



School of Business,
Economics and Law
GÖTEBORG UNIVERSITY

**Medical Tourism and its Entrepreneurial
Opportunities
- A conceptual framework for entry
into the industry**

Sara Caballero-Danell and Chipo Mugomba

Graduate Business School

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Supervisor: Eva Gustavsson

ABSTRACT

9am: Kneecap replacement, 2pm onwards: Recovery on Phuket Island, Thailand. Surgery and leisure, a dream? Not any more. Medical tourism is where “tourists” primarily seek medical treatment abroad and afterwards the more conventional form of tourism experience related to leisure and relaxation in tourist places.

The combination of surgery and tourism seems to be a promising relatively new type of non-exclusive niche tourism. Factors contributing to this phenomenon include long waiting lists for surgery, costly healthcare, a natural progression within health tourism and globalisation.

The structure of our thesis is divided in three parts 1) a market description of the medical tourism reality, 2) development of an entrepreneurship-based conceptual framework related to market entry into a medical tourism as a niche market and, 3) superimposition of the latter on the former to serve as a guide for entrepreneurs entering medical tourism.

Salient features of our analysis indicate that while there is an absence of a global governing institution neither regulating nor endorsing medical tourism the niche market provides lots of investment opportunities, moreover there is room for more specific academic research within medical tourism.

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Chipo Mugomba

Sara Caballero Danell

TABLE OF CONTENTS

<u>1</u>	<u>INTRODUCTION</u>	<u>1</u>
1.1	BACKGROUND.....	1
1.2	MEDICAL TOURISM.....	2
1.2.1	MEDICAL TOURISM DESTINATIONS	3
<u>2</u>	<u>PROBLEM ANALYSIS & RESEARCH QUESTION</u>	<u>5</u>
2.1	PROBLEM ANALYSIS	5
2.2	RESEARCH QUESTION	6
<u>3</u>	<u>METHODS.....</u>	<u>8</u>
3.1	DATA COLLECTION.....	8
3.1.1	SUBJECT DEVELOPMENT.....	8
3.1.2	RESEARCH DEVELOPMENT	9
3.1.3	DATA COLLECTION SOURCES	14
3.2	ANALYSIS	15
3.2.1	DATA TYPOLOGY.....	15
<u>4</u>	<u>MEDICAL TOURISM: MARKET DESCRIPTION.....</u>	<u>17</u>
4.1	PRODUCT.....	18
4.2	SOCIAL ISSUES.....	19
4.3	LEGAL FRAMEWORK.....	22
4.4	CONSUMER BENEFITS.....	25
4.5	TARGET MARKET	26
4.6	BRANDING	29
4.7	INFRASTRUCTURE	32
4.8	DISTRIBUTION CHANNELS	35
4.8.1	OPERATORS.....	36
4.8.2	INTERMEDIARIES.....	40
4.9	COMMUNICATION AND PROMOTION	42
<u>5</u>	<u>ENTREPRENEURSHIP: A LITERATURE REVIEW.....</u>	<u>46</u>
5.1	DEFINITIONS OF ENTREPRENEURSHIP AND ENTERPRISE CULTURE.....	47
5.2	ENTREPRENEURSHIP PERSPECTIVE	48
5.2.1	PORTER'S FIVE FORCES MODEL:	48

5.3	EXTERNAL ANALYSIS	51
5.3.1	SWOT MODEL	53
5.4	TARGET MARKET ANALYSIS	54
5.5	COMPETITIVE STRATEGY	55
5.6	MARKET ENTRY STRATEGY	56
5.7	POSITIONING.....	59
5.7.1	GENERIC STRATEGIES	61
<u>6</u>	<u>ANALYSIS</u>	<u>64</u>
6.1	EXTERNAL ANALYSIS	65
6.1.1	SOCIAL ISSUES	66
6.1.2	LEGAL FRAMEWORK	67
6.1.3	INFRASTRUCTURE	69
6.2	BUYERS	70
6.2.1	TARGET MARKET ANALYSIS	70
6.2.2	CONSUMER BENEFITS.....	71
6.2.3	COMMUNICATION CHANNELS	72
6.3	SUBSTITUTES	73
6.3.1	ANSOFF	73
6.4	SUPPLIERS.....	76
6.4.1	INFRASTRUCTURE	76
6.4.2	OPERATORS.....	80
6.4.3	INTERMEDIARIES.....	81
6.5	INDUSTRY COMPETITORS.....	82
6.5.1	COMPETITIVE STRATEGY	82
6.5.2	GENERIC STRATEGIES	83
6.5.3	BRANDING	84
6.6	POTENTIAL ENTRANTS.....	87
6.6.1	ANSOFF	88
<u>7</u>	<u>RESULTS</u>	<u>97</u>
<u>8</u>	<u>CONCLUSIONS.....</u>	<u>103</u>
	<u>REFERENCE LIST AND BIBLIOGRAPHY</u>	<u>105</u>
	REFERENCE LIST.....	105
	BIBLIOGRAPHY	109

1 INTRODUCTION

1.1 Background

The superficial view that tourists travel solely for pleasure seems somewhat redundant given that today there many tourism typologies; sport, leisure-seeking, religion or pilgrim pursuits, environmental, business amongst many others. Thus it is widely acknowledged that there are many complex reasons why people elect to travel (Dann, 2002). It has also been pointed out that for some tourist typologies ‘travel’ offers escapism from mundane daily routine, a chance to pursue relaxation or the opportunity to encounter a new culture. In medical tourism, “tourists” primarily seek medical treatment and afterwards the more conventional tourism experience related to leisure and relaxation in tourist places.

Today the culture of travelling abroad for cosmetic surgery has become common practice, typically with marketing and promotion in media forms that are health-related to or of a “well being” nature. Evidence is given by the extensive available research on the pursuit of well being within the field of health tourism, though often as an exclusive form of tourism largely because of the pricey connotations which accompany a relatively indulgent form of leisure. However the combination of surgery and tourism seems to be a relatively new type of non-exclusive niche tourism that promises to have significant growth over the next few years. The expected increase in medical tourism is largely due to the increase in cost of medical care in more developed counties, the long waiting lists for surgery and deteriorating standards of care in many developed countries due to diminishing staff levels and increasing pressure on current health systems due to ageing populations. Another reason for the increased levels of medical tourism may be the result of a natural progression or well being pursuits within health tourism; spa resorts, hiking trips (though these may fall in the sport tourism segment as well), yoga, meditation camps and boot camps or weight-loss health farms. Globalisation and improved communication technology (Sharpley, 2003)

as externalities within the global economy that may help to develop this kind of tourism since people from countries outside the hosting country, where health tourism is pursued, can access information about health treatments abroad and even consult with doctors and experts in foreign countries by video conferencing among many other such communication media.

Preliminary research of this subject area revealed significant material related to “health-care tourism” and “wellness tourism” both of which aren’t mutually exclusive to the scope of medical tourism. However to set delimitations for this study, we advocate that “wellness tourism” refers to spa & relaxation treatments and similarly related retreats where surgery is not involved. Whereas health tourism encompasses all treatments that enhance a state of well being, both internally and externally, from spa and relaxation treatments, cosmetic surgery to elective surgery and essential surgery which include essential procedures such as heart transplant or hip implants to remedy an injury or treat an illness. According to Connell (2006) the term “medical tourism” involves specific medical intervention. As a result to set further delimitations health tourism is the overall governing spectrum that includes both wellness tourism and medical tourism. Simply put wellness tourism and medical tourism are both subsets of health tourism of which the latter is the focus of this study. Thus advancements within the research of medical tourism will contribute to health tourism research in totality. Before we proceed with the medical tourism market description it is important to identify the formal definition of medical tourism used to guide the research of this study and the main destinations referred to during our research.

1.2 Medical Tourism

Almost two decades ago, Goodrich & Goodrich (1987:217) defined health-care tourism as “the attempt on the part of a tourist facility (for example a hotel) or destination (in Baden, Switzerland) to attract tourists by deliberately promoting its health-care services and facilities, in addition to its regular tourist amenities”. In

fact in 1999 a report, on regional healthcare, released by the European Union (EU) tipped medical tourism to be a lucrative industry for Europe with the dominant market operators cited as being Switzerland and Germany and the targeted consumers; wealthy individuals from the Middle East and Eastern Europe.

While the fundamentals of the definition remain valid, a combination of leisure and health-care, the facilities referred to 20 years ago generally included spas, resorts, hot springs, this definition seems somewhat exclusive in that it was for the select few i.e. those who could afford to engage in such leisure pursuits. Today authors such as Connell (2006:2) define medical tourism as a popular mass culture “where people travel often-long distances to overseas destinations (India, Thailand, Malaysia) to obtain medical, dental and surgical care while simultaneously being holidaymakers, in a more conventional sense...”. Another recent definition is made in the report *Medical Tourism: a global analysis* (2006), where medical tourism is described as any form of travel from one’s normal place of residence to a destination at which medical or surgical treatments is provided or performed. The travel undertaken must involve more than one night away from the country of residence. The focus of the second definition is on the nature of the treatment provided and the destination without making reference to the simultaneous pursuit of leisure. Thus the definition by Connell better serves the subject area of our study.

Medical tourism is the pursuit of medical care abroad and simultaneous engagement in more conventional forms of tourism.

1.2.1 Medical Tourism destinations

India is one of the countries that have deliberately set out to be a dominant medical tourism destination. According to Connell (2006:1), “India is capitalizing on its low costs and highly trained doctors to appeal to these medical tourists”.

The outcome of this deliberate policy show that in 2004 India had 1.8 million inbound medical tourists, making the industry's contribution to the economy an estimated USD333million. The growth of medical tourism is a growing phenomenon in other south Asian countries such as Singapore and Thailand where medical tourism is used boost the arrivals to their beach resorts.

According to reports India's medical tourism business operations are growing at 30 per cent per year with projected revenues of at least US\$2.2 billion a year by 2012. Other significant medical tourism destinations include Singapore, Malaysia and Thailand. Singapore's medical tourism marketing campaign is targeted to attract one million foreign patients annually thus increasing the GDP contribution of this sector above US\$1.6 billion, and Malaysia expects medical tourism receipts to be approximately US\$590 million in five years' time. Most of the dominant medical tourism destinations in terms of global revenues reside in the Asian region. Other well-established medical tourism markets contributing to regional Asia's dominance are Thailand and South Korea, whose contributions are predicated to set the medical tourism industry past the US\$4 billion mark by 2012 (Asia's Growth Industry, 2006).

During the course of this research we established that the following countries are currently promoting medical tourism: Bolivia, Brazil, Cuba, Costa Rica, Hungary, India, Israel, Jordan, Lithuania, Malaysia and Thailand, Belgium, Poland, Singapore and South Korea. The continual development of medical tourism as a niche market within the tourism industry, has led to the emergence and expansion of niche markets within medical tourism as different destinations have become specialized, with some offering dentistry, heart surgery, hernias or other medical treatments. This is the case in Eastern European countries such as Poland and Hungary where their specialization is dental care or South Africa with specialization in plastic surgery. In the Caribbean and South America this type of tourism is gaining popularity (Connell, 2006).

2 PROBLEM ANALYSIS & RESEARCH QUESTION

2.1 Problem Analysis

Being a niche market there are no obvious problems as this is a relatively new area to be explored. While substantial research on other health related markets such as wellness tourism of which Switzerland and Germany are traditional service providers of spa and wellness medical packages (Goodrich & Goodrich, 1987:217), little academic research has been done on this particular niche market beyond the exploratory stage. However there is increasing availability of literature in the mainstream media i.e. print, electronic media and the Internet, illustrating the growth this form of tourism. This lacking of academia interest in medical tourism both necessitates and validates this study within the medical tourism niche market.

A preliminary literature research on medical tourism suggests that since as a niche market the sector has enormous potential for further expansion. Medical tourism, for the purposes of this study, has been subdivided into two categories; cosmetic surgery provision and leisure and non-cosmetic surgery provision and leisure. Cosmetic surgery candidates pursue procedures to fix or enhance their physical appearance. Procedures such as liposculpture, breast re-shaping, plastic surgery and band surgery among others fall into this category. Within the realm of non-cosmetic (both elective and essential) surgery, which is invasive in nature, it is relatively intensive and pursued for well-being and longevity motives. Intensive in the sense that the consumer decision-making process is quite long, emotionally involving, requires a lot of information, economic costs may tend to be higher. Generally this category includes 1) neurosurgery, 2) vascular surgery and 3) surgical removal procedures. Although it is acknowledged that there will be some similarities in packaging for both cosmetic and non-cosmetic medical treatments, there are many implications to be considered: perhaps different forms of media

(that which is deemed appropriate) may be used to market the packages and the nature of the tourism/surgery package itself in terms of additional information supplied to influence the consumer decision-making process.

A synopsis of medical tourism shows that currently there is a lack of identifiable stakeholders, global governing legislation and a concise benchmark definition for medical tourism enterprises. In addition this is a form of tourism that relies on inputs from medicine, which is a knowledge specific industry therefore investment in medical tourism requires certain competencies. Sufficient knowledge within the medical care industry and know-how of marketing medical care and leisure together are also prerequisites for operation within this niche market.

2.2 Research question

We have chosen to explore the non-cosmetic surgery category of medical tourism. This will guide the course of our research of targeted medical tourism destinations. We will examine social issues arising from non-cosmetic surgery by providing a comprehensive market description of medical tourism and an understanding of the entrepreneurial opportunities in medical tourism. We have set parameters to guide this report towards the intended direction.

The nature of our study will be descriptive in that the purpose of the first part of the research will be to identify the market characteristics: scope, actors, target market and externalities such as legislation that affect the development of the niche market and seek to identify any significant patterns. Based on observations within the medical tourism market of key consumer markets, we will identify operating competencies required, innovative service packaging and other issues such as existing marketing and/or promotion restrictions of this type of product that may apply. This will contribute to the second part of this study which is an exploration of the ideal characteristics an entrepreneur should have to be

successful within this market niche. A renowned market analysis framework, *Porter's Five Forces*, used extensively in the marketing field, will be presented, discussed and applied to this study.

A lucrative niche market such as this with a positive forecasted growth, based on the current receipts being commanded by the Asian region as an established medical tourism hub, is bound to attract the attention of aspiring entrepreneurs. If "...history indicates that most new enterprise (or entrepreneurial activity) failures occur within the first five years of their life" (Castrogiovanni, 1996:803; Monk, 2000 as cited in Zahra & Pearce, 1994), then awareness of the many externalities and their relative influence is one of the prerequisites of success within the medical tourism niche market.

Therefore this study aims to provide a market overview of medical tourism for new entrepreneurs seeking investment opportunities in this sector. The purpose of this will be to determine whether, from the perspective of would be medical tourism entrepreneurs, the observed balance of power between medical tourism substitutes, suppliers of medical tourism, buyers of medical tourism, medical tourism competitors and the influence of potential entrants favour market entry.

Does the medical tourism niche market favour market entry by entrepreneurs?

3 METHODS

This chapter will provide a chronological order of all the steps of this research conducted for this study. First within Data Collection under the subtitle Subject Development, we will provide an explanation of how we found the thesis subject. Under Research Development a description of the conditions that dictated the type of research conducted will be given and how we selected the type of research conducted. In this chapter we will then explain what lead to the creation of a Medical Tourism market description model. Describing the exhaustive research conducted to attain market data will fulfil this. We will then go a step further to analyse the identified key stakeholders and issues in this market. This chapter will also explain how we conducted our literature review on entrepreneurship theories and models and the resultant creation of the conceptual framework used to analyse our synopsis of the medical tourism market. This will answer our research question, which will be presented in the results chapter of this thesis.

3.1 Data Collection

3.1.1 Subject Development

Our thesis subject was proposed after we found a news video on the Internet regarding the rise of a new industry: Medical Tourism. This video from CBSmsn® News explained how uninsured people in the United States were going abroad for surgery. Patients that need to wait long time before having the medical procedure in their home country were identified as the target market for this niche market. This article also not only cited countries that where investing in medical tourism by adding a leisure component after the treatment was done but also alluded to the growth expectations of this market. Nevertheless, this video while focusing on the present and future of this new nice market, didn't mention the origins of medical tourism or the different variants of the service offered.

Keyword analysis of the visual material revealed the most frequently used words as, among others; medical tourism, surgery abroad, India, Thailand, Medical outsourcers, under-insured patients U.S.

3.1.2 Research Development

There are three types of research according to Hair et al. (2003: 41); exploratory research design that focuses in collecting secondary or primary data using informal procedures to interpret them; a descriptive research design that collects raw data and creates data structures to describe the existing characteristics of a defined target population or market structure and finally a causal research design. This collects raw data and creates data structures to model cause-and-effect relationships between two or more markets. Given the niche market nature of the study subject, medical tourism, and the limited resources available for this study only exploratory and descriptive research was conducted.

While a descriptive research design is unable to provide measurable causes of the emergence of medial tourism medical or the relative effect of each cause it does expose points for consideration. Therefore the objective of the market description of medical tourism within this study are to analyze the status quo of medical tourism as a niche market, identify trends and anticipated changes, and to provide an understanding of the positioning of medical tourism to both the healthcare industry and wellness tourism. On selecting the topic area, to determine a structured analysis of medical tourism as a niche market the objectives of this research and specific information requirements relied on a combination of exploratory and descriptive research designs.

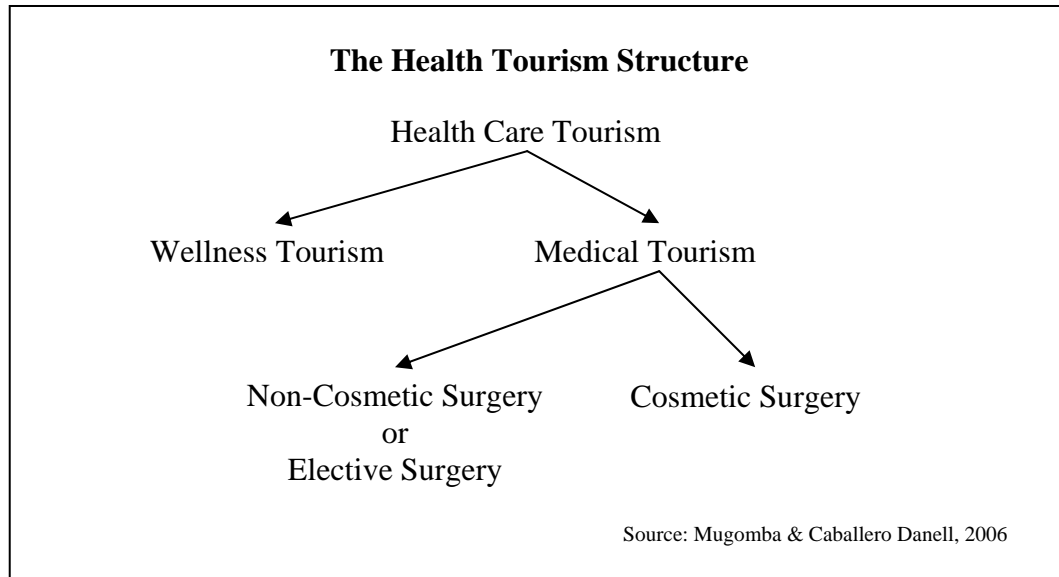
The first stage of our research was exploratory, using the secondary data sources from the subject development stage.

The first step entailed an exploration of secondary sources to develop the research framework. To begin with the resultant keywords from the subject development were entered into in academic databases such as Leisure Tourism, Business Source Premier and Science Direct using the Gothenburg University Library search engine and University of Newcastle Library, Australia, online journals search engine. Afterwards, we entered the same keywords into non-academic Internet search engines. A variety of data was found. The secondary data sources included newspaper articles, online news videos, web pages related to the medical part of the medical tourism service (hospital groups' web pages, electronic blogs of patients, intermediaries within medical care, and outsourcers), web pages related to the tourism part of the service and/or the destination (Ministry of Tourism, Chamber of Commerce, tourism resorts, tourism intermediaries) and other diverse pages related to medical tourism. The relative amount of data indicated that while there was an abundance of data in non-academic databases this was supported by insufficient academic literature.

