, treatments description, description of services and facilities, quality assurance other concierge services were also presented on the websites to attract the patient who are on medical traveling program. At the moment Thailand does not have a central organization to publicize valuable information on the health care services to the medical travelers. Singapore established the 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.

All the healthcare service providers mentioned that there is the increasing use of

agents in the target countries to be representative for them. These agents provide information and recommend the patients regarding their treatments to the hospitals. They work as a center co-operating between patients and hospitals for screening cases, sending all the necessary medical reports of the patients to the hospitals. And at the same time agents have the responsibility of advertising and doing marketing in those countries for healthcare service providers, spreading word of mouth advertising of service assurance and reliability. 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 overall patient's subsequent dissatisfaction and create negative image of the medical service provider.

Promotion: Most healthcare service providers particularly hospitals participate in travel marts, travel fairs, trade fair, exhibitions, seminars, conferences, and advertise in travel magazines in countries with the supporting from the government. With the cooperation from the Ministry of Public Health, Tourism Authority of Thailand (TAT), Ministry of Foreign Affairs, and Department of Export Promotion (DEP) organized these activities for promoting healthcare services to international markets. In addition, other informative materials such as brochures, booklets, video-cds, paper bags and t-shirt with logos were also used to create awareness of the available healthcare services as well. Moreover, some healthcare service providers build up cooperation with the local institutes, universities, medical schools in other countries to establish collaboration in education, exchange of knowledge and training as well as to promote their alternative healthcare services.

Advertising about medical and non-medical services in both local and international media are used by healthcare service providers. The advertisement has to

be based on Thai laws and regulations about how to advertise healthcare services. Media such as magazines, newspaper (both in Thai and English), television etc. are used to target local people and expatriates who work in Thailand. For the international market, most of respondents stated that they let medical travel agents do the marketing in each target country which is based on their professional background and knowledge about those people's behavior. Articles, video, news related to their high quality and standard of medical treatments and services, health issues, latest medical technology equipment, quality assurance/awards/accreditation available on their own websites and also to the international media. These help to create awareness of the available alternative medical treatments as well as to build up a positive image of the high quality and international standard of medical care in Thailand.

People: Another strategy that healthcare service providers use to attract the international patients for their treatments in Thailand is to emphasize its well-trained medical specialists, over with degrees from well-known overseas institutes. It was acknowledged by all the health care service providers that having specialized and qualified doctors and staffs 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 hospitality of nurses and the medical staff were intensively promoted to attract and capture the potential patients. However, shortage of doctors and trained medical staff was the major concern currently commented by the respondents. Moreover, language communication skills – sometimes of doctors, but more often of nurses, receptionists, and other relevant staffs - and misunderstanding of the patients' culture were still considered as problem and challenges for the medical tourism business for both hospitals and clinics.

Process: Patients who seek medical treatments abroad are mostly concerned with the quality of treatments and have to make sure the hospital they select is licensed and preferably accredited by a recognized international organization that audits medical quality. Therefore, acquiring the international accreditation with Joint Commission International (JCI) which recognizes that the standard of the hospital meets or exceeds the standard of medical facilities in the US was used as one of the marketing strategy tools by healthcare service providers. Currently, in Thailand Bumrungrad Hospital, Samitivej Hospital, and Bangkok Hospital Medical Center attained this JCI accreditation, compared to 11 hospitals in Singapore (accounting for one-third of all JCI-accredited facilities in Asia), and 8 hospitals in India [9]. 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. Moreover, the result from observation indicated that the websites of the major hospitals display not only JCI accreditation but also other awards and Thai government's accreditation treatments such as ISO, HACCP, HA (Thailand Hospital Accreditation Program), and so on to reassure the standard and their high quality of medical treatments.

Physical Evidence: Because the healthcare system has developed relatively recently in Thailand, it has been observed that the major healthcare service providers have developed significantly in both infrastructures and facilities. Most hospitals have a good ambience in their buildings with spacious, luxury rooms and excellent amenities same as that of a five star hotel for patients and relatives, and also come equipped with cutting-edge technology. This is a competitive advantage of Thailand in order to gain the confidence and build up the

trust of international patients, making a decision to choose Thailand as their preferred choice.

4. 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 had recommended marketing strategies for further promoting medical tourism in Thailand. These include building and promoting the image of Thailand as “High quality medical tourism destination”, creating and promoting new combination of medical tourism products, promoting as health and wellness destination, exporting healthcare business to other countries, keeping up the high standard of quality treatments at a reasonable price, providing informative online and offline materials and make them available to the potential customers, emphasize on patients’ testimonials (word of mouth), attaining the accreditation/standard to reassure the quality of treatments as well as emphasizing on the needs and demands of the existing target markets and also the potential target markets.

This research also identified some issues related to the development and expanding of medical tourism in Thailand which may slow down the growth of this business. The researcher hopes that these issues will be given immediate attention and addressed responsibly and appropriately by the government, healthcare services providers and the other related stakeholders in the nearest future.

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