The second step within the exploratory stage was to develop academic credence to justify our research. Using keywords observed with significant frequency during the first step of the exploratory stage and the keyword analysis in the subject development, we entered "wellness tourism" "spa tourism" "health tourism" in the same academic databases. There were two main characteristics of the results. 1) Most of the academic papers were from the 1980's and more related to the exploitation of wellness tourism in developed countries specifically in some parts of Europe. This service combined leisure activities with relaxation services such as spa and thermal baths, 2) Results indicated that the content of the secondary data collected could be categorised into three main sectors of health-related tourism and that between the categories there was a two-tier hierarchy. Health Care Tourism encompasses both Wellness Tourism and Medical Tourism and is thus on the top tier while Medical Tourism and Wellness Tourism are both on the second tier. Furthermore, within medical tourism, there are two typologies: non-cosmetic (both elective and emergency) and cosmetic surgery. Based on this tree diagram structure of Health Care Tourism (Figure 3), we set a definition of

medical tourism, in the context of our research, to guide us in our methodology and analysis.

Figure 1: The Health Tourism Structure



Hence, with the abundance of secondary data from non-academic data sources supporting this distinction between cosmetic and non-cosmetic surgery we decided to focus on non-cosmetic surgery since we considered the nature of it more interesting than the former type of medical tourism surgery.

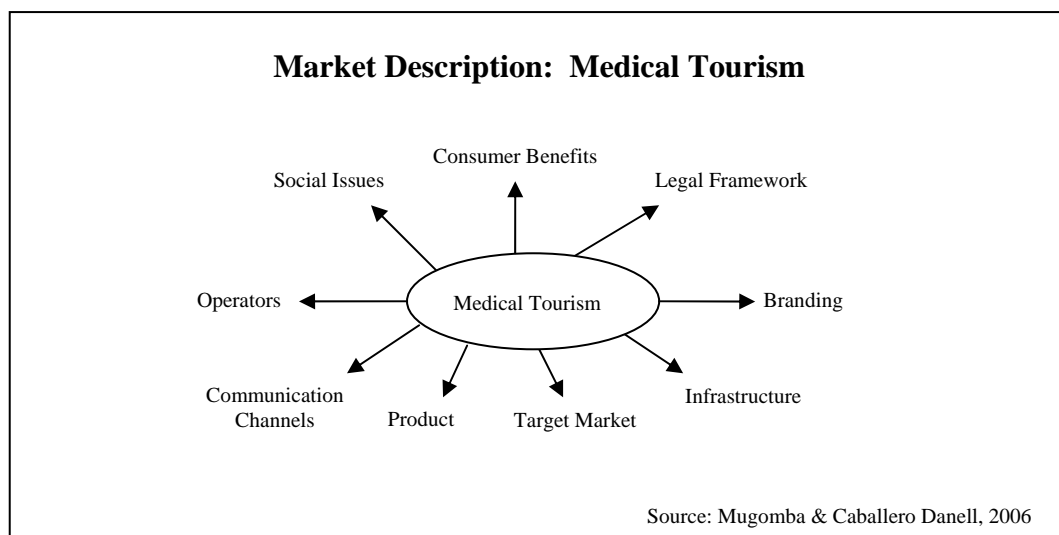
The second stage of our research was a descriptive analysis of secondary data sources (the ones referred to in the exploratory stage of the research and new relevant sources).

The exploratory research revealed that while we had defined medical tourism as the inclusion of non-cosmetic surgery the aim of the descriptive research was to identify the medical tourism market structure. In the descriptive stage, the secondary data sources were print media and visual media. Non-academic sources in print media were consumer magazines related to health, fitness, wellbeing and travel. These included; Cosmopolitan (UK edition & Sweden edition), the June-

November 2006 issues, Vagabond, the April-November 2006 issues and the Financial Times (hardcopy) August-December 2006. The same websites consulted in the exploratory research both within the subject development and the research development were analysed.

While the first step revealed sufficient and relevant data was collected to support this study, in terms of key stakeholders within medical tourism, destinations, experts, medical groups and the medical tourism product, the data revealed the absence of an identifiable medical tourism market structure. Therefore, based on the available data, we developed a market structure model of the medical tourism market, the “Medical Tourism Market Description” (Figure 4), which considers all the stakeholders involved in the production of the medical tourism service; Consumer benefits, Branding, Legal framework, Infrastructure, Product, Target market, Communication channels, Operators, Intermediaries and Social issues. All data collected was organised based on this data construction. This structure was used to analyse and describe market observations made as it is explained in the third chapter of this thesis.

Figure 2: Market Description of Medical Tourism



The second step within the descriptive stage was to develop the medical tourism market description by collecting specific information related to each stakeholder/category. We conducted an electronic media research using a combination of the words “medical tourism” and the name of each category, for example medical tourism and social issues or medical tourism and tour operators; that is “medical tourism” and “social issues”, “medical tourism” and “infrastructure” (but also “hospitals”, “hotels” “resorts” that are related to infrastructure), and so forth.

We also conducted a content analysis of medical group websites that offer holiday packages as a by-product. These websites gave us important information regarding the stakeholders involved in medical tourism. The method of collection entailed conducting a textual analysis of results generated within online search engines and accompanying advertisements when “medical tourism” was entered in Google©. The analysis of the market description can be found in the third chapter of this thesis.

To develop an entrepreneurship conceptual framework we conducted a literature review of Porter’s Five Forces Model and significant entrepreneurship normative models. Sources of data used were electronic bibliographic database, through the Gothenburg University Library search engine and the University of Newcastle Library, Australia, search engine. The books and textbooks consulted were entrepreneurship based with topics such as entrepreneurship policy, competitive strategy, marketing strategy, service marketing, tourism industry, social issues within tourism, among others. The journals used for this part of the research were Journal of Services Marketing, Journal of International Entrepreneurship, Journal of Academy of Marketing Science, Market Business Review, International Management Review, Scandinavian Journal of Hospitality and tourism, Journal of Tourism Management, among others.

Subsequently, to analyze the niche market in a way to answer the research question, we superimposed our medical tourism market description model onto the developed entrepreneurship conceptual framework, which is based on Porter's Five Forces model.

3.1.3 Data Collection sources

This study solely relied on the use of secondary data. What we have done is a content analysis of print information, such as magazines, visual information, including the type and amount of detail and visual elements communicated on official websites of medical groups, medical tourism intermediaries and official national tourism websites. These were ideal sources to expose the deliberate promotional images projected from a medical tourism destination.

To ensure fairly up-to-date secondary data of high quality for this study, only reputable and objective news publications that focus on world market trends and current news were analyzed both in the medical tourist generating countries and the medical tourism destinations. Another reason why these information sources were used is their relation to the tourism industry, the healthcare industry, and other industries or communities that are directly or indirectly benefiting from medical tourism. Some of the sources used were: The Financial Times, The Hindu Business Line, BBC news and CBS©.

For the data collection, considerations have been made as to what qualifies as relevant data type. This will set parameters for what constitutes as medical tourism and what constitutes a medical care outsourcing market. Regarding tourism destinations, to ensure data quality and validity, eligibility requirements were set after the exploratory stage. Within this study for a destination to qualify as a medical tourism destination it must satisfy all of the following requirements

- 1) It must have hospital and supporting infrastructure for international medical care
- 2) The destination must have developed infrastructure to support

conventional tourism 3) Target international markets and 4) It's marketing campaign must include promotion of medical care and leisure package preceding or following the medical procedure. Destinations that did not meet all of the requirements were rejected from the study.

The descriptive stage of the research based on medical groups' websites as a significant secondary data source revealed common attributes such as 1) International accreditation of medical facilities 2) International accreditation of medical staff 3) Medical procedure available 4) Comparative price quotes 5) Choice of website interface language 6) Local infrastructure and transportation services and 7) Tourist information on leisure packages. These attributes were generally observed on all researched websites with some citing more details than others.

3.2 Analysis

The developed entrepreneurship conceptual framework was used to analyse the data collected within the medical tourism market description model. The structure of the analysis was according to each of the five forces of Porter's model with a focus on the entry of entrepreneurs into the medical tourism industry as a well-grounded business move. The analysis of the niche market was twofold; 1) a holistic analysis of the market under the heading externalities and 2) categories of the medical tourism market description model were analysed under a specific force; buyers, substitutes, suppliers, industry competitors and the potential entrants.

3.2.1 Data Typology

Only secondary data sources were analyzed in this study for three primary reasons. 1) The nature of this study is exploratory, thus the focus is to provide a description of what constitutes medical tourism. The resultant market description

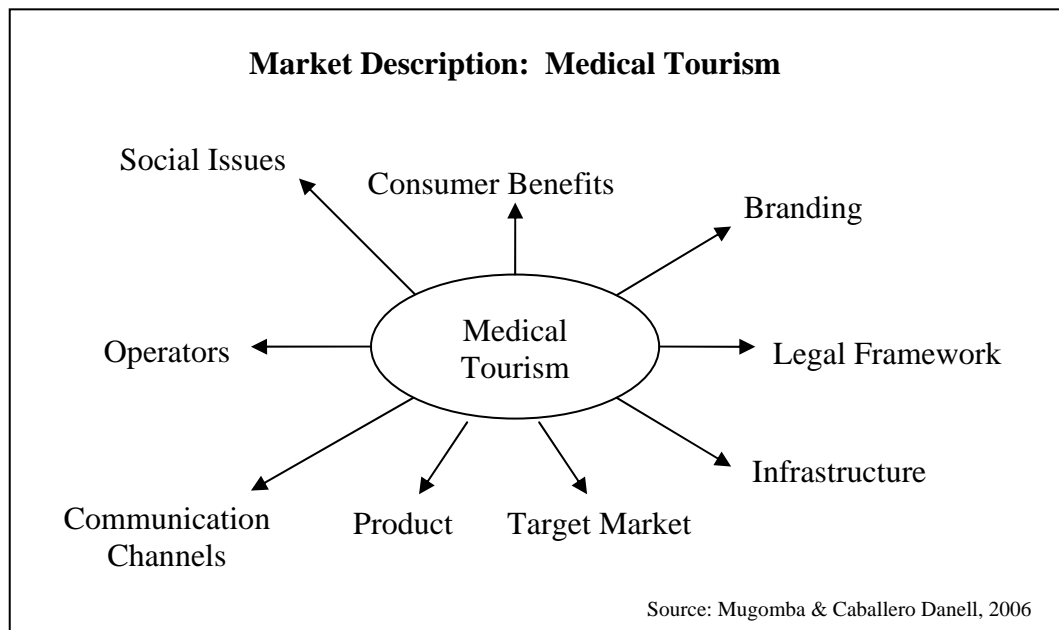
model developed may be used for subsequent studies by other authors in a defined area of medical tourism as purported by this study. 2) As the study was conducted in Sweden costs involved in travelling to the medical tourism destinations to collect primary data from the suppliers of medical tourism did not fall within the budget of this study. 3) The nature of seeking medical care abroad is a relatively private matter therefore finding recipients of medical tourism to make up a significant sample size would have been a challenge. In addition as the needs and motives for seeking medical care abroad range from elective surgery to urgent surgery necessary for quality of life, it would have been challenging to construct a survey or design interview questions that are both sensitive and informative.

4 MEDICAL TOURISM: MARKET DESCRIPTION

There are limitations on this study in terms of the amount of non-academic and academic articles related to the subject area of medical tourism. Although the term medical tourism and “wellness tourism” were equally interchangeable in Europe during the 1960’s and 1970’s, using the chosen definition of medical tourism in this study it is a market that has been established and is experiencing significant growth over the last couple years. Many of the sources used in our research not only provide their definitions of medical tourism but also show the variety and range of businesses that are involved in this type of tourism. Thus the market description is based on an analysis made of the medical tourism reality, what services operators offer, how countries market their destinations and package them with medical treatments, the social issues that have arisen and the effects of the absence of a legal framework to keep up with the development of the medical tourism niche market. The analysis also explains how infrastructure in medical tourism destinations are changing in order to host tourists that are also patients by giving special attention to the safety and technological requirements, among other things, in an effort to compete against medical institutions in various regions for the medical tourist’s disposable income.

To provide a better understanding of the current status of medical tourism and anticipated developments we have developed a map in order to document all information collected. This map is illustrated in Figure 1. Primary methods of research include analysis of electronic media and print media; newspapers, periodicals, magazines and academic material.

Figure 3: Market Description of Medical Tourism



4.1 Product

Researchers within field of medical tourism predict with more than 19million medical tourists reported in 2005, this figure will amount to approximately 40million global medical tourists in 2010 (Jeffery, 2006). While the medical tourism package may generally be divided into two main elements: the medical procedure and the holiday/leisure element there are ancillary elements that make the package possible. An analysis of four medical groups' websites indicates that the main consistent elements are of a package are; medical treatment, personally tailored leisure packages to aid healing, translators, luxury accommodation during the course of the treatment, car rentals, visa and foreign exchange expertise, coordinators and emergency medical assistance. The medical component of the medical tourism package may include any one or more of the following services, which would be complemented by a leisure component as well, either after or before the medical procedure.

Table 1: Types of Services provided in Medical Tourism

<p>Serious Illnesses</p> <p>Health control check Orthopaedic Heart Magnetic Resonance Dialysis Rheumatism Psoriasis Pain Management Rehab Neurology</p>	<p>Cosmetic Surgery Plastic surgery Skin Treatment</p> <p>Health Coaching Health control Balance week (stress treatment) Private-coach week (work-out treatment) Back in form (overweight) Re-start program (serious lazy asses) Stress treatment Massage and Spa Balanced diet – theory & practice Skin Diseases</p>
<p>Teeth Surgery / Treatment</p> <p>Bleaching with laser Teeth-coloured filling Ceramic Inlays Porcelain veneers Crowns and Bridges Implants Gums Treatment Dental Care (for adults and children) Dental Surgery</p>	<p>Sight Treatment</p> <p>Lasik surgery Eye Diseases</p>

4.2 Social Issues

Medical tourism yields many benefits for the economies of countries that choose to partake in the tourism industry. Apart from being good for the country's image, expenditures by in bound medical tourists contribute to national reserves of foreign currency thus increasing the host countries national income which ideally is re-invested into economy through the provision of public services. “The rewards to the tourist industry, and especially the hotel sector, are considerable” because of the often necessary stay required of the patient for recuperative

purposes (Connell, 2006:8). As a niche market within tourism the market description reveals while there are plenty of economic gains there are also many social issues surrounding medical tourism a few of which are discussed below.

Cuba is one such country that advocates medical tourism and has reaped economic gains. Cuba has specialized within the field of therapies for diseases that are hard or impossible to cure in other parts of the world. An elderly doctor Orfilio Pelaez, for instance, has become famous because of his therapy against 'retinosis pigmentaria', an eye disease that in time leads to blindness. In Miramar a Dr Carlos Miyares presides over a clinic for 'vitiligo', a skin disease affecting pigmentation. Foreign patients discharged from the clinic are enthusiastic with the capabilities of the medical treatment and facilities. Less enthusiastic are those Cubans suffering from the same diseases. The appeal of acquiring strong currencies gives foreign patients preference over Cuban patients. The experiences of a famous psychotherapist and neurologist Hilda Molina, testify to this. A director of a psychiatric hospital, in the 1990s and renowned for offering various types of existing therapies in combination, Dr Molina resigned when she was forced to reject Cuban patients in favour of foreign patients as the treatment proved to be quite popular. Today she works for an organization for independent doctors, which is reported to be regularly harassed by the police and has been made a social outcast (Pax Christi, 1999).

There are some sentiments that what medical tourism comes down to is subsidized MDC's (more developed countries) health care at LDC (less developed countries) rates. Generally the key countries identified thus far in this research that promote medical tourism are relatively less-developed such as India, Malaysia, Thailand, South Africa, Mauritius, Mexico and Antigua. According to the World Health Organisation (WHO) the ideal export strategy for health services in any country must be based on the principle that the primary obligation of governments is to provide universal coverage of health care to their local communities. Therefore the development of an export strategy is secondary (Benavides, anon). The literature reviewed thus far does not give any indication of whether medical

tourism destinations offer adequate national health care services for the locals. However there seems to be a uni-directional medical tourism flow which the articles and sources researched thus far do not dispute i.e. that people are moving from developed to less developed countries seeking affordable medical treatment.

The impracticality of surgery follow-up due to the geographic distance once the medical tourist leaves the host destination is another important issue as the risk of surgery gone wrong and the inability to remedy it contributes to the other associated risks of consuming medical tourism. Of growing concern is that if medical services can be marketed like consumer goods such as cars, TV's and home appliances then the ease of consuming a medical tourism package may result in individuals opting for unnecessary surgery. This *ease* of obtaining medical treatment is of concern to some health care experts as "The surgery may be too soon. This is one of the 'side-effects' of having surgery too available," (Nachammai, 2006:1).

In India, where medical tourism generates significant income for the country, private corporations run the large specialist hospitals catering to tourists' medical needs. The government subsidizes these corporations on the premise, ideally, that a proportion of the revenue will revert back to finance the public sector but this hasn't happened yet (Gupta, 2004). This revenue is meant to give the public sector the means to improve the public service healthcare quality and ensure that the service will be delivered at zero costs. Gupta (2004) explains that the more medical tourism develops the higher the demand for professionals to work in the private medical care sector. These professionals are lured from the public sector thus generating a shortage of skilled specialists in the public hospitals. Nevertheless, the impacts of medical tourism are not only negative. A positive outcome is the probable return of Indian medical professionals, residing abroad, to India as medical tourism opens up new employment possibilities in their country of origin (Ramesh, 2006).

4.3 Legal framework

Experiencing double-digit growth medical tourism is forecasted to grow to 40million trips or account for 4% of the global tourism volume by 2010. However the legal aspects of medical tourism are undefined at present. Given the anticipated growth of the medical tourism niche market by the corporate sector this suggests a need for the development of a framework of global standards or at least guiding legislative framework. The following discussion highlights issues surrounding the absence of a global legal framework.

All medical procedures performed abroad or at home carry an element of risk. Even routine surgery may sometimes lead to medical complications. A patient may be dissatisfied with the results of their surgery or medical treatment, and wish to seek legal recourse. Currently there is no international governing regulation for medical tourism. The regulation of goods and services has long since been the function of the World Trade Organisation (WTO). Under the umbrella of GATS (General Agreement on Trade of Services) there are four modes of supply of which 'consumption abroad' is the most relevant mode to the subject of our research as it refers to the crossing of geographic borders to obtain health services i.e. medical tourism (Smith, 2004).

In the United States (US) the lack of adequate health insurance, which affects more than 43 million people, is one of the reasons motivating Americans to seek surgery interventions abroad. Individuals without health insurance have great difficulty accessing the health care system and frequently do not participate in preventive care programs. When health problems arise they seek more affordable medical treatment options abroad (SeattlePI.com). Adams (2005) in an article appropriately titled *Medical Tourism*, affirms that part of the price that is paid for surgery in the United States not only goes to tedious paperwork but also to pay all the types of malpractice insurance doctors have to get in order to perform surgeries. The cost of malpractice insurance in the US is USD100, 000 while the comparable malpractice insurance in India is USD4000. This is due to the affinity

that Americans seemingly have for taking legal action. In other countries the general practise is to use disclaimers that the patient signs where he/she agrees not to sue the hospital or doctors under certain conditions. While the disclaimer protects the medical tour operators they leave the patients relatively vulnerable to unscrupulous medical professionals. However it must be noted that it is in the best interest of the medical tourism destinations to provide impeccable services as anything less would be detrimental to their branding efforts.

In Europe, in 2003, a report made by Dr. Raymond Lies and Jean-Francois Dehecq concerning the actual legal framework for patient mobility states that patients within the European Union (EU) countries are increasingly willing to cross the border if medical treatments are denied, for whatever reason, in their home countries. This trend has been growing rapidly and health policy-makers are required to deal with the financial, political and juridical consequences in order to provide equality in terms of healthcare to European citizens (Lies & Dehecq, 2003). According to the Standing Committee of European Doctors (in Lies & Dehecq, 2003) "Patients should have the right to access appropriate and professional health care irrespective of which EU country the care is delivered".

From 2004, EU-patients seeking health treatments within the EU member states need to present their European Health Insurance Card (EHIC) (Försäkringskassan, 2006a). This card replaced the E111 form (the old EU procedure guaranteeing patients reimbursement by the social security office in their home country) and grants EU citizens the right of access to public healthcare in any EU member state as well as in Norway, Iceland, Liechtenstein and Switzerland on the provision of a standard, single personalised card (Ministry of Health in Malta, 2006). Patients who carry the EHIC will have the right to necessary health care. The services covered by the EHIC are hospitalization, doctor consultation, dentistry and medication among other services offered by any general health care system within the EU. The EHIC doesn't give a patient the right to seek private health care. In such cases it is necessary to privately obtain travel insurance (Försäkringskassan, 2006a).

This regional medical care is more applicable to people or tourists that fall sick during trips abroad but not to those whose primary purpose for the trip is to actively seek medical care abroad. If the main or one of the main purposes of the person's trip is to seek for health care (medical tourism) then if the treatment is planned it is necessary to obtain prior consent from the social security office of the patient's home country (Försäkringskassan, 2006b; Lies and Dehecq 2003). Thus the patient pays the rates that any other local pays for general healthcare and negotiates the remaining costs with the respective authorities (Försäkringskassan, 2006b).

In instances where countries experience economic leakages due to patients seeking more economical medical care abroad, it might be worth considering the possibility of restricting the ease of outward-bound medical tourism. This is the case in Sweden where high cost dentistry services force many Swedes to look for more economical rates outside the country in other EU countries, especially in neighbouring countries such as Poland or Estonia where medical services are much cheaper than in Scandinavia (Jelvefors, 2006). According to Jonathan Olsson, an insurance analyst in Försäkringskassan (Social Security Office in Sweden), many tourists opt to visit the dentist while having holidays in Spain (Jelvefors, 2006).

The migratory status of patients within the legal framework is also an issue for discussion. As some of the procedures take a considerable amount to be completed, if recuperation is included, standard tourist visa benefits are not adequate. However there are countries that have taken the initiative to introduce medical visas. India is one such country that has introduced the Medical Visa to "enable patients who wish to travel to India for medical reasons, to enter India...and stay for the duration of their treatment" (Kerala Travel Tourism, 2006). In addition to making the access to medical facilities by foreign consumers relatively easy, many private hospitals abroad are applying for accreditation (and many of them successfully too) from the Joint Commission International, the

global arm of the institution that accredits most U.S. hospitals. Many of the hospitals involved in medical tourism team-up with surgeons who have trained in the U.S. or Britain, which is a great comfort to American patients (the irony is that 25% of physicians in the U.S. got their qualifications abroad). An authority on robotic cardiac surgery, Dr. Naresh Trehan, formerly of New York University, for instance, founded Escorts Heart Institute and Research Center in Delhi (Kher, 2006).

As medical tourism increases worldwide, it is likely that an international regulatory authority will come into being. Currently the consequences of this lack of international agreements related to insurance coverage and payments for treatments serve as a constraint in the medical tourism development. If an international legal framework were to come into place then issues of jurisdiction between a patient's home country and the country where the medical treatment was availed can be resolved (Kerala Travel Tourism, 2006).

4.4 Consumer benefits

Untimely and rising medical care costs are the qualms that most would be medical tourists have with the health services in their own countries and are thus driving them to seek medical care abroad. A review of medical tourist packages and medical tourist testimonials reveals that there are many incentives for engaging in medical tourism. Perhaps the biggest incentive is there are no waiting queues for treatment as the medical tourism operators and intermediaries are not only working to deliver cost-effective procedures with leisure as an added feature but to provide the procedures in a timely manner. Research indicates that surgery is 30% to 70% cheaper than in the home country of the medical tourist. An indication of prices quoted on the Global Health Tours website as at the time of our research ranged from US\$69,000 (India) for bone marrow transplant as opposed to US\$250,000 (USA), US\$6,000 (India) for orthopaedic surgery as opposed to US\$20,000(USA) or root canal procedures performed by top dentists

in both destinations; US\$1,000 in the USA as opposed to US\$100 in India (Travelite India, 2006).

The temporary residences that patients and accompanying persons are placed in during the stay of their visit is of 4 to 5 star luxury quality, with hospitals resembling more luxury hotels than a general ward for post-op patients. After the procedure there is the opportunity to engage in the more conventional forms of tourism; as the destinations researched, are established and well-recognised leisure travel destinations in their own right for example be it a safari in South Africa, a tour of the National Rail Museum in New Delhi or simply soaking up some sun on a deserted beach in Cuba or Thailand while you recover. Having surgery abroad also offers a degree of anonymity for those wishing privacy from family and friends in their home countries. It also awards some the opportunity to have medical procedures that may be legislated against in their home countries.

Experts pinpoint that another advantage of medical tourism is that it is non-seasonal therefore it is unlikely that medical procedures will have different prices depending on the time of the year summer or winter prices (Nautiyal & Dogra, 2005). While stable prices are a strong pull factor to a medical tourist destination, as with other forms of tourism; ski tourism in Åre or the Swiss Alps, medical tourist arrivals in any destinations are subject to adverse effects from the national economy such as unfavourable currency fluctuations. If the currency of a medical tourism destination strengthens then this increases the price for potential foreign medical tourists thus they may seek this service elsewhere at more cost-effective rates.

4.5 Target Market

Previous studies on health-care tourism identify two types of marketing segments; 1) health afflictions that prompt individuals to seek health-care tourism and 2) income levels (Goodrich & Goodrich, 1987). As a subset of health tourism this

may be applied to medical tourism as well. Perhaps most importantly the main purpose of market segmentation is to distinguish between consumers seeking wellness tourism (spa or the seemingly popular Ayurveda treatment from India) and those seeking medical surgery (invasive surgery) as discussed in the first chapter.

Within the framework of this study candidates for medical tourism are people who have been waiting for surgery for a substantial period of time in their country of residence, who either have deteriorating health afflictions that require immediate attention or those who are simply tired of waiting. Today in many Western countries the public health system is under attack for inadequate and untimely provision of services as needed. The NHS (National Health Service) in Britain is currently embroiled in conflict with health-related unions over mass retrenchment to remedy budget deficits (BBC News, 2006). In the US there is currently a health care crisis in California where the privatisation of the health care has resulted in sky rocketing costs and 7million people without health insurance and a reported 46million people nationwide without adequate health cover (The Mercury News, 2006). These are just two examples of systemic failures at national level that are in fact creating opportunities for medical tourism destinations.

Demographics have also had an influence on the medical tourism target market. The increasing pressure on national healthcare systems may also be attributed to a change in the demographics of regional Western Europe and the USA. According to findings by an independent industry analysis specialist firm, Datamonitor, aging populations in the US and Western countries in general are putting a strain on health care systems; where in the US it is reported that an estimated 76 million baby boomers will turn 65 years old in the next 10 years. One of the implications of this has seen growth in outsourcing and off-shoring activities. “Any solutions that help lower administrative costs thereby freeing clinician time to concentrate on front-line patient care resonate well with healthcare industry professionals” (Datamonitor, 2005).

In addition the target market also includes uninsured and under-insured consumers seeking more affordable health treatment outside of their home country. Almost all of the medical tour operators' websites analysed revealed that within the testimonial section where past patients documented their experience of the medical tourism package, the two most prominent factors motivating them to seek medical services abroad were long waiting lists and the significant price differences (Globe Health Tours, 2006).

In any industry, technology, manufacturing or service-based, sometimes market forces will dictate market feasibility. Global issues today are examples of such market forces that affect both conventional tourism patterns and the medical tourism sector. As a consequence medical tourism is not immune either. Within conventional tourism there is significant research and evidence that shows the impact on the industry of wars, natural disasters, epidemics and other significant natural and man made catastrophes. Post-2001, the Gulf region provides an example of a destination whose target marketing strategy in terms of out-sourcing patients had to be re-developed. In general, citizens of countries within the Gulf region are increasingly more likely to encounter visa problems for travelling to the US for healthcare than before. However this has proved to be a win-win situation for countries such as India, Singapore and Thailand, tipped to be the emerging giants within the medical tourism industry (The Hindu Business Line, 2004). Healthcare tourism planners in India, according to a medical expert in India, should address two gaps; health insurance that comes with contingency cover for foreign patients and a well-defined role for tour operators, the former as discussed earlier under the social issues theme (The Hindu Business Line, 2004).

Wellness tourism is more tailored for people seeking a form of relaxation or stress relief at a spa or yoga retreats or suitably equipped wellness centres. This leads us to what we consider an ideal illustration of the primary difference between medical tourism and wellness tourism that reiterates the definition of medical tourism as presented in the in this study. While a medical tourist product has two components, the medical procedure and the leisure element, wellness packages are

single units for example a spa resort, a wellness clinic or a yoga retreat. The market review reveals that the target marketing strategies destinations adopt to market the two entities as a single package have to be complemented by an appropriately effective branding campaign to overcome some of the social issues by highlighting the benefits of medical tourism. While prominent social issues have already been highlighted a discussion of the various identified branding strategies within medical tourism is necessary.

4.6 Branding

In this section the description of the observed branding strategies will be supplemented by reviewed branding academic literature. The purpose of this is an attempt to rationalize the varying strategies adopted by medical tourism destinations or medical operators within destinations. Tourism research has shown that the tourism product image, be it a destination, event or trip has become a key marketing concept that has a bearing on the decision-making process for the consumer. In the case of tourism-related travel, according to Hem and Iversen (2004) there is sufficient evidence from past studies, which shows that perceptions of destinations and the resulting purchases or travel decisions are positively correlated.

The concept of branding is defined as “a name, term, sign, symbol, design, logo, slogan or a combination of these, and used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Doyle, 1998 as cited in Singh, 2004:94; Hem & Iversen, 2004:84). As an extension of this destination branding, is the selection of a consistent element mix to identify and distinguish the destination through positive image building (Hem & Iversen, 2004). While we agree with the provided definition of branding we find it somewhat lacking for the purposes of this study. We propose another element; pre awareness of the destination be it through 1) history; for example the historical connection between India and Britain and the attendant ethnic migration

of Indians to Britain, and the reserve migration of Indian doctors armed with British medical qualifications and contacts setting-up medical facilities in India, 2) familiarity with the destination through previous visits or media representation, 3) or the close migratory patterns between Mexico and North America or Asia as an established destination of Western Europe holiday-makers.

As is common in many sun, sea and sand destinations the destination image has emerged as a crucial marketing concept in the tourism industry (Echtner & Ritchie, 1991, p. 4; Kim & Richardson, 2003 as cited Hem & Iversen, 2004). Evidence of this differentiation can be found in the use of slogans. Within product branding, slogans are short phrases that communicate descriptive or persuasive information about a brand and they summarize the intent of a marketing campaign thus contributing to brand equity. This argument for product branding through slogans may also be ascribed to destination branding within medical tourism (Keller, 2003:204). A review of certain medical tourism destinations' slogan use suggests that their function as a branding tool is twofold. Firstly, it is to re-iterate an existing brand of the destination as a travel destination. Secondly, to engender an awareness of what the destination's additional medical tourism product offering while simultaneously differentiating the destination from competitors (Hem & Iversen, 2004). Some examples are Surgery and Safari, Antigua Smiles and Speedy Surgery.

According to Hem & Iversen (2004) the purchase of a destination mix (geographic site, activities, duration etc) has an inherent uncertainty. The intangibility of tourism service products disallows the consumer from conducting a trial run before committing to the purchase. Within medical tourism this uncertainty may be further exacerbated by the nature of the tourism product, a medical procedure. The geographic discrepancy between the potential consumer and the host destination may also lead to even higher uncertainty levels. Therefore, the decision involves greater risk and extensive information search and depends on tourists' mental construct of what a potential destination has to offer relative to their needs. Thus brands have to be strong enough overcome this

uncertainty by increasing customers' trust of the invisible, enable them to better visualize and understand the intangible benefits of the services (Singh, 2004).

Whatever the case may be the branding campaigns appear to be working as Globe Health Tours (an American tour operator) claims that there is a wave of North American and European patients heading to well-established medical tourist destinations mainly India, Thailand and Singapore for top-class orthopaedic surgery, plastic surgery, infertility treatment and cardiology that come much cheaper than in their home country. Some medical tourism campaigns feed of existing knowledge of the destination perhaps due to advances in other industries while for others history may serve as a better platform. Whatever marketing platforms exist, as a typology of tourism, branding is an important element of perception creation. With this knowledge, tourism marketers today target the senses of would-be-tourists, creating tantalizing images, which perhaps lead to the consumer subconsciously correlating a positive perception of the destination product and ones own needs (Hem & Iversen, 2004). Below are a few examples some branding elements campaigns employed by some operators to create these tantalizing images.

Antigua Smiles (Caribbean island of Antigua)

Surgery and Safari (South Africa operator)

Gorgeous Getaways (an Australian operator selling Asian packages)

“Singapore -- one of the pioneers in medical tourism -- attracted more than 150,000 foreign patients last year and has a government-stated aim of topping one million medical tourists by 2012”.

(The Asian Wall Street Journal, Sept 3rd, 2004)

“Travel agency owner Ravi Gurain's Medical Tourism India site, offers a variety of packages, teaming laser eye treatments with trips to the Taj Mahal”.

(The Wall Street Journal, Sept 3rd, 2004)

“...best thing about undergoing medical attention in Malaysia,...Patients have the opportunity to enjoy sightseeing and other tourist activities during their recuperation and convalescence...sightseeing or going on a shopping spree could stimulate a quicker recovery!”

(Malaysia, Truly Asia – Official Malaysia Tourism website)

“Poolside cocktails . . . a good book . . . a suntan . . . and a few hours under a surgeon's knife”

(John Kilrich, - Asian Wall Street Journal – Title: Operation Vacation – Sept 3rd 2004)

A textual analysis of the above excerpts conjures appealing destination images, which are important stimuli in motivating the senses of the medical tourist and, perhaps, simultaneously reducing some of the risks associated with this type of medical tourism consumption (Hem & Iversen, 2004). On the whole while sceptics may deem medical care systems in developing countries as questionable medical tourism promoters have to struggle to diminish this image with marketing strategies such as branding. Thus far their efforts have proved fruitful as past research claims that the Asian region is the main destination of medical tourism (Connell, 2006). Our research conducted thus far has produced results that do not dismiss this claim.

4.7 Infrastructure

This not only refers to the actual construction of facilities, hotel/resort quality hospitals, but also externalities within the medical tourism framework such as the local community, medical advances in technology and intellectual capital. Research of the niche market shows that there have been various strategies implemented within the different medical tourism destinations in an effort to aid market development. According to an Asian Wall Street journal article, Malaysia's government permitted the promotion of hospitals and medical tourism packages overseas (Kilrich, 2004). There are many other government initiatives that have

been undertaken to facilitate the development of medical tourism in various developing countries.

As mentioned earlier the evidence thus far reveals that tourism medical tourist flows are predominately uni-directional, from more developed to less developed nations. The medical tourism enterprises from destinations reviewed have, to some extent, government involvement in the development of infrastructure for this tourism typology. Be it through more efficient systems for processing incoming visas for those seeking the product or providing marketing platforms to better enable the medical tour operators to reach target markets. As a consequence perhaps it's the scale of resources required to enter this niche market that prompts government involvement. India is a prime example, where the Ministry of Health and Family Welfare and the Ministry of Tourism have actively developed policies and infrastructure tools to encourage the growth of the industry. The Incredible India homepage (official) has links to health tourism sites. Other initiatives taken up by governments include the health sector of Barbados where, a media article from 2005, purported that the highly specialised In vitro Fertilisation programme currently being developed will serve as a platform for medical tourism towards the Caribbean destination in a effort to diversify the incoming tourist typologies.

In countries such as Oregon, the Netherlands, Sweden, New Zealand, Norway, Denmark, Israel, Switzerland and the United Kingdom, "politicians and governments in their role as policy makers or health funders, health insurers, and health professionals are asking which health services should be publicly funded, for whom" (Edgar, 2000:190). There is a general trend towards privatisation of healthcare, which in turn leads to a reduction in subsidized healthcare. It is widely accepted that in any economy the privatisation of health ideally leads to more efficient delivery of health services however this is usually accompanied by an increase in average health costs as mentioned under the target market theme the NHS (National Health Service) in the UK. Nevertheless governments sometimes deem it is necessary to provide a framework for the development of private health

care in an attempt to ease the demands on the public health systems and the national budget.

Another infrastructure issue is the absence of certified medical tourism statistics. The absence of defined characteristics to collect statistics means that the actual market size of medical tourism is unknown except for claims by governments and medical groups about the annual medical tourists that visit their destination. India has an annual Medical Tourism Expo and it has been predicted that medical tourism will earn India as much as US\$2billion by 2012 (Connell, 2006:4). This serves as an economic indication of the size of the medical tourism market. The implication of this on our research is that while there are many articles that coin this niche the *new* tourism with positive rapid growth perhaps it has always been around only now it has become publicised. The many different labels that can be loosely applied to this type of tourism – well-being tourist, health tourist, surgery tourist, medical tourist and cosmetic tourist among others also make it challenging to quantify and qualify the niche market.

As a subset of tourism, observations reveal that for the medical tourism market to grow an efficient logistics system is necessary to facilitate this predominantly uni-directional flow. Targeted consumers must have easy access to the medical tourism destination. Despite the strategies: branding, product, pricing among others, that a medical destination may develop, our research reveals that all actions are futile if the consumption of the service is anything but easy. For example if acquiring a visa for the medical tourism destination requires going through many channels then would-be medical tourists are better off on the waiting lists for surgery within their home countries. Or if travel connections between the consumers' home market and the medical tourism destination are such that the opportunity cost of foregoing medical tourism is more favourable than the consumer is most likely not to engage in medical tourism.

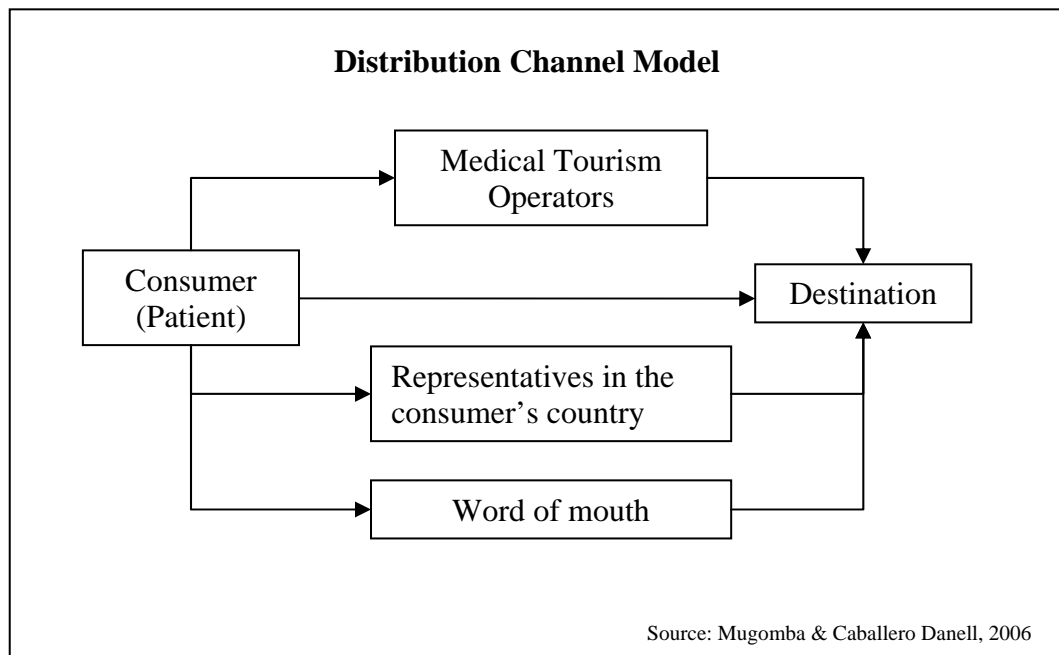
4.8 Distribution Channels

Within the tourism and hospitality industry, as modes of distribution, service intermediaries have a number of standard functions which include: 1) making services locally available when a geographic distance exists between the consumer and the producer, 2) gathering the appropriate service components to make packages and retailing them, 3) building relationships between the consumer and the producer and 4) to some extent co-producing the service (Bitner & Zeithaml, 2003). Interestingly, according to Bitner & Zeithaml (2003) traditional service providers with a limited distribution area such as doctors and dry cleaners, opt not to use distribution channels as they directly distribute their services consumers. Therefore, with the rise of medical tourism are doctors still defined as traditional service providers?

We developed the model below to categorise specific channel distribution such as the Internet and conducting a comparison between different operators that use this channel as a primary marketing medium and possibly benchmarking.

We developed the model below to categorise three identified channel distribution modes that link the consumer to the destination; operators, representatives within targeted consumer markets that are also referred to as intermediaries and word of mouth. Only the first two channels have been explored as the sources used during our study were secondary sources. Therefore no accounts by medical tourists were included. A comparative discussion was made of the different operators' choice of distribution media and also a look at the operations of intermediaries.

Figure 4: The Medical Tourism Distribution Channel Model



4.8.1 Operators

The definition of a tour operator, according to CED; the European grouping of Standards Institutes, is an enterprise organizing package tours and services at wholesale or retail level. Where packages are pre-arranged combinations of not fewer than two of the following tourism service elements: the service covers a period of more than 24hrs, sold or offered at an inclusive price for accommodation, transport and other tourism services not ancillary to transport or accommodation but still accounting for a significant proportion of the package tour (Dictionary of travel & tourism terminology, 2002).

Iaonnides (1998) provides a more simple definition; within traditional tourism their primary function is to coordinate the various elements of a holiday or travel experience into single products. This holds true for medical tourism and in fact is probably more imperative due to the relatively unconventional nature of the medical tourism package. However the exact nature of these interactions and

negotiations with hoteliers, transport operators or relevant authorities (national or otherwise) does not lie within the scope of this study.

The influence tour operators have over travel patterns towards destinations, in general, may be attributed to their ability to package various product destination elements into a single product and then sell these directly to consumers or to intermediaries such as travel agents (Ioannides, 1998). Therefore this suggests that the success of travel destinations depends largely on their ability to attract major tour operators, as there is no loyalty between the tour operator and any particular destination. This is within the realm of the more conventional tourism packages for example sun, sand and sea, ski tourism, rural, urban. While the described functions of tour operators mentioned thus far are in keeping with medical tour operators there are however two main points of departure. 1) The medical tour operators [are] the medical groups that offer the medical procedures and thus are loyal to their geographical location and 2) for the purpose of this study the tour operators are the primary service providers, in other words they are medical groups that perform the medical services while the leisure component of the package is ancillary.

Within the tour operators literature there are many typologies of which specialty tour operators may be used to classify medical tour operators. Ioannides (1998) advocates that specialty tour operators arose due to an increase in consumer demand for diversified packages or *alternative* tourism. Thus the development of alternative tourism packages has transformed once-were remote areas, re-developed or extended destination offerings. A paper commissioned by the World Health Organisation (WHO) on Trade Practices and Export of health services, in the last five years, cited that although there was a great opportunity for the growth of medical tourism by both developing and developed countries, the main barriers developing countries faced were: the negatively perceived quality of health professionals available and standards of quality assurance in health care facilities; mutual recognition of professional credentials; non-portability of insurance coverage; lack of standards for electronic medical records; concerns about patient

privacy and confidentiality in distance health care delivery; and difficulties in cross-jurisdictional malpractice liability (Benavides, anon).

Four medical groups, that double up as tour operators, were researched within the scope of the resources available; Apollo Medical Group, Raffles Medical Group, Phuket Health and Tourism and Plenitas. There was no specific criteria set for the selection of these tour operators, they simply yielded the most data.

Apollo Medical Group, India, has established partnerships with hospitals in Kuwait, Sri Lanka and Nigeria, and plans for others in Dubai, Bangladesh, Pakistan, Tanzania, Ghana, Singapore, Philippines, London and Chicago as privatized corporations grow and international linkages intensify (Connell, 2006). India's annual Medical Tourism Expo also affirms the forecast that medical tourism will earn India as much as US\$2billion by 2012 (Connell, 2006). However it is important to note that the Apollo group is just one of many established enterprises within India's growing medical tourism industry. Other names include Escorts Hospitals in New Delhi, Jaslok Hospitals in Mumbai and corporate hospitals include Global Hospitals, CARE and Dr L.V. Prasad Eye Hospitals in Hyderabad. All offer world-class medical packages at competitive prices (www.TraveliteIndia.com).

Raffles Medical Group, Singapore, is an integrated network of General Practice clinics in Singapore offering services that range from general practice/family medicine, dental services, health checks, travel health services, vaccinations, house calls, ambulance transport and transfer, mass health screening and immunisation programmes, X-ray and laboratory services, both within Singapore and beyond its national borders.

Phuket Health and Tourism is a medical group offering more than sun, sand and sea (according to its website). With five agent- partnerships abroad this medical group offers holiday and health packages that include the medical treatment, post-

operation care and other related services such as the travel tours, sightseeing among many other tourism services.

Plenitas is a leading medical-tourism provider based in Buenos Aires, Argentina which offers *World Class Health & Leisure Packages* tailored for medical tourists of American, Hispanic and European origin. Packages it offers include cosmetic surgery such as breast implants & Tango packages.

Analysis of the aforementioned and other medical group websites that offer holiday packages as a by-product of medical tourism indicates that there might be some common superficial features that address some of the barriers mentioned above. All the websites cite foreign accreditation of doctors and overseas training of all personnel, state of the art medical facilities and the ideal surroundings for recovery. For state of the art technology, here India's renowned IT industry serves as a competitive advantage and its competency as an accounting hub is an added advantage. Other recognised accreditation or certification by an authoritative body such as WHO or a ministerial sector may also be featured on the homepage.

Textual analysis of operators' website content reveals strategic use of 'wording' or images, such as orchids in Thailand. This serves to highlight existing knowledge of the destination and/or existing relationships such as migration between the medical tourism destination and the target market's home destination (potential patient). This may be a ploy to create a sense of familiarity with the human-side of the destination - existing social ties for example a large proportion of Indian ethnic groups reside in the UK due to the earlier mentioned historic link between India and Britain; similarly there is a large migration history between the US and Mexico, and Thailand and Indonesia are significant travel destinations for Western Europe. This strategy emphasizes preconceived perceptions of certain ethnic groups based on certain stereotypes. The message that these tour operators send out is; these are people that you are used to interacting with on a regular basis on your home society or you are familiar with the exoticism of Thailand, Cuba and Indonesia a haven of endless beaches, sun and massages and relaxation.

Due to the invasive nature of the service product marketing strategies by various medical tourism operators suggest that it is very important that a sense of trust is communicated. As discussed this may be based on the existing familiarity with the product destination by the potential patient, either through the destination as established travel destination for the patient's home market, existing economic ties between the medical tourist's home and host country or testimonials by medical tourists within the target market to potential patients. Malaysia's marketing campaign towards the Middle East is based on Islamic religious ties, while Singapore's marketing strategy is to compete on quality as opposed to price but stressing its superior technology, and historical medical advances Singaporean doctors carried out the first Asian separation of Siamese twins and the first South East Asian heart transplant, amongst other similar 'firsts' (Connell, 2006).

4.8.2 Intermediaries

Perhaps one of the biggest hurdle that medical tourism has had to face, and continues to face, is the challenge of convincing distant potential visitors that the quality of cheaper medical care in relatively poor countries is comparable with that available at home, in outcome, safety and even in dealing with pain thresholds (Connell, 2006). An agent is an intermediary who acts on behalf of a service principal. A broker brings buyers and sellers into negotiation and rarely becomes involved in financing or assumes any risks (Bitner & Zeithaml, 2003). The three main categories of travel intermediaries are: tour packages, retail travel agents and specialty channels.

Thus the primary distribution functions for tourism intermediaries are to provide information and arrange travel related services. Today there are an increasing number of new enterprises offering these services. Medsolution is a North America based private company that serves as an intermediary between the North American market and medical groups in the Asian region, European region and

South American region through partnerships with hospitals. The basic criteria they set for selecting their medical partners in the medical tourism destinations include health and safety inspections, clear communication facilities for example staff fluent in English, certification, insurance and credibility and site inspections (Medsolution, 2006).

Globe Health Tours is a UK based company established by medical professionals which specializes in helping people with medical needs to schedule medical treatments destinations abroad as well as making the necessary travel arrangements. By partnering with a number of local physicians and general practitioners, Globe Health Tours facilitates patient outsourcing, the primary destinations being India, France, Thailand and Singapore. As intermediaries they offer to arrange surgery with a variety of partners with internationally accredited hospitals on the patient's behalf. They organise and facilitate discussions between the patient and the specialists through translators if necessary, and they manage travel and accommodation arrangements for the patient and accompanying persons. Although they provide the necessary information within their jurisdiction most travel agents, especially in the USA, will have a disclaimer that protects them from negative legal confrontation.

Speedy Surgery is a Canadian intermediary. According to the Montreal newspaper *The Gazette* (Nachammai, 2006) it is one of nine medical travel agencies in Canada, which serves as an intermediary between the consumer (patient) and the destination. The standard package they arrange at a cost range of US\$10000-15000 includes; medical groups in India (Apollo) and Thailand (Bumrungrad International) that have been certified by the US accreditation commission, pre-surgical assessment with medical consultants in Montreal, travel insurance, a roundtrip ticket, any transfers and hotel stay, airport pickup in the foreign country, medication required during the foreign hospital stay and translation services if required (Nachammai, 2006).

Relax U (www.relaxu.nu) is a Bangkok Hospital Group representative in Sweden. It has two offices, one in Stockholm and the other in Gothenburg. It offers packages that cover medical procedures ranging from dental care, sight care, health care, cosmetic and non-cosmetic surgery. Using the slogan "Linking consumers to providers", Globe Health Tours is another intermediary that links consumers to a range of international healthcare providers who agree to offer all-inclusive medical care packages to patients. These packages include theatre and surgery costs, inpatient costs and also expected consumables or diagnostic testing. Outsource Operation (www.outsourceoperation.com) represents The Apollo Hospitals International Patient Care in India. The Apollo Hospitals Group is recognized as the 'Architect of Healthcare' in India. Its history of accomplishments, with its unique ability of resource management and able deployment of technology and knowledge to the service of mankind, justifies its recognition within the medical care industry in India and abroad. Today, Apollo Hospitals Group claims to be the uncontested leader in the delivery of healthcare of international standards within the Asian subcontinent. Apollo Hospitals in Hyderabad has become the medical care destination for the global community, particularly for the Asian continent providing them with healthcare comparable with the best in the world. Its branding slogan is "Combining world class health care with exotic vacations".

4.9 Communication and promotion

While the rising cost of hospital services in developed countries has served as a push factor for medical tourists, the varying levels of technological sophistication in their diagnostic capabilities and general economic conditions have made hospital choice a complex decision (Andaleeb, 1994). If the key principle of marketing according to Gombeski (1998) is to aid the consumer's decision-making process by providing the benefits of a product or service to consumers then the key principle of communication and promotion is to enact marketing strategies. We have discussed the consumer benefits of medical tourism, observed

branding strategies and described the nature of the medical tourism product but how do the identified distribution channels communicate the positioning of the product to the target market?

Medical tourism tour operators and intermediaries serve both as distribution channels for the service product and prominent sources of information. Their main objective, as a component of the promotion element of the service marketing mix, is to tangibilize the service making it easier to be understood and evaluated by the consumers (Payne, 1993). Service providers (the medical groups who serve as the operators), intermediaries and the consumer (as discussed in the consumer benefits section and target market) are components of the communication channel.

Event marketing, as observed, is a common tool used by medical tourism enterprises or governments with economies of scale for business-to-business marketing and business-to-consumer marketing. The International Travel Expo Hong Kong Exhibitors (ITEHK) with pavilions by official tourism board from around 60 countries and territories, including their co-exhibitors and independents is one such marketing event. Nearly 600 international exhibitors from the six continents will be present during ITEHK in 2006, where attendance is touted as opportune due to the strong Asian presence. This annual expo provides a platform for business to business marketing with airlines, business and incentives travels, hotels and transportations and business to consumer marketing with promotion of theme travels ranging from golfing and cruises to sports and medical tours. Countries, that have been identified as medical tourism destinations, in attendance in 2005 included Malaysia, Philippines, regional Latin American countries such as Cuba and Mexico, India, Thailand and others. These are just a few of tourism related expos found during our research. There is the opportunity to explore medical related expos (Expo Fairs, 2006).

The Philippines has also taken initiatives to jump on the medical tourism bandwagon. The government has endorsed all activities related to medical tourism by devising the Medical Tourism Program under the Philippine Medium Term

Development Plan. Implemented in 2004 the basis of government interest in medical tourism is no different from the hopes of other nations (India, Thailand, Singapore) – a catalyst to drive the country's economy. Medical tour operators have access to the necessary economy of scales and thus the opportunity to either organise or attend regional or global marketing events such as medical-based congresses or tourism-based tradeshows to showcase their product offerings. The first Philippine Medical Tourism Congress, Exposé and Launch was held in November 2006. Travel World 2006, held in India, featured a Medical Tourism Summit with the theme *Practicing Medical Tourism*.

There have been some studies by authors such as Andaleeb (1994) focusing on consumers' attitudes towards hospital advertising and favourable or unfavourable dispositions towards hospitals' marketing strategies. These studies were made based on the premise that advertising is an important competitive tool within communication activities. Past research on advertising efforts by hospitals indicates that information pertaining to the qualification and the specialisation of doctors and the availability of advanced biotechnology competencies makes consumers less apprehensive (Andaleeb, 1994; Gombeski, 1998). A content analysis of the medical tourism operators, Apollo and Plenitas, confirms this. By navigating around the various links on the websites one can view the medical physicians' academic qualifications and work experience. As the unique selling points of the medical tourism industry are its cost effectiveness and its combination of medicine and the attractions of traditional leisure tourism. The promotion strategies use the ploy of selling the *exotica* of the countries involved as well as the packaging of medical care with traditional therapies and treatment methods. The available testimonials of foreign medical tourists praise the quality of medical care they received and satisfaction of the leisure component of the package.

In another study, Wagner (1985) suggests that more consumers are choosing physicians through advertisements. Advertising in the healthcare sector is dependent on the media regulations in a given country. In a more relaxed

regulatory environment it is apparent that hospital advertising will increase. In print media such as magazines, for example the UK edition of the *Cosmopolitan* fashion magazine has a classifieds section containing numerous advertisements of cosmetic procedures and clinics available both abroad and in the UK, whereas the Sweden edition of the same *Cosmopolitan* magazine does not have a classifieds section. Different countries have different legislation and perhaps a cultural stance on the advertising of professional services such as hospitals. Exploration into the discrepancy between the two editions of this fashion magazine did not fall within the scope of our research. The use of text and familiar destination pictures, for example the official Malaysian medical tourism website has pictures of the orchid flower and the official tourism logo Malaysia Truly Asia. This reinforces the already familiar destination brand and so medical tourism is seen as a natural extension of the brand.

The Bangkok Hospital Group has enhanced the availability of information on its service offerings and developed its marketing strategy by having a physical presence in one its niche markets, the already identified subsidiary RelaxU in Sweden. Physical, mortar and brick, presence within the target market is a prime example of medical tour operators actively engaging in business-to-consumer marketing by going beyond the Internet. Documentaries on medical tourism, although medical tourism operators might not instigate them, contribute to an increased awareness of this niche market. There are documentaries titled “Sun, sea, sand and surgery”, “Scalpel or stitches” that have been released by news broadcasting corporations such as the BBC (January 6, 2002, *The Guardian* (May 11, 2004) and the *Evening Standard* (January 20, 2006).

The observed chosen combination of the promotion-mix employed by the researched medical tour operators and intermediaries strive to reinforce market positioning, develop or enhance brand image, be informative and perhaps most importantly be persuasive enough for consumers to consume the medical tourism packages.

5 ENTREPRENEURSHIP: A LITERATURE REVIEW

We propose to develop a conceptual framework to better understand the observations collected from medical tourism as a niche market. A conceptual framework is a logically developed, described and elaborated network of associations among concepts that have been identified through theoretical and empirical research (Sekaran, 1992). Based on this definition we will explore entrepreneurship-based theoretical frameworks and concepts that are related to market entry into medical tourism as a niche market. However, what are the prerequisites for medical tourism to qualify as a niche market?

According to Porter (2004:215) emerging industries or niche markets are created by “technological information, shifts in relative cost relationships, emergence of new consumer needs, or other economic and sociological changes that elevate a new product or service to the level of a potentially viable business opportunity”. Therefore, medical tourism applies to this type of industry since its evolution has depended on technological improvements such as a more efficient global transport and communication system and the consolidation of the Internet. Transitions within the medical industry and tourism industry respectively certify the appeal of both components of the medical tourism product. A relative boost of costs within the healthcare sector in developed countries and the emergence of new needs by customers such as avoiding waiting queues to get medical treatments or the possibility to have the latest medical treatment wherever it is provided appeals to the medical component while the fact that modern society motivates people to travel either for escapism or to seek meaningful, authentic and satisfying experiences abroad appeals to the leisure component (Sharpley, 2003:3-1).

Thus the entrepreneurship conceptual framework will enable us to present our perceptions of the issues to be considered by would-be entrepreneurs looking to enter this niche market, medical tourism. The framework developed will be based on Porter’s Five Forces Model (1990). Our aim is not to develop theories around

entrepreneurship and medical tourism but rather to identify relationships (and their nature) between existing independent and dependent theories and normative models and perhaps even incite adaptations of certain concepts that may be required.

Before conducting an analysis of various entrepreneurship models and paradigms we will provide a definition of entrepreneurship. This will go some way in presenting criteria for what we classify as being entrepreneurial activity and thus justifying how we deem it possible to superimpose the entrepreneurship models to the medical tourism market.

5.1 Definitions of Entrepreneurship and enterprise culture

According to Gibb (2001, in Lundström and Stevenson, 2005:44) to some people, the meaning of entrepreneurial culture is “maximising the potential for individuals to start businesses and to others it means maximising the potential for individuals in all kinds of organisations and in all aspects of life to behave entrepreneurially”. Entrepreneurship is defined as the “opportunistic, value-driven, value-adding, risk-accepting, creative activity where ideas take the form of organizational birth, growth, or transformation” (Bird, 1989:5-6).

The essential quality of entrepreneurship is new entry; entering new or established markets with new or existing products, as well as launching new ventures, as illustrated by Ansoff’s Matrix, which will be discussed. The driving force of entrepreneurship is innovation where innovativeness refers to corporate factors in the external environment that promote and support creative processes leading to new products, processes or technologies (Knight, 2000). “Creativity is at the heart of entrepreneurship, enabling entirely new ways of thinking and working. Entrepreneurs identify opportunities, large or small, that no one else has noticed (www.accenture.com)”.

“Entrepreneurial orientation or activity reflects the firm’s propensity to engage in innovative, proactive, risk-seeking, autonomous and competitively aggressive behaviours to achieve strategic its strategic behaviours” (Knight, 2000). All of the aforementioned definitions comply with the needs of this study: does the medical tourism niche market favour market entry by entrepreneurs? By superimposing the resultant entrepreneurship conceptual framework onto the market description model the purpose of the analysis chapter will be to determine whether the current reality of the medical tourism market does accommodate innovativeness, value-adding business operations, creativity in the niche market and opportunistic and competitive behaviour.

5.2 Entrepreneurship perspective

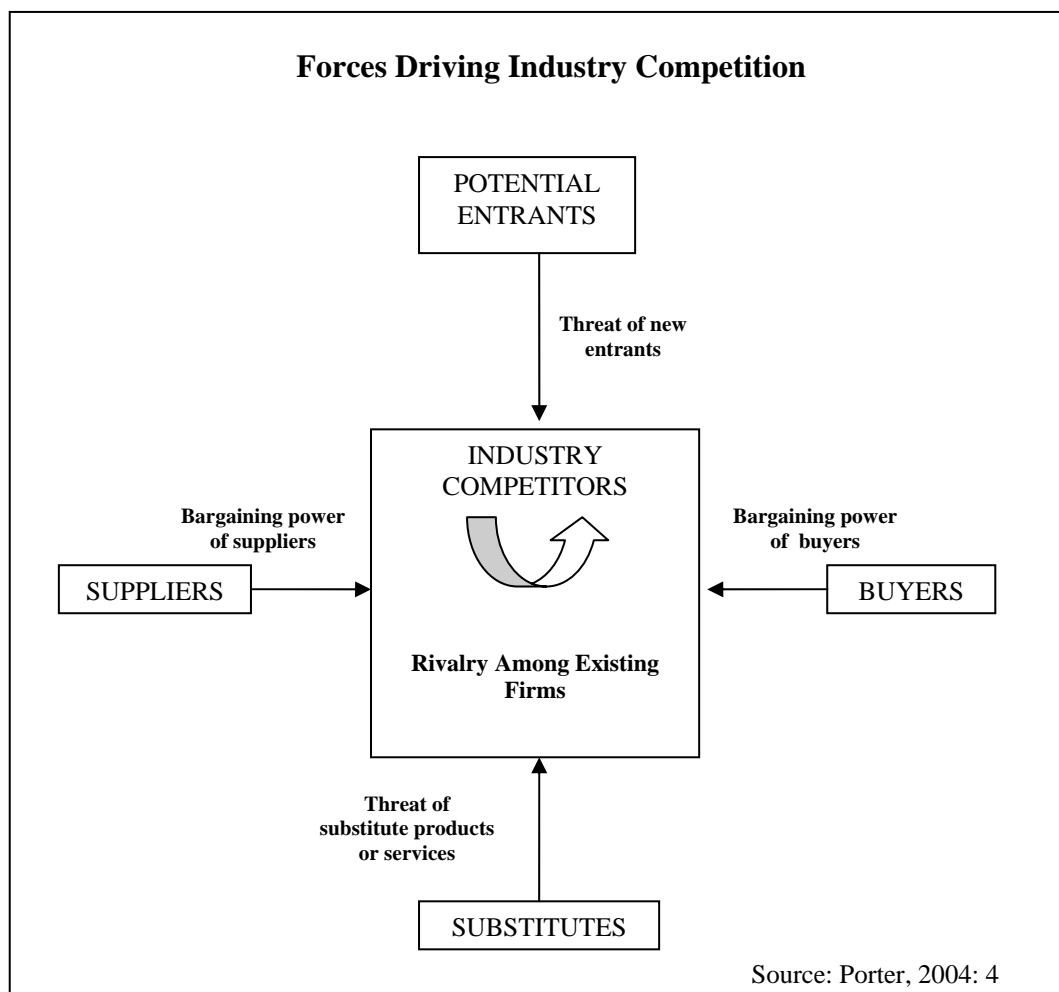
5.2.1 Porter’s Five Forces Model:

Competition gives rise to and is derived from the emergence of new products, new efficiencies in terms of production, or organizational processes, or perhaps new marketing methods and market segments. According to Porter (1998:20) any move towards developing a new theory of international competitive advantage must be based on the supposition that competition is dynamic and evolving. Prior to the development of the renowned Porter’s Five Forces model, in his research to develop this new theory on national competitive advantage, Porter (1998) posed numerous questions; one such was why firms in specific nations achieve international success in distinct segments and industries. For the purposes of our research we are more concerned with *how*. How firms/enterprises based in specific nations can gain international success (market share in foreign markets) in distinct segments of medical tourism. If “...The basic unit of analysis of understanding competition is the industry” (Porter, 1998:33), then Porter’s model will enable us to better understand the structure of medical tourism.

Whilst commonly used to analyze necessary competitive advantage strategy for long term profitability in traditional manufacturing industries such as the

automotive industry, computers, soft drinks, pharmaceuticals. Application of the model also extends to service industries. Porter posits that the three pure forms of international service competition are 1) mobile buyers travelling to a nation to have services performed, 2) firms from one nation providing services in other nations using domestically based personnel and, 3) a nation's firms providing services in other countries via foreign service locations, staffed with either expatriates or local nationals. The first pure form of competitive advantage is the primary premise for which we've employed Porter's model and we believe that understanding the structure of medical tourism industry will go some way in identifying opportunities within the industry for all five forces; substitutes, suppliers, buyers, new entrants and inter-firm rivalry.

Fig 5: Porter's Five Forces Model: a model for industry/market analysis



Every firm that competes in an industry needs a competitive strategy. The goal of competitive strategy for a business unit is to find a position in an industry or chosen market where the enterprise can best defend itself against these five forces or can manipulate them in its favour. As a result, a superior return on investment for the firm can be achieved (Porter, 2004:34).

New entrepreneurs, entering a market must be concerned in finding answers to questions such as: What is driving competition in the industry I am thinking of entering? What reactive actions are competitors likely to take, and what is the best way to respond? How is this industry going to evolve? When answering these questions by doing a competitive analysis, entrepreneurs must avoid the inclination to focus on only one aspect of the industry structure or failing to address the industry perspective because they won't be able to capture the richness and complexity of industry competition (Porter 2004: xxi, xxii).

There have been numerous studies on entrepreneurial activity based on differences in national culture according to Hofstede. One such study is by Baughn & Neupert (2003), which analyses the entrepreneurial activity of firms. However our research addresses entrepreneurship from a macro perspective by focusing on the structural elements that create an environment conducive for entrepreneurship activity not the influence of national culture on the relative entrepreneurial activities in medical tourism destinations.

Entrepreneurship has long been considered a driving tool for national economic growth and development and hence there has been considerable research conducted to explain the differences in entrepreneurial activities despite the lure of benefits promised. [From an international management perspective] the concept of national culture as presented by Hofstede has been frequently attributed to these differences in entrepreneurial activity by many authors - Casson, 1995; Lee & Peterson, 2000; Luthans *et al.*, 2000; Baughn & Neupert, 2003. For example Lee and Peterson (2000) develop a cultural model of entrepreneurship that

integrates cultural, economic, political, legal and social factors to entrepreneurship.

Ascribing national culture as the sole cause agent of entrepreneurial activity would be narrow-minded, as the environment in which entrepreneurial activity occurs should also be considered. This is one of the reasons prompting this literature review of various entrepreneurship theories. To satisfy the objectives of this study our research will be conducted in three stages: 1) a literature review of relevant entrepreneurship based concepts and theories to develop our entrepreneurship conceptual framework customised for our subject, 2) it is expected that the literature review in this chapter will incite renewed insight for the continual development of the medical tourism description model presented in the third chapter. This will ensure that the analysis chapter is indeed on the most up-to-date reality of the niche market. 3) Finally the resultant entrepreneurship conceptual framework will be presented in the ensuing chapter and will then be superimposed onto the developed medical tourism market description model.

5.3 External analysis

De Wit & Meyer (1998:513) present eight significant groups in the firms' external environment in any given industry that the entrepreneur must interact with if sustainable operations are sought after. These are divided into two sub-groups; market actors and contextual actors. The market actors are adopted from Porter's forces model while the external actors refer to entities (private/public) that are indirectly linked to their entrepreneurial activity but their actions may affect or be affected by developments within the market. The identified contextual actors include economic forces, social-cultural forces, political and legal forces and technological forces.

Political and social factors refer to the stability of the government. A stable government creates favourable conditions for longevity of an industry by allowing growth of existing firms and encouraging private enterprises. Whereas the cultural distance refers to the language, work ethic, social structures and ideology differences between the host country and the foreign enterprise (De Wit & Meyer, 1998). De Wit & Meyer, (1998) state that the greater the difference between a firm's home country and the host country the greater the difference between the preferred level of involvement during market entry between firms in hard service industries and soft service industries. Here soft service firms are more likely to adopt franchising, joint venture or a management contract. Given that most soft service suppliers require frequent and close interaction between the supplier and consumer therefore cultural factors are more likely to impact the choice of entry mode (Ekeledo & Sivakumar, 1998:283). Well-developed economic infrastructure in the host country is more attractive for soft service firms according to the model. The number of service industries present in a country appears to correlate positively with the level of economic development. Highly industrialized regions appear to have the greatest number of service industries (Ekeledo & Sivakumar, 1998:283).

Indirect and direct trade barriers are also significant to the choice of entry mode (and ease) into a given market and as a result the growth of a market. In their findings Erramilli and Rao (1998:283) report that services appear to face more trade restrictions than manufactured goods because trade in goods has long been facilitated by international trade agreements for centuries. Increased liberalization of economies and politics over the last three or four of decades has aided globalization of various markets. This has contributed to a macro-environment that extends beyond national borders. Tourism is one such industry where this could not be truer. The consequences are increased competition, market turbulence, loss of protected markets and the emergence of international marketing opportunities.

5.3.1 SWOT Model

There is substantial research on the appropriateness of implementing a SWOT analysis for firms wishing to enter a new market or rejuvenate business operations. Holistically, an internal analysis of the firm's capabilities and an external market analysis be it through tools such as the SWOT analysis or the Telescopic Observations framework, the opportunity model, to be discussed below, or any other frameworks; the outcome must be that without having done this the firm will be unable to adapt itself to externalities in a timely and competent manner especially in a relatively *new* market such as medical tourism. The absence of a master plan to develop and promote tourism means opportunities can't be fully exploited. An extensive market analysis will highlight the key factors for success (KFS) in a given industry.

Morris (2005:55); advocates that "the determination that a set of conditions represents an opportunity can only be qualified by looking at an organization's strengths at that time". Morris (2005:55-56) provides three classifications of these opportunities. 1) Opportunities that arise in response to environmental elements. 2) Those that arise due to industry specific conditions and, 3) those that arise at the organization and stakeholder level. Environmental elements that may lead to opportunity creation include; inflation, interest rates, changes in government tariffs and changes in technology. Conditions that arise in an organisation's immediate industry environment include; shifts in demand at industry level and government deregulation among others. While at the lowest level, organization and stakeholder, the balance of factors at the two higher levels may necessitate strategy re-formulation between the organisation and its stakeholder(s) thus giving rise to new opportunities.

Authors such as Ruocco and Proctor (1994), to supplement the simplicity of the SWOT analysis, have taken into consideration Porter's Five Forces Model to formulate SWOT-based strategies. The telescopic observations framework "scans an organization's environment and brings distant objects into focus" (Panagiotou

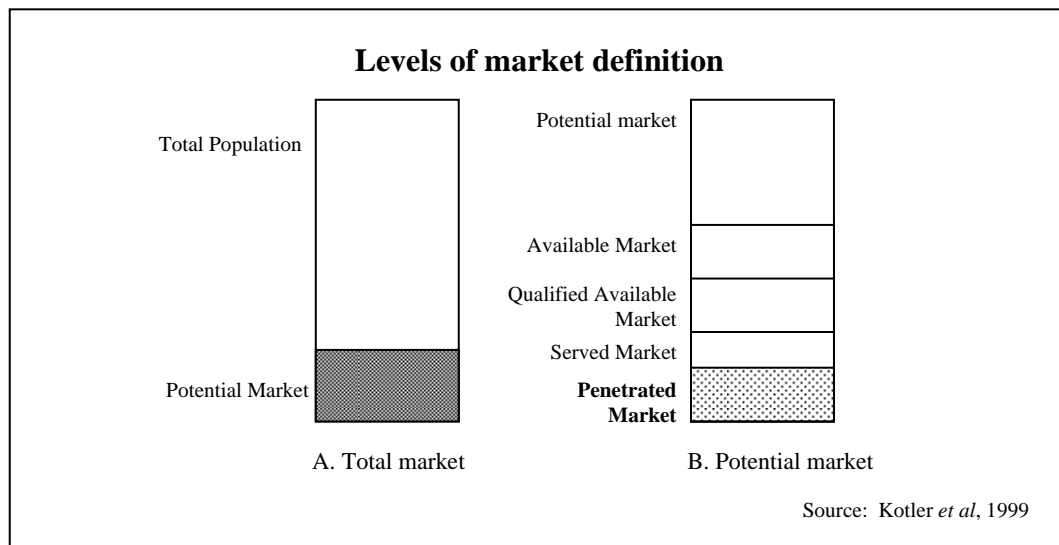
& van Wijnen, 2005:159). The macro-environmental factors considered are coined the PESTILE factors. The analysis considers political-economic-social-technological factors, competitive challenges in the international spectrum, legal and regulatory entities and environmental and ecological implications.

5.4 Target Market Analysis

According to Kotler *et al* (1999) a market from the marketer perspective is “the set of all actual and potential buyers of a product or service. A market is the set of buyers and an industry is the set of sellers. The size of a market hinges on the number of buyers who might exist for a particular market offer. Potential buyers for something have three characteristics: interest, income and access”.

The market that shows interest in the product or service offered is the *potential market*. Nevertheless, to be interested in buying the product or service is not enough, there must be some kind of economical affordability and willingness to pay for the product or service provided. Therefore, the market that shows interest and also income is called the *available market*. Since the products or services can be restricted to some markets, another characteristic is the accessibility. Thus the market that shows interest, income and access is called the *qualified available market*. Within this market, the industry has the choice to select one segment in the market or go for the whole market. That specific market that is selected from the qualified available market is called the *served market*. The *penetrated market* is the set of consumers that have already purchased or used the determined product or service (Kotler *et al*, 1999).

Figure 6: Levels of Market Definition by Kotler (1999)



De Wit and Meyer (1998:330) discuss two guiding perspectives, the outside-in perspective and the inside-out perspective, entrepreneurs may employ in the development of strategies such as service or product development, market selection or positioning strategies. The outside-in perspective is externally oriented, in that firms invest resources to understand, respond to and anticipate developments in the market in an effort to remain competitive. Knowledge of the general structure of the market and industry, the demands, needs, strengths and positions of stakeholders needs to be comprehensive. Whereas the inside-out perspective is competency-based as firms focus on developing difficult-to-imitate competencies and/or acquire exclusive assets necessary for the production of the service or product.

5.5 *Competitive strategy*

Firms gain competitive advantage through innovation. They may approach it by developing 1) new technologies or 2) new methods operation processes (Zahra & Pearce, 1994:33). Porter discusses several reasons for the growth of the service provider industry; the growing need for services amongst consumers, the

imperative to de-integrate service activities and privatization of public services. Privatization of public services has been a common practice by governments as a means to reduce pressure on the national budget and achieve market efficiency by encouraging competition (Porter, 1998).

Porter (1998) outlines three types of international service competition; 1) Mobile buyers travel to a nation to have the services performed. This is a predominate form of competition within the tourism industry and the healthcare industry. Here the consumer travels to a particular destination to consume a chosen service based on a need or want because it is either differentiated and/or costs less (even after the travel-related costs have been factored in and opportunity costs have been considered) than the same service provided elsewhere. 2) Firms from one nation provide services in other nations using domestically based personnel and facilities. 3) A nation's firms provide services in other countries via foreign service locations, staffed with either expatriates or local nationals.

5.6 Market Entry strategy

Within the new high technology context, Burgel & Murray (2000) postulate that the two predominant entry modes for entrepreneurs within this industry are 1) direct exporting (internalized) and 2) use of intermediaries (externalised). Research within services specific market entry is relatively at infancy stage when compared to the available literature on market entry within manufacturing industries. There are two schools of thought. 1) The well-developed literature on market entry of tangible products may be applied to market entry into service-based industries. 2) The second is that while some market entry strategies may be applied this does not hold true for all services. The second school of thought has impelled the service classification of hard services versus soft services.

As “so little is known about how service firms enter foreign markets, for international services theory lags practice by a considerable degree” (Erramilli &

Rao, 1990 as cited in Ekeledo & Sivakumar, 1998:277). For the purpose of this study the literature review of market entry strategies will be based on theories based on the second school of thought.

Grönroos (1999) and Erramilli (1998) present two theories that explore services-specific market entry strategy. The choice of entry strategies proposed by Grönroos (1999) for service firms internationalizing are; 1) follow existing clients when they internationalize or 2) actively look for new markets. While according to Erramilli & Rao (1990) the entry choice mode adopted by a firm may be; exports, contractual agreements or FDI, which may also be considered internalizing and externalizing. To make a distinction between the two, for the purpose of this study, Grönroos' paradigm on market entry strategies will be considered micro-level as the detail is firm-level specific while the generic strategies as discussed by Erramilli (1988); export, contractual methods and FDI will be considered macro-level. The firm-specific and relatively generic strategies presented by both authors will be briefly discussed in addition to other relevant studies to supplement what will be the ideal market entry strategy for the medical tourism market.

The choice of entry strategies proposed by Grönroos (1999) for service firms internationalizing are; 1) follow existing clients when they internationalize or 2) actively look for new markets. Grönroos also acknowledges that advancement in media and technology means that the service provisions of an enterprise can and will be picked up by consumers outside of the defined target market. Therefore the revised general entry modes identified by Grönroos (1999) are 1) client following mode, 2) market seeking mode and 3) electronic marketing mode.

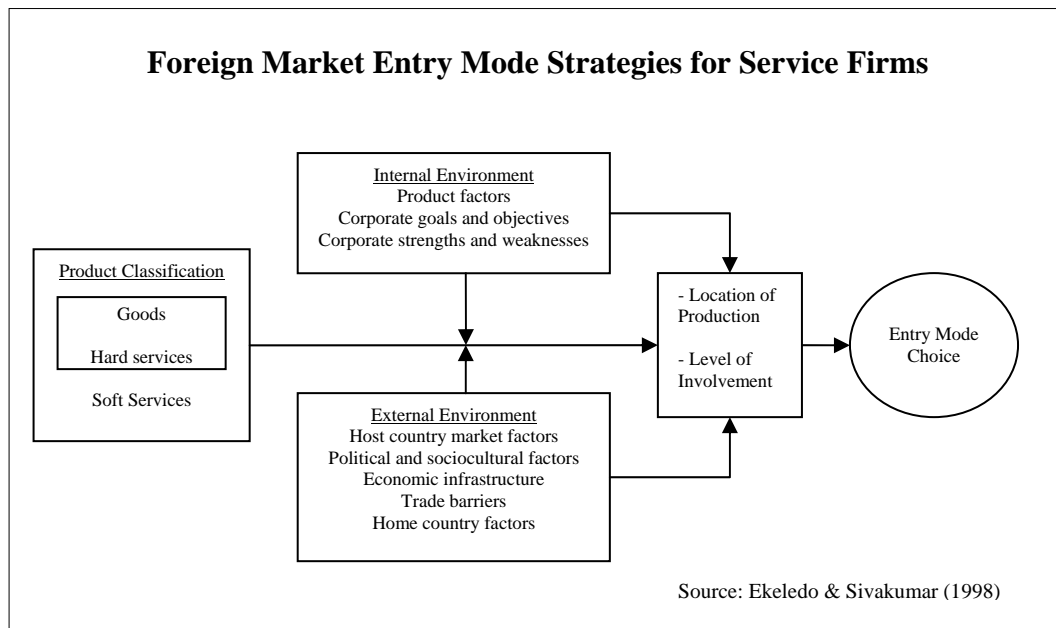
In a study of entry mode strategies, Erramilli (1990) claims "...foreign market entry behaviour in the service sector is characterized by considerable diversity..." (1990:57). The entry choice mode adopted by a firm; exports, contractual agreements or FDI, as proposed by Erramilli & Rao (1990), is dependent on non-behavioural determinants, which is a collective term for the product, firm-specific

variables and environmental variables within a given industry. Environmental variables include exchange rate fluctuations, trade and investment restrictions while firm-specific variables include availability of resources and product variables include the degree of differentiation (Gatignon & Anderson, 1987 as cited in Erramilli & Rao, 1990).

Ekeledo & Sivakumar (1998) explore the role of *externalities*, which in their view have a significant influence on the choice of entry mode within the service sector. They present a conceptual model for market entry that encompasses four entities: 1) product classification, 2) internal environment, 3) external environment and 4) location of production and involvement in production. These externalities, which were also briefly discussed from a medical tourism perspective in the market description, are entities that are defined as contingency factors. The Ekeledo & Sivakumar (1998) purport that differences in these factors will affect the entry mode strategy outcome.

Thus in support of the ideology that entry mode choices for service firms are different from those within the manufacturing industry Erramilli & Rao (1990) introduced the classification of soft and hard services. A hard service permits separation of product and consumption and thus can be exported. Its consumption does not require movement of the producer or the consumer. A characteristic of a hard service is that it has both a manufactured good component and a service component. The primary source of utility is in fact the service component and the tangible component can be thought of as a storage medium. On the other hand Erramilli & Rao (1990) define a soft service as requiring simultaneous production and consumption. Important to note that in our studies thus far as tourism students this is the defining backbone of tourism and hospitality as service products. Unlike hard services where separation is possible, soft services such as hospitality and medical care require physical proximity of the producer and consumer or the consumer's possession being serviced.

Figure 7: Foreign Market Entry Mode Strategies for Service Firms

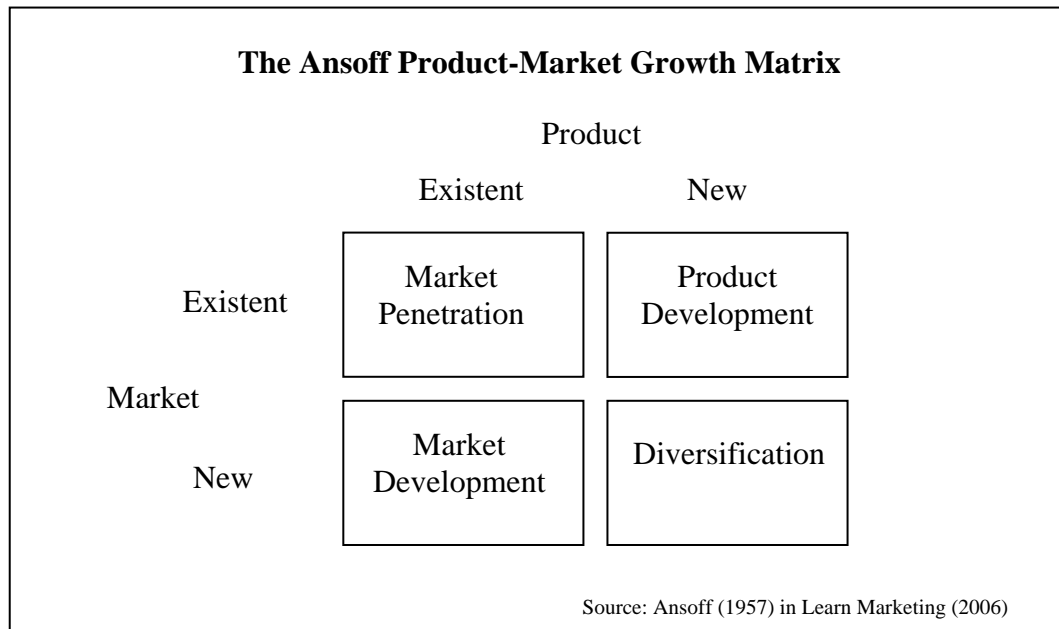


5.7 Positioning

Positioning is “the way a product is defined by consumers on important attributes” (Kotler, 1999). In fact, positioning is part of a firm’s core strategy within marketing and it’s about meeting the strengths of the firm with the opportunities present in the market. The core strategy has two parts; first the firm has to identify the group of customers for whom it has a differential advantage and the second step would be to position the product or service in those consumers’ minds (Kotler, 1999). A firm’s positioning of a product or service will also depend on the competitor’s position in the market. Either the positioning strategy would be to compare this product or service to the others in the market or to differentiate it from the rest (Learn Marketing.net, 2006).

In 1957, Igor Ansoff developed a marketing tool, which includes five strategic business options firms may adopt to develop their positioning strategies. The model presented below, is renowned in the marketing field. This is Ansoff’s Matrix (Figure 8).

Figure 8: The Ansoff Product-Market Growth Matrix



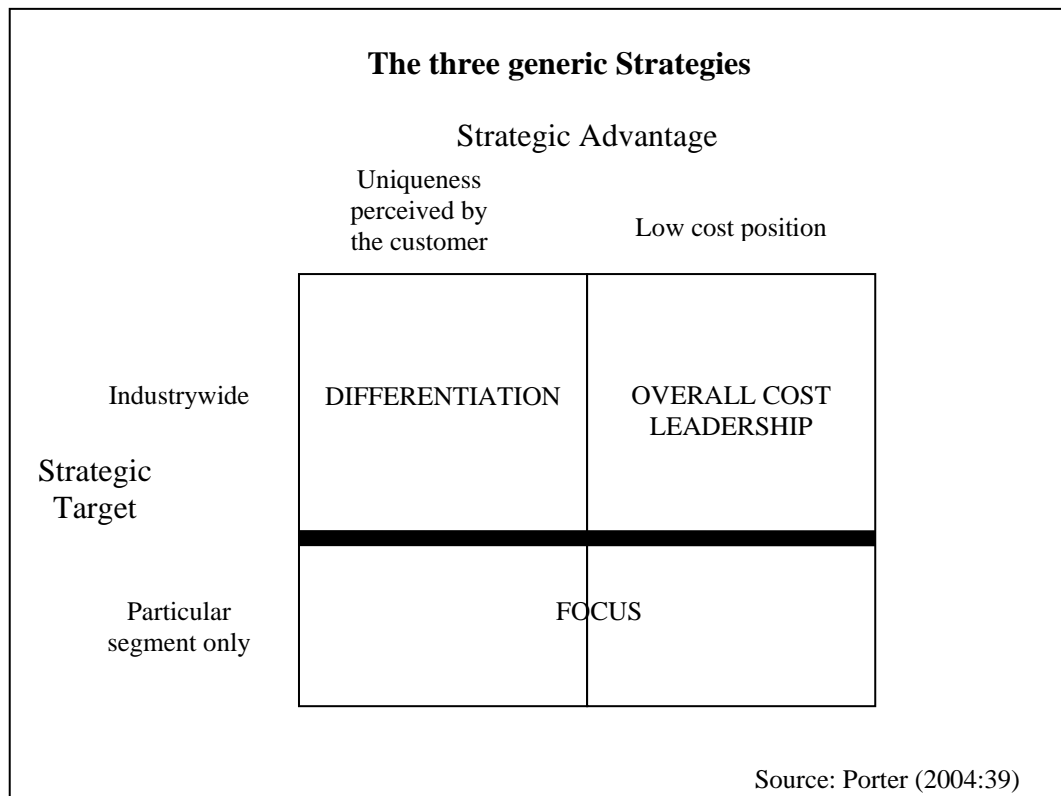
The first quadrant is *Market penetration*; it explains the re-position of a current product or service that is already positioned in a determined market. The purpose of this positioning strategy is to increase sales by promoting the product or service heavily or changing the price strategy. The second quadrant is the *Product Development* strategy, which is applicable to new products or services that are positioned to compete in markets that the organisation already serves. Among others, the primary reason for this strategy is to attract more customers in that existing market and thus gain market share. The third quadrant is the *Market Development* strategy, which is adopted when a company uses existing products or services and positions them in new markets. If the market has an extensive understanding of segmentation then new markets can be found. The last quadrant is *Diversification* and is implemented when a firm develops a new product or service positions it in a completely new market from its normal operations, for example a company can move from renting cars to hotel cleaning service sub-contractor. The last strategy proposed by Ansoff (1957), although not included in the four-quadrant model is *Consolidation*. Here the firm concentrates on its

existing products or services and existing markets and withdraws from other markets diminishing its operations.

5.7.1 Generic Strategies

Generic strategies complement the competitive strategy in the search for creating a defensible position in an industry. Porter (2004) proposes three successful generic strategies that may be adopted to outperform other rival firms in an industry. These are cost leadership, differentiation and focus. These strategies can be combined or used singularly depending on the circumstances between a firm, its competitors and operating environment. These strategies, if adopted successfully, may be used to create entry barriers thus protecting the firm market adversities.

Figure 9: The Three Generic Strategies



5.7.1.1 Overall Cost leadership

By setting functional policies it is possible to aim for overall cost leadership. “Cost leadership requires aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, and so on” (Porter, 2004:35). Nevertheless quality, service and other areas shouldn’t be affected by low costs, as they are part of the product or service experience. Having a cost leadership position, despite strong competition, makes it is possible to have above-average returns (Porter, 2004).

As Porter (2004) advocated in his book “Competitive Strategy”, a low-cost position will protect the firm from powerful buyers because their strength is to bargain in the pursuit of the lowest possible price, or near enough, in the market and ideally a low-cost positioned firm would still be able to make a profit. This strategy also provides defence against powerful suppliers, as the firm is more flexible with variable cost increases. Finally a low-cost position strategy gives a firm a better position relative to its substitutes in the industry.

5.7.1.2 Differentiation

To differentiate the product from others either by offering lower prices or by providing more benefits to justify higher prices, a firm may gain a *competitive advantage* (Kotler, 1999). For a product or service to be different from other competitors in the same industry, it has to be perceived as unique industry-wide (Porter, 2004:37). As stated in Kotler *et al* (1999:434-443), a firm can be differentiated from its competitors along the lines of the product (features, performance, style, design); services (post sale service, installations, customer training); personnel (professional and friendly, with knowledge of the product or service) or image. The firm can use several of these dimensions when developing

a differentiation strategy. Differentiation may not necessarily lead to gaining a dominant market share; however it provides brand loyalty resulting in lower sensitivity to price thus creating a defensible position against substitutes, consumers, suppliers and other competitors in the industry and also creating entry barriers to the industry. Nevertheless, the development of an effective differentiation strategy is costly and requires extensive market research, product design or intensive customer support (Porter, 2004: 37-38).

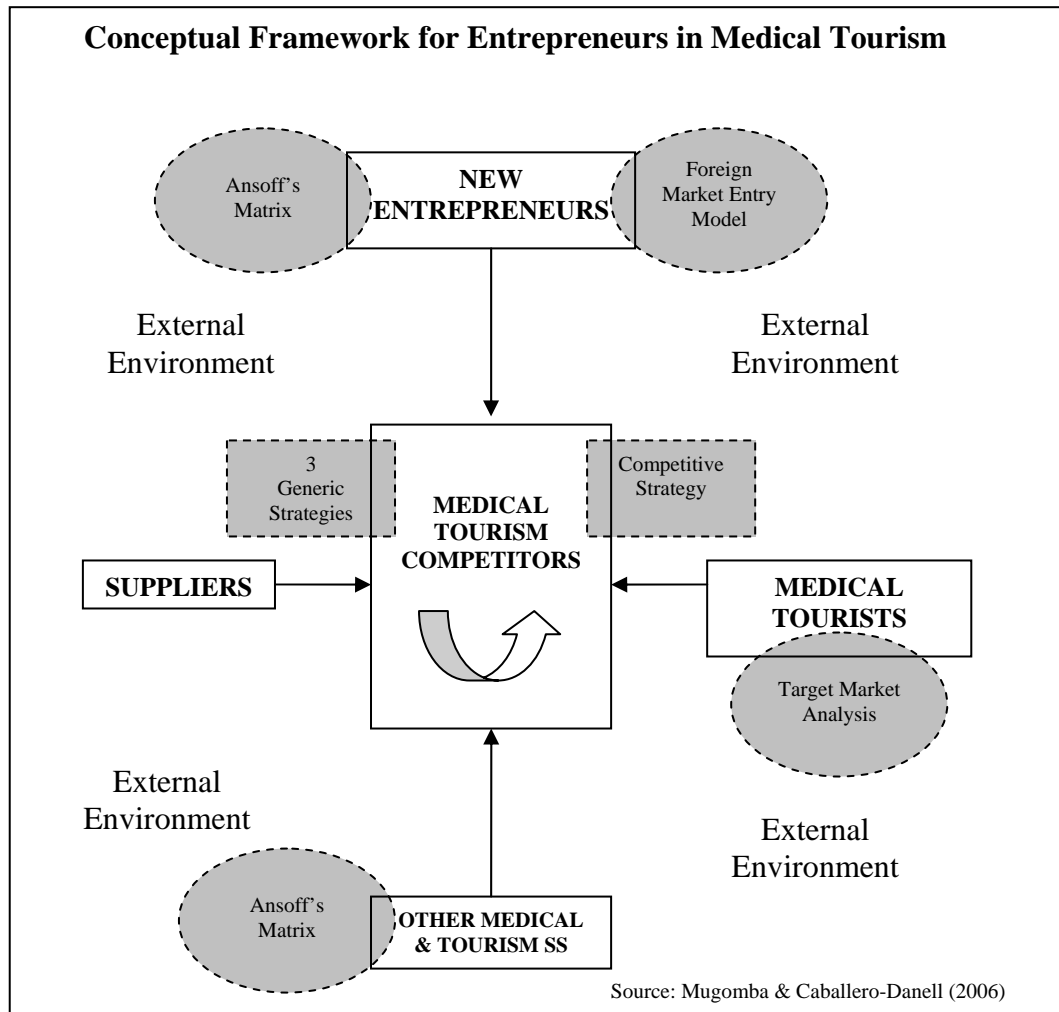
5.7.1.3 Focus

The third strategy proposed by Porter (2004:38) suggests focusing on a defined buyer group, segment of the product or geographic market in order to serve this target market more effectively and efficiently than competitors who have broader target markets or undefined market targets. Hence the firm will differentiate from rivals by better catering to the needs of buyers and/or lowering the costs servicing this target market. According to this author, when a firm achieves *focus* it can also earn above-average returns from the industry. The focus strategy may also be used to identify a specific target that is less attractive to competitors and consequentially under-serviced, a market with firms that have weak competitive strategies or target markets that are less vulnerable to substitutes.

The resultant entrepreneurship conceptual framework will be presented in the following chapter Figure 10.

6 ANALYSIS

Figure 10: The Conceptual Framework for Entrepreneurs in Medical Tourism



So the resulting conceptual framework we have proposed (figure above) will act as a guide for would-be entrepreneurs looking to enter medical tourism. We will present the market description developed and presented in the third chapter of this study. By dividing the main stakeholders that influence medical tourism under the five forces presented by Porter our analysis will highlight entrepreneurial opportunities within the current reality of the medical tourism market.

During our research no attempt was made to empirically investigate how these groups of variables vary across different types of service firms in the international markets, in other words no distinction was made between medical tourism, tourism and medical care. However we feel that the inclusion of the aforementioned arguments, and theories, in any analysis such as ours is justified.

6.1 External analysis

The role of the external environment represents the setting from which new entrepreneurial ideas emanate in the form of opportunities to be exploited by an organization. In addition, the external environment pressures a firm to re-align its product line or change its market segment (Zahra & Pearce, 1994:33). One important influence in the external environment is globalization. At the macro and industry levels globalization gives rise to market turbulence, increased competition, loss of protected markets as a result of trade liberalization and the emergence of international marketing opportunities. All of which have the ability to affect the operation and performance of the firm within an industry. Therefore to successfully enter and thrive in a new industry, firms have to be strategically flexible and adaptive to factors that occur at the macro level (as discussed throughout this study thus far).

Transparency of the advances within or the evolution of sciences means that today buyers are more aware of available medical procedures. Added to the relatively higher disposable income and time, surgery innovations such as sexual reassignment surgery in Thailand or scientific advances within the treatment of cancer have contributed to the propensity of people to seek medical procedures abroad and thus contributed to the growth of medical tourism.

The externalities identified and discussed in the third chapter, medical tourism market description, such as social issues, infrastructure and legal framework, the government and other regulatory bodies among others will now be analysed from an entrepreneurial perspective.

6.1.1 Social issues

Tourism has always been characterized by tourist flows predominantly coming from developed countries and going to similarly developed regions or to less-developed countries. Reasons such as disposable income and time, as mentioned before, as well as a need to escape from one's reality or to gain valuable experiences motivate people to travel abroad. In the case of medical tourism, the primary reason is to have surgery.

Although our results did not generate concrete issues that would be detrimental to entrepreneurial activity within medical tourism, medical experts have expressed their concern regarding the relative ease of purchasing surgery abroad. The medical field perspective of medical tourism does not fall within the scope of our research. Entrepreneurs should ensure that their business activities do not jeopardize the ethical framework within which the practice of medicine exists. We have made some reflections based on our observations and personal viewpoints.

There is a threat that in countries where the public health sector is compromised for the development of private health care to cater for incoming medical tourists, governments may implement unfavourable entrepreneurial policies that might make market entry impossible. However based on targets set by countries such as India (US\$2billion by 2012); Singapore (to increase GDP contribution from this sector above US\$1.6 billion) and, Malaysia (receipts worth US\$590 million in five years) the likelihood of foregoing the potential economic contribution is quite low (Asia's Growth Industry, 2006). On the other hand in medical tourist generating countries that are socially oriented there is the added risk that

governments or special-interest lobby groups will advocate for socially responsible policies which would make it unfavourable to seek medical care abroad. This could provide challenges for medical tourism destinations driven to secure optimal economic gains from this growing industry.

However the current reality is that crises in the healthcare sectors of tourist generating countries as shown by our research results have led to the increasing occurrence of medical tourists using the private healthcare system of developing countries and then using the tourism facilities/venues. The implication is that there is an increased labour supply as doctors return home. The income generator effect of tourism is that this booming industry will create more employment positions within the medical tourism sector, hospitals and hotels, but also other supporting services.

6.1.2 Legal framework

The nature of medical tourism is such that there is the leisure component and the medical component. Thus two relatively different industries would require some specific governance. Unfavourable regulation in the consumers' home market that may influence host destination's medical tourism product for example the EU healthcare card is only applicable to EU member states. As the industry grows and operators choose to either specialise or expand medical services offerings for example cancer treatment, then there would need to be a revision or at least some consideration made for the migratory status of such patients in terms of visas. While India has a medical visa, there have been restrictions placed on eligibility for medical tourist status and also accompanying persons (Global Health Tours, 2006). Under the premise of taking an initiative to preserve the brand image of India as a medical tourism hub one of the conditions is that the visa should be issued only for those seeking medical assistance in reputed or recognized specialized hospitals in the country.

According to research conducted by Accenture, a US-based management firm, for a paper on entrepreneurial activity discrepancy across comparable nations in terms of national economies, it was found that there are three basic elements necessary for an entrepreneurial environment to evolve. These are; access to capital by would-be entrepreneurs, a favourable tax system and regulatory government that provides incentives for entrepreneurship initiatives by ordinary people and a positive social and cultural attitude towards the concept of entrepreneurship.

The implication for entrepreneurs is in some medical tourism destinations there is a lot of bureaucracy. While India has high aspirations to make medical tourism India a US\$2billion industry by 2012 our research reveals that due to the bureaucracy in India it is very difficult for foreign enterprises to invest in India. In fact the World Bank labels India as one of the most difficult places in the world to invest in due to the inefficiencies amongst administrative officials at Registrar of Companies offices according to an exposé documentary by the BBC (Vaswani, 2006).

Our study results show that there are inadequate buyer protection laws against malpractice. Based on our analysis we have identified this as a weakness that may impede the marketing efforts of international medical care providers. Patients will be more encouraged to use international health care if certain rules are stipulated protecting them against botched surgery results and ensuring medical incompetence is reprimanded. Therefore as the industry continues to grow there is an urgent need for homogenous international regulation. Nevertheless from the entrepreneurs' perspective a lack of legal parameters is not necessarily a negative issue. The absence of industry rules, as outlined by Porter, in a niche market awards enterprises a certain degree of autonomy in terms of strategy formulation. In countries such as the U.S.A. reproductive tourism is a very promising type of business as there is a lack of legal framework regarding the manipulation of the sex of embryos. This is a great business expansion opportunity for the few fertility clinics that exist in the U.S. As reported in some articles, many couples go to the U.S. to choose the sex of their babies. According to doctors that perform this type

of service, they are not playing God but serving a market place (Associated Press, 2006).

Research of the significant medical tourist generating countries'; the UK, Europe and the US, stance on medical tourism reveals that although currently there is no national governing legislation this situation might change as more citizens of these countries continue to seek medical care abroad. In the US some states are taking the initiative to create some degree of legislation. In 2006 a Bill was introduced in West Virginia to allow state employees to fly first class to hospitals abroad, with a family member or friend, stay at a four-star hotel to recuperate and get extra sick days and cash bonuses that, in some instances, could total several thousand dollars. (Medical Tourism Alert, July 27, 2006).

6.1.3 Infrastructure

Within tourism popular leisure/travel destinations such as Thailand, Malaysia, Kenya, Brazil and Mexico have managed to develop the necessary economic infrastructure in order to cater for incoming tourism. Therefore in these countries the hospitality and tourism industry are in fact significant contributors to GDP. The market description indicates that it is the case that destinations such as these are developing strategies to diversify their service sector, as there are consequences of over-reliance on any sector. Cuba a relatively closed economy, as a social country in the past it has always relied on trade with China and its agricultural sector and now more recently tourism has become a liberalized market. However the provision of public education has created investment opportunities within medical tourism for Cuba. Highly reputed for its medical expertise within Latin America, the Cuban government is exploiting this available intellectual capital, its qualified doctors, by diversifying its income generating industries. Given the ownership structure within Cuba as a socialist country, market entry for foreign enterprises is currently almost impossible there is the opportunity to invest in neighbouring countries in the Caribbean as competitors.

There is a tendency to build hospitals and medical centres in the most modern way possible to give the perception that the hospital or medical group has the latest technology and is comparable with European or developed-country standards. Entrepreneurs entering the market should be aware that having a modern and clean establishment could diminish the perception of customers who think that medical care in developing countries cannot fulfil the standards. For those who are entering the tourism part of this industry there is a latent need for building resorts or hotels equipped with health care facilities in order to avoid the constant mobility of the patient from hotels to hospitals and vice versa. Gathering both services in one compound will also be more cost-effective and the medical tourist will spend most of his/her money in the same place (strategy used by all-inclusive service packages in the tourism industry). After all, as revealed in our study, for the individual consumer the attractiveness of the medical tourism market is the relative ease and enjoyment of consuming the service product – have surgery and recover while holidaying.

6.2 *Buyers*

6.2.1 Target market analysis

Within the literature review conducted, Kotler defined the target market as the one that not only is willing to have the service but can also afford it and has access to the service. The medical tourism target market has both the need for surgery and the desire to heal in a relatively exotic destination compared to the home country. These medical tourists have the means to purchase travel tickets, hotels, and the medical treatment. Moreover, this segment is able to travel outside of their national borders to be treated. Medical tourism enterprises are seeking the attention of consumers in developed countries where health care services are overpriced and there's a long waiting list for surgery.

While adhering to international standardisation be it through the development of infrastructure or acquiring the right certification of competences are prerequisite for entering medical tourism our research shows that market targets may be chosen based on two perspectives. The first perspective is resources driven where markets must be chosen based on the enterprise's competencies. Cuba a relatively small medical tourism destination compared to India, based on its competencies, is renowned for blindness prevention treatment and psychiatric based therapies. While a country like India, which has a higher ratio of medical groups, offers an array of medical tourism packages.

The second perspective is market driven where market scanning is conducted to identify trends within medical tourism i.e. opportunity identification. For example a change in demographics, as a medical tourism externality, contributes to the growth of medical tourism as an industry. In western countries such as Sweden and many other European countries there is a looming crisis within the provision of public health care. The "baby boomers" that were born after World War II are approaching retirement, causing an economic burden on the current system as well as a growing pressure to improve the healthcare sector. Our analysis of this pending crisis presents this as a prime example of an industry catalyst as discussed by Morris (2005). There is an opportunity for specialisation within geriatric care by would be entrepreneurs.

6.2.2 Consumer benefits

Consumers of medical tourism are generally price sensitive that is why they go abroad to seek more economic medical procedures. This also grants them significant bargaining power as proposed by Porter. The reduced waiting time abroad is also a favourable element of medical tourism. For entrepreneurs this bargaining power may be a threat as they may be forced to engage in price wars with operators offering the same product. However would price wars in such a market be sustainable? Medical tourism packages that have provisions for

accompanying family members are consumer friendly value-added elements that add to the service delivery process. From an entrepreneur's perspective this may be of great importance when thinking of service guarantees i.e. going the extra mile, a common practice in hotels or the airline industry. The leisure component of the medical tourism package is one of the critical unique selling points of the product; consumers have the opportunity to heal in an environment different from their home – the ideal offer of escapism. Apart from the price sensitive there are consumers who are willing to pay for extended health care. For some medical procedures there are standard periods of stay within a hospital, which sometimes may be considered insufficient recuperation time by some patients. For would be entrepreneurs there is the opportunity to develop strategies targeting both these less price sensitive consumers and the price sensitive consumers.

6.2.3 Communication channels

The Internet has awarded service industries the opportunity to maximise servicing the targeted market; the tourism industry is no different. Moreover, the Internet overcomes geographic distances between the service providers and the consumers. Within medical tourism, as a niche market, entrepreneurs have the opportunity to revolutionise marketing strategies or service delivery for example video conferencing between patient and medical staff, “real-time” guided tours of facilities may be developed to aid consumers in their decision making process, the customization of the medical tourism package among other things. The Internet has numerous benefits over the more traditional media forms; TV, radio and print media in that it awards cost efficiency and perhaps may not be strictly legislated as in these classic communication channels. In addition there is the opportunity to engage in print media in the form of magazines such as *Cosmopolitan*, *Glamour* and *Healthy Living* in the classifieds section, some of which already have cosmetic surgery advertisements. For many experts in this industry such as Curtis Schroeder, CEO of Bumrungrad, an international hospital in Bangkok that in 2005

treated 400, 000 foreign patients, word-of-mouth is the most effective type of advertising in this industry (Cochrane, 2006; Asia Travel Tips, 2006).

6.3 *Substitutes*

6.3.1 Ansoff

The likelihood of substitutability increases when the target consumer perceives the consumption of a specific medical tourism package similar to the consumption of another therefore the consumer makes a trade-off between the options based on value added benefits. To analyse the prevalence of substitute products within medical tourism first we identify what qualifies as a medical tourism substitute product. As defined in the first chapter the product is a combination of a medical procedure and a leisure component. The medical tourism product substitutes are analysed according to the identified medical tourism distribution channels; medical tour operator groups or travel agencies acting as intermediaries linking medical tourism destinations and medical tourists in the home market of the agency.

From our research of patient testimonials and electronic newspaper articles not all consumers value both components of the medical tourism product equally, some may value the leisure component over the medical procedure during the decision making process. Therefore the results of our study indicate that there are two basic types of substitutes, those within the medical service and those within the leisure component. Within the leisure component we found that destination attributes such as heritage tourism, safari and nature, sun, sand and sea destinations offering the same medical procedures for example dentistry in Antigua Smiles or South Africa's Surgery and Safari where the motive in the former would be to engage in sun, sand and sea leisure before or after the service and the latter offers the experience of the African natural landscape before or after consumption of the medical component of the package. The leisure component becomes a critical

deciding factor for low risk or routine medical procedures such as dentistry or lasik (refractive laser eye surgery). In both instances the consumer is still engaging in medical tourism as they are travelling abroad to consume the service. For non-essential medical procedures consumers may opt for alternative forms of medical services for example wellness tourism packages.

On the other hand consumers may opt to stay at home and have the medical procedures in their home country therefore foregoing consumption of medical tourism. Medical care services at the medical tourist generating destinations then become the substitute of medical tourism. The trade-off becomes going abroad to have dental implants in Antigua and a holiday or have the procedure done by a local dentist. Although the identified motives for medical tourism include relatively lower prices, for consumers who are relatively less price sensitive, the ease of consuming service in the home market may be the critical deciding factor.

In India the growth of Global Healthcare, according to officials, spurred by factors such as the emergence of medical tourism has led to the establishment of national hospital accreditations institutions in a move to speed up the process of accreditation and as a signal to the international community of the Indian drive to raise the service standards of over 20,000 hospitals (Ramesh, 2006). Benchmarking Indian hospitals against countries such as the USA or Australia, which are medical tourist generators, in 2006 an Indian national body partnered with an Australian healthcare standards board. Therefore in existing medical tourism destinations like India initiatives such as these provide a favourable environment for would be entrepreneurs hoping to diversify. By establishing medical group hospitals focusing on medical tourism; exposure to healthcare standards from the medical tourist generating destinations not only provides market penetration leverage for existing medical groups to gain efficiencies catering to an existing target market but also provides opportunities for specialization perhaps making the service offerings less imitable.

The NHS currently restructuring its activities in an effort to reduce patients' waiting list has short-listed foreign medical groups to bid for the provision of diagnostic services within four geographical areas in the UK. The Indian medical group The Apollo Hospitals Group is one of the applicants (Ramesh, 2006). Outsourcing of medical administrative functions and also basic medical services such as diagnostics has become characteristic of many national healthcare providers in Western countries. This is a salient catalyst within the medical industry instigating the move towards regional healthcare (like the EU medical insurance) and global healthcare provision. Partnerships such as these, NHS and The Apollo Hospitals Group, provide exposure of medical service offerings by the foreign countries and provide a market development opportunity. Already active in medical tourism for India, the NHS – Apollo Group partnership provides an opportunity to leverage the brand of India as a medical tourism hub thus attracting more UK patients to India for more intensive medical procedures and the medical tourism product (Datta, 2005). In essence this would make provision of diagnostic services in the UK direct substitutes of the same diagnostic services offered by the medical group but in India as part of its medical tourism product. In other words patients may either opt to consume the medical service product in the UK thus forgoing the leisure offering or travel to India to consume the added leisure component.

As this is a growing market in terms of substitutions the market has not reached its full capacity. There are prominent medical groups' offering a range of medical procedures and few destinations such as Antigua Smiles consolidating themselves within a specialised area of medical surgery. Therefore from the entrepreneurs' perspective the implication is that an awareness of substitutes is the key to identifying an area within medical tourism where existing medical tourism product portfolios are weak. Although no research was conducted on the retaliation of medical service providers in the medical tourist generating destinations our results provide a holistic view of the medical tourism products abroad, which lessens the vulnerability of one's service product. Thus given the existing medical tourism product strategies and the current market reality, substitutes, as a force, do not pose a deterring force to market entry.

6.4 Suppliers

As academic research heeds gaining an internationally sustainable advantage is increasingly recognized to depend on the possession of unique assets (Oviatt & McDougall, 2005). In medical tourism this could not be any truer. Our results show that the emergence of medical tourism has been catalytic in the creation of business opportunities for supplier inputs that support medical tourism. Analysis of the combination nature of the medical tourism product, medical care and leisure, reveals that there are many inputs required; medical professionals, accommodation, transportation network between target market and destination, operators of the various attractions of the destination, insurance providers among many others.

The observed status quo of medical tourism today shows there is increasing evidence of enterprises in the medical tourism supplier chain looking towards vertical integration as a means to expand their capacity and tap into a larger market. “The industry terrain is ever-changing...never before have competitors, co-operators, suppliers and buyers been so indistinguishable” (Panagiotou & van Wiljnen, 2005:156).

6.4.1 Infrastructure

Changing economic, technological, and social conditions within the global tourism industry have created opportunities for some industry players while simultaneously creating threats or constraints for others. Market analysis of the current infrastructure revealed that the purported marketing leverage awarded to medical tourism enterprises is primarily due to infrastructure development at the destination as a result of more conventional forms of tourism that are already established. However changes in both tourism and non-tourism sectors have given

rise to multiple points of entry along the medical tourism supply chain for would be entrepreneurs.

6.4.1.1 Hotels

A majority of the websites of the medical groups analysed cite the inclusion of hotel accommodation, pre and post surgery, for patients and accompanying persons. Plenitas, the Argentinean medical group, has partnered with the Sheraton hotel, and other accommodation forms ranging from apartment hotels (catering for families) to bed and breakfasts. Although the existence of legislation against hotels actively promoting medical procedures wasn't explored the affiliation of the Plenitas product with a hotel chain such as the Sheraton enhances its brand equity. Partnering with global hotel chains present the opportunity to engage in additional marketing.

6.4.1.2 Insurance providers

The large significant proportion of under-insured individuals in the US has not only opened up opportunities for medical care providers abroad but within the home market as well. Analysis of the medical tourism description suggests that there is the opportunity for existing insurance providers to extend their services to include medical tourism policies for regional Asia countries, South Africa and South American medical destinations. During our research we did not come across any existing insurance providers offering standard healthcare policies in addition to policies tailored for medical tourist. The reason for this may be two-fold. One, this absence may be that for many existing insurance companies extending their insurance policy offerings to cater for medical tourists could upset partnerships with US hospitals. Two, such enterprises do in fact exist however due to the limited scope of our secondary research they were not included in our sample analysis.

Nevertheless this then presents the opportunity for the entry of enterprises offering insurance for medical treatment abroad. Identified US insurers, Health Net and Blue Shield of California, offer policies permitting insurance holders to get most of their medical care in Mexico and include access to some medical services in Southern California as well. While many of the publications analysed cite that there is a need for the establishment of medical tourism health cover for individuals, there is also a need for insurance providers targeting employers. In unionised countries such as the US or where employers are mandated to contribute to employee health care spiralling costs exacerbate many companies' budgets forcing them to look to other avenues.

6.4.1.3 Airlines

Changes instigate a firm to reassess its goals and strategy within medical tourism and the options for realizing them. As discussed by Porter (1990) dramatic growth in the speed, quality, and efficiency of international transportation and communication have reduced the transaction costs of multinational interchange thus awarding firms economies of scale. As according to the opportunity model (Morris, 2005) deregulation in sectors of the global economy such as the airline industry has spurred the emergence of global markets such as medical tourism. Reports claim that in 2005 the airline industry reached its peak driven by the growth of markets in the Middle East and Asia, which was spearheaded by the Chinese and Indian markets (Financial Times, November 23, 2006).

China and India currently coined emerging markets not only for manufacturing but increasingly for services as well provide airline carriers the opportunity to consolidate their positions within destinations such as these by transporting medical tourists to these destinations in addition to other tourist typologies; leisure seekers, business travellers among many others. Therefore for these industries medical tourism provides many opportunities for product line extension into the new niche market.

The analysis suggests in an attempt to increase the foreign patient inflow to India several hospital chains are exploring partnership options (Mukherjee & Himatsingka, 2006). Although the market description did not reveal any existing partnerships between the medical groups researched and airline carriers, changes in the market analysis indicate that such a development may not be too far off. Emirates Airlines and Singapore Airlines are two carriers allegedly making advances towards tapping into medical tourism destinations such as Thailand and India through medical tourism. Airline carriers as significant entities within the medical tourism supplier chain are looking to form partnerships with medical tourism operators.

Analysis of the market status quo suggests that such advancements would create a win-win outcome for both airline carriers and medical tourism enterprises. Medical tourism enterprises would experience increased revenues, as accessibility of the destination would enhance numbers of in-bound medical tourists. While for the airlines carriers an increase in the consumer profile leads to higher revenues. Research on business operations of Emirates Airlines in India revealed that the carrier has existing alliances with some hospitals in parts of India, the nature of which were not unexplored. Carriers such as these are looking to consolidate existing market share in regional West Asia and Indian Ocean.

6.4.1.4 Other ancillary suppliers

Within the global pharmaceuticals industry current challenges include rising cost pressures and increasing competition from generics (Gadre, anon). According to reports pharmaceutical supplier distribution channels include directly distributing to hospitals, to enterprises in a specific trade sector such as medical tourism and across companies and regions. The emergence of medical tourism in regional Asia and South America alludes to added profit; however profit realisation calls upon strategic supply chain management.

Vertical integration within other forms of tourism has become common practice, for example the bundling of airfare, car rental and accommodation into a single package. These same opportunities of vertical integration exist in medical tourism. Medical tourism can learn a few things from conventional tourism. Existing medical tourism enterprises or would be entrepreneurs have the opportunity to form collaborations with hoteliers, insurance providers, international airlines, pharmaceutical suppliers and other suppliers. This would also provide be an effective strategy to establish diversified marketing partners.

6.4.2 Operators

Although within the field of medicine Thailand, India and Singapore have managed to consolidate themselves as medical experts and pioneers in terms of surgical procedures, geographical and social discrepancies still pose the challenge of effectively communicating the quality of care to the consumer. To overcome this more of the identified private medical care groups during our study have the opportunity to engage in forward integration (vertical integration). Medical groups like Phuket Health Group have extended their market share by opening up distribution offices in foreign markets: RelaxU in Sweden, which has offices both in Stockholm and Göteborg. Apollo Medical group has subsidiaries in the UK performing outsourcing functions.

Based on our analysis of the medical tourism market reality it is evident that collaboration between operators within their respective field is still at the infancy stage. In manufacturing industries vertical integration awards enterprises economies of scales. These too may be realised though product bundling of the medical care product with discount flight or customer service guarantees which add to the perceived value of the brand relative to other medical tourism operators. From the perspective of the medical group the aforementioned hospital-airline alliance may span across two levels 1) introductory level this would primarily be to expand consumer target market by implementing in-flight

awareness or offering complementary medical examinations at one of the medical group's affiliated hospitals at the flight destination, 2) value-added benefits for medical tourists such as comfortable seating for the patient, this would extend the service delivery beyond the destination perhaps making medical tourists more likely to engage in positive word-of mouth marketing of their experience. It also gives partners a chance for joint brand-building activities including viral marketing strategies (Mukherjee & Himatsingka, 2006).

Developments identified within the analysis show that to circumvent the outflow of medical expenditures to medical tourism destinations such as India, hospital groups within the medical tourist generating countries are forming partnerships within countries such as India, Malaysia, Thailand, and some Eastern European countries amongst others. By instigating collaborations with medical tourism groups at medical tourism destinations Planet Hospital, a US-based medical tourism company has secured partnerships with reputable hospitals in Chennai (India), Thailand, Singapore and Belgium. In the US the researched crisis of the public health care has led to an increase in the number of enterprises acting as intermediaries between patients and India's three most reputable hospital groups; Apollo, Escorts and Wockhardt.

6.4.3 Intermediaries

Based on the research conducted it is evident that there's an untapped niche within medical tourism. There aren't any medical tourism specific travel agencies focused on selling an array of medical tourism packages. Electronic searches through the Internet yielded some websites that offer information on a range of medical tourism packages however they were operated by sole entities, in other words a specific Indian medical group or Singaporean medical group. Medical Tourism India.com an online intermediary provides extensive information on available medical packages, hospitals, a cost comparison and health regulations and destinations within India. Medical tourism can learn from the hotel or airline

industry where consolidated websites or medical tourism specific search engines such *lastminute.com* or *cheapstickets.com* or *hotels.com* where one can just type in a type of surgery “hip replacement” or “new heart” and get an array of possible destinations and prices. This could also be extended to mortar and brick structures in target markets such as the US, the UK and Japan by developing medical travel agency chains. This would provide many opportunities such as a marketing leverage for the destination, for some consumers purchasing health solutions over the Internet may be intimidating, so, through one-to-one interaction, travel agencies would be better able to persuade consumers during the decision making process.

The analysed externalities presented have been catalysts in creating exposing opportunities for existing suppliers and entrepreneurs looking to enter the market as suppliers. All these provide avenues for possible investment by existing suppliers within medical tourism and other complementary industries.

6.5 Industry competitors

With many destinations vying for the consumer’s disposable income by developing their brand offerings, which as the niche market grows become replicas of each other, to gain a competitive advantage enterprises should focus on the relative ease of consuming the product. As discussed under the buyer analysis push factors making consumers seek medical tourism are the long waiting queues and the high medical care costs. Product bundling is an effective marketing strategy that competitors may do well to implement.

6.5.1 Competitive strategy

“The upward evolution of national powers to higher levels also means that firms everywhere now face global competition, without the domestic-market protection formerly afforded by national governments. “Even if a small firm prefers not to

enter international markets, it must achieve world-scale efficiencies in order to remain competitive and viable in today's open markets" (Dana & Wright, 2003:137).

If "...history indicates that most new enterprise failures occur within the first five years of their life." (Castrogiovanni, 1996; Monk, 2000 as cited in Zahra & Pearce, 1994), then an analysis of the observed industry operators will be conducted using Porter's generic strategies

6.5.2 Generic strategies

Given Porter's three generic strategies; cost leadership, differentiation and focus, from our research cost leadership within the medical tourism industry seems somewhat irrelevant based on the current growing status of the industry since the attraction is its cost efficiency. The consumer doesn't compare prices between medical tourism destinations, Malaysia versus India, but rather against the prices of medical services in their home country. This is a competitive advantage that the industry as a whole enjoys. Websites researched quote price comparisons of specific medical procedures by a comparison of prices between the medical tourism destination and the medical tourist-generating destination. As purported by Porter (2004) differentiation amongst industry competitors can take many forms some of which include customer service, brand image, technology and features.

Based on our observations while industry competitors may not engage in price wars they do use branding as a means to gain leverage over each other. Branding strategies providing images and information on quality; offering recognition of medical facilities, reassurance of service provision, security and exclusivity, and in some instances, contribute to the augmentation of an existing positive destination brand image (as in the case of India and Malaysia) and identity (Singh, 2004).

6.5.3 Branding

Differentiation is the second strategy proposed by Porter (2004:37). Our market description illustrates that for countries offering similar medical service firms there is a prominent use of the leisure part of the medical tourism package to differentiate their product from other competitors. That is packaging safari or tango nights with surgery give the product the uniqueness necessary to compete against other firms in the industry. This can be the determinant factor for medical tourists to decide where to go. Without a doubt the medical element, how professional and expert the doctors are, the facilities, the technology used, among others, is a core decisive factor but, as all the researched medical tourism destinations offer top-quality medical services the competitive advantage can be gained through the leisure component of the package.

In addition to purchase uncertainty there are other challenges that branding campaigns face. These include negative stereotypes, which may be harder to overcome given the geographic distance. Thus it's not all smooth sailing for medical tourist destinations. "My friends and relatives said I was crazy. They said, 'They'll cremate you along the Ganges'" (St Petersburg Newspaper, 2005). Here this statement implies that although India is famed for its medical advancements it is still renowned for its poverty and *filth*.

As a form of differentiation the observed marketing strategies of the medical tour operators reiterate this. They feed off the existing country brand, for example Incredible India (a government initiative designed to promote Indian tourism at the national level) awards medical tourism a really strong platform from which to develop. Other branding strategies used to appeal to the need for prompt medical care is Speedy Surgery, where although the name does not supply a geographic link, one would only hope that the *speediness* does not undermine the quality of care

6.5.3.1 Product

The third strategy as presented by Porter (2004:38), focus, is when an enterprise centres its efforts on a particular group of buyers, either through geographic target market or product specialisation. Analysis of the medical tourism niche market reveals that many firms have adopted this focus strategy. Predominate medical tourist generating countries as discussed throughout this study are from western European countries and the US. Content analysis of the price quotations or language interface settings on the websites of medical groups indicates the various geographic target markets of countries such as India, which provides prices in the US dollar and the pound sterling. Phuket Health and Travel offers website interface language settings for Swedish, German and Asian markets such as Singapore and Japan. While Plenitas, the Argentinean medical operator, offers language interface settings for French.

Product specialisation as an alternative form of focus strategy, based on our research, is most predominant in countries with relatively lower economies of scale in terms of resources. Cuba has developed a focus strategy within psychiatric therapy; Hungary has a focus strategy within dentistry targeted towards western European countries. While it is not clear why the current medical tourism destinations opt to specialise or not, there are many possible reasons; knowledge capabilities within a specific area of medicine (Cuba as discussed within the target market analysis), the consumer demand may dictate the type of medical care provided for example one of the more popular non-cosmetic medical procedures US citizens seek in Mexico is dentistry, as is dentistry in the Baltic region for the Scandinavian target market, a lack of infrastructure may limit a country's aspirations for medical tourism as an economy generator.

It may ensue that based on home-country factors a small domestic firm may be at a disadvantage in developing the kind of organizational capabilities necessary for competing in foreign markets (Ekeledo & Sivakumar, 1998:289) and perhaps even more in potential industry sectors. However, the literature on international

business illustrates growing interest on the idea of international collaboration between firms for the purpose of developing and enhancing a firm's capabilities (Hamel, 1991; & Mody, 1993 as cited in Ekeledo & Sivakumar, 1998). To supplement the product specialisation strategy our research reveals that for prevalent industry competitors, as the market continues to grow product bundling remains relatively unexplored as a means to offer competitive advantage. While the core of the medical tourism as defined is the combination of medical care and leisure, our analysis of the market indicates that given the many services, as exposed by our analysis, that are necessary for the consumption of the product; product bundling as a strategy is under-utilised. Analysis of the suppliers indicates that there is growing interest non-medical enterprises such as hotels, airlines and insurance companies that can see the potential to be gained from partnering with medical tourism operators.

New entrants to the market are advised to adopt one or a combination of these strategies to create a defensible position in the industry. As a niche market, the observed branding strategies do not indicate which medical tourism destinations have adopted an offensive or defensive strategy. Nevertheless, as most of the existing enterprises are using these strategies, to varying degrees, this enables them to cope successfully with current competitive forces; other competitors, buyers, suppliers, substitutes and market externalities. This awards them the possibility to enjoy superior returns from the industry and defend their position against potential entrants attracted by the medical tourism cash cow.

The existing rivalry between firms has not erected any entry barriers as the results did not indicate price-wars or aggressive competitive strategies amongst the current enterprises. This may be mainly attributed to the infancy of the niche market. Therefore market entry is favourable. However as more firms enter and target similar consumer markets the status quo will change.

6.6 Potential entrants

Within the literature review two schools of thought were presented of which the second provided a basis for analysis of market entry into medical tourism. To recap the first school of thought was that entry mode frameworks developed within manufacturing industries could be applied to both manufacturing and service sectors. While the second school of thought advocated that this was not that simple. In fact while some service sectors could easily adapt the existing entry mode models developed within the manufacturing industries others could not.

In addition while some service sectors could easily adapt the manufacturing industry-specific entry mode models others could not. Using the services classification as presented by Erramilli and Rao (1990), hard services versus soft services, analysis of the medical tourism market and the growth opportunities it presents is based on the definition of medical tourism as a soft service. As hospitality and healthcare require physical proximity of the producer and consumer or the consumer's possession being serviced they are defined as soft services. Therefore because the nature of medical tourism is a combination of elements of medical care and hospitality, medical tourism is a soft service.

A synopsis of the medical tourism niche market is presented below in the form of a SWOT model. Based on the current market description and the preceding analysis of four of Porter's forces and externalities analysis, this is an indication of what a generic SWOT model developed by a potential entrant might look like.

Table 2: SWOT Analysis of the Medical Tourism Market

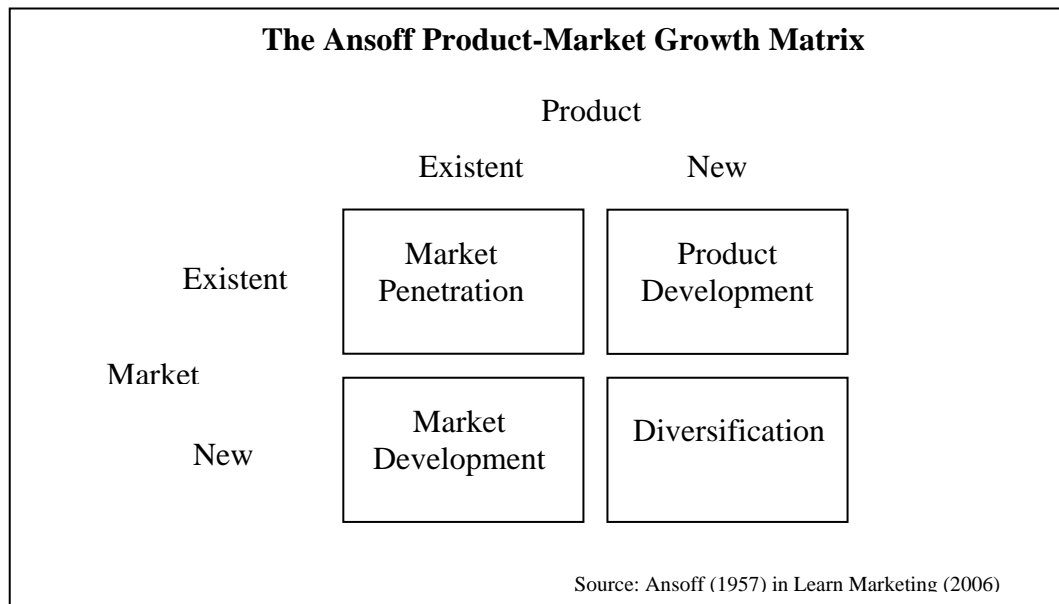
Strengths	Weaknesses
<ul style="list-style-type: none"> - Niche market - Emerging markets or developing countries have most benefits - Differentiation from rivals is through the leisure element of the medical tourism package (e.g. dentistry and Caribbean islands or dentistry and Taj Mahal) - Positive forecast growth - Established travel destinations have a natural marketing platform - Absence of market rules in developed countries banning medical tourism in developing favours market growth 	<ul style="list-style-type: none"> - Local people can't afford the same type of service that is offered to tourists. - Absence of laws or policies for international medical care. Therefore consumer not protected against malpractice. - The nature of the product, medicine and leisure, requires initial significant investment -
Opportunities	Threats
<ul style="list-style-type: none"> - May be adopted by almost any country as it is not geographic-specific but knowledge and infrastructure-specific. - It will create new and more jobs for locals in the service sector. - Due to the "global" nature of medical tourism firms internationalize immediately as the target market is abroad. - To differentiate the service can be based on the country's landscape and tourism attractions. 	<ul style="list-style-type: none"> - Absence of market rules in developed countries banning medical tourism in developing destinations may not last. - Corruption in developing countries can delay some laws required to improve the service. - The low-price strategy may not be sustainable if input costs increase - Retaliation by healthcare providers medical tourist generating destinations.

6.6.1 Ansoff

The Ansoff matrix, as an opportunity analysis tool, has been used to identify growth strategies for enterprises currently operating in industries that are related to medical tourism, as identified in the suppliers' analysis and the competencies necessary for entry into medical tourism by potential new enterprises. The

competencies required for successful market entry as presented by de Wit & Meyer (1998) include; knowledge, capability and attitude. Entrepreneurs entering medical tourism would do well to use studies such as this to gain knowledge pertaining to market insight of medical tourism; observed trends, current stakeholders, competitive intelligence, expertise and an understanding of external forces among other elements. Capability is a collection of various abilities that arise perhaps because of resources possessed, for example market research, advertising skills or service product skills. While attitude is a success mentality or a future driven mentality an enterprise possesses.

Figure 11: The Ansoff Product-Market Growth Matrix



For some firms, a natural evolution of the business is to start operations at a local level and then after acquiring some experience and revenues, consider expanding the business to a more international level. In the case of medical tourism it appears that the actors in this industry are natural “born global” in nature due to the premise of their service offering medical tourism packages, which are comprised of cost effective medical procedures and leisure packages. Even the supplementary components of the service are foreign market oriented – international accreditation, translators provided among others as are the

supporting services; airlines to the destination, hotel accommodation of international standards, insurance that extends beyond national borders. As a result application of the literature review of our entrepreneurship-based theories reveals that there are many strategies firms may implement for entry into medical tourism or for existing enterprises to consolidate their position.

In some destinations, existing firms in the medical care industry have “opened their eyes” to the evolution of the medical tourism niche market. Within the observed medical tourist generating regions outsourcing of medical services has become common practice over the last decade with many healthcare providers in these countries looking to reduce administrative costs. Germany, Estonia, France and Mexico are countries that all serve as outsourcing destinations for standard medical procedures such as radiography and other diagnostic procedures. Standard administrative functions that are outsourced include physician transcription services, claims transcription services, medical coding and billing services. Other offshore locations, India and Thailand for example, are established brands as “back-office” service providers within the healthcare industry. It is destinations such as these that Datamonitor (industry analysis specialists) tip to have the opportunity to extend operations into more “front-office” service operations by making value-added developments on their existing brand. Through outsourcing destinations such as these have already gained competencies in the field of medicine. So for local medical groups looking to extend operations this will give them brand leverage in the medical tourism industry which perhaps may be seen as an extension of medicine within the context of medical tourism.

So for India, Thailand, Singapore and Mexico, currently dominating as medical tourism destinations, developing marketing campaigns that attract consumers to their destination is a form of market development. This is a natural extension of their existing services into a new target market where consumers seek both medical care and leisure.

Analysis of the medical tourism market description indicates that existing enterprises operating as travel agencies, in the more conventional leisure and travel tourism, can also engage in product development strategies. The conducted literature review of marketing entry strategy suggests that for services that are highly customized, a good deal of face-to-face contact with clients is required. According to academia the consequence of this is that such services often demand direct representation and/or a local presence for successful market entry. This is the nature of mortar and brick travel agencies such as Kilroy Travel, STA and Framtidsresor, currently operating in Sweden. As travel agencies already have a physical presence in the target market, extension of their service products; holiday packages, sport packages or cultural discovery packages among many others, entry into the medical tourism market would entail offering medical packages. This could be offered in their brochures or catalogues of products alongside their existing product line.

Intermediaries provide a good entry opportunity yet interestingly the use of intermediaries within medical tourism is *under-explored*. Our research illustrates that India, Thailand and Singapore, the identified dominant medical tourism destination hubs in this study, have not fully explored the use of intermediaries such as the aforementioned travel agencies in pursuit of their target markets. Yet they all anticipate rapid growth of the industry over the next couple of years. Results show medical tourism operators rely heavily on directly marketing to the consumer through their websites on the Internet and the added positive media coverage of medical tourism over the last two years. The strategy as observed thus far is proving to be successful and enables them to reach a wide market scope. If one searches the electronic search engines using the keywords “medical tourism” it is quite likely that one will come across the links to the respective websites of these countries and others.

As the nature of our study was purely descriptive it is not apparent why this is the case. Why a medical tourism destinations opts to enter markets through intermediary through over direct marketing via electronic media. However the

research does reveal that an analysis of the target market suggests that although the attraction of medical tourism is the relative cost effectiveness and the prompt access to treatment, the purchase of medical care abroad still remains a sensitive topic.

Deciding to undergo treatment for cancer abroad or a necessary cardiac-related procedure are all high involvement decision process and it is the purchase of medical intervention that advocates the provision of entities that provide consumers this much needed for face-to-face contact. In certain countries the culture of consuming medical care abroad, especially in regions that are relatively less developed may not be considered the norm. Within Scandinavia it is common practice seek lasik eye surgery and other cosmetic procedures in Estonia due to the geographic proximity. For relatively a far destination Thailand has successfully tapped into the medical tourism opportunities by establishing RelaxU, the subsidiary of Bangkok Hospital Phuket in Sweden.

A physical presence in Sweden awards potential medical tourists face-to-face encounters with representatives of the destination before committing to the consumption of medical tourism. In this office, patients meet representatives who help them in customizing the medical tourism package thus diminishing the anxiety of patients and contributing to the customers' willingness to become medical tourists. We, therefore, think that there is an opportunity to create brand visibility in target markets by opening medical tourism travel agencies, which will definitely accelerate even more the success of this industry. Entrepreneurs hoping to enter the market would do well to act on opportunity. This strategy can be labelled product development since it involves using a new product "offices abroad" to promote the existing market they are currently targeting.

An entrepreneurial analysis of the market description reveals that there are many other opportunities for growth within medical tourism for enterprises currently operating in their respective fields, not only for medical operators but suppliers and intermediaries identified in the suppliers' analysis. In the US, absence of

legislation on medical tourism indicates that there is unknown stance of the country's view of medical tourism. This instils a free for all approach where many enterprises, though not sellers of the medical tourism product have found gains. As revealed in the suppliers' analysis insurance firms have the opportunity to engage in market penetration by offering insurance policies for medical care abroad.

Global brands such as Virgin (Ltd) and Trump, both with diverse portfolios, are currently consolidated in markets such as property, travel, universities, airlines, and the consumer beverage industry among many others. There is the opportunity to extend their brands by developing a medical tourism product within the medical tourism industry, for example Trump Medical care or Virgin-Med. The growth strategy here would be diversification. The development of a new product to enter into a market unrelated to current operations is possible due to the fact that the brand equity awards them is opportunity. What medical tourist could resist going abroad for hernia removal in a Trump medical tourism hospital in Dehli?

6.6.1.1 Branding

Tourism research has shown that the tourism product image, be it a destination, event or trip has become a key marketing concept that impacts decision-making processes for the consumer. In the case of tourism-related travel, according to Hem and Iversen (2004) there is sufficient evidence from past studies, which shows that perceptions of destinations and the resulting purchases or travel decisions are positively correlated. Our results do not suggest nor dispute this, as the scope of this study did not include an analysis the relative strengths of the observed branding strategies – Antigua Smiles, Surgery & Safari and Speedy Surgery. However academia does state that the more intangible the service the more difficult it is to achieve meaningful product differentiation therefore more effort and costs may be necessary to build a strong brand and corporate image (Patterson & Cicic, 1995:60).

Based on our analysis of the different branding strategies we have made two significant observations. Currently within medical tourism there are two general approaches to branding. Countries that are relatively small both in terms of medical tourism development and inbound tourists numbers for other forms of tourism, are more likely to use the brand name in either communicating their specialisation, Antigua Smiles or signal their entry into medical tourism as South Africa has done with is Surgery and Safari. Whereas India, Thailand, Malaysia and Singapore, well-developed travel destinations with a diversified tourism-product portfolio that command high levels of inbound tourists, use the existing destination branding as a platform for medical tourism – Discover India, Malaysia Truly Asia, Thailand Unforgettable.

Whether macro or a firm specific approach; the initial entry mode choice into any foreign market has a significant effect on the performance and longevity of a firm within a given industry. The observed intangibility dimension of medical tourism services has a significant impact on the strategic marketing by enterprises in an international context. The literature review reveals that researchers contend that the intangibility of services creates both problems and opportunities (Patterson & Cicic, 1995). As consumers can't inspect or try out services before they commit to purchasing they must rely heavily on surrogates including tangible cues, communication messages, past experience and/or word-of-mouth to make decisions. Therefore the concept of branding is of great importance to tour operators hoping to enter the medical tourism market as these operators will not only be pioneers within this relatively new niche market but this will also lay the groundwork for a sustainable branding campaign for each operator, which can be adapted to changes in the market as it grows.

6.6.1.2 Entry Barriers

In an article about the key challenges facing service providers that choose to extend operations abroad, Grönroos (1999) affirms that the existence of non-tariff services trade barrier and the complex nature of service production all contribute to the challenges of establishing service enterprises abroad. Grönroos (1999) advocates that while internationalization strategies for products and services may differ there are some general similarities, such as a lack of resources, insufficient knowledge about exporting to certain markets and a firm belief that linguistic and cultural differences will significantly make internationalization challenging. Within the traditional manufacturing industries internationalization strategies normally start with small-scale direct exports with a gradual move towards the use of intermediaries and perhaps even subsidiary presence within the new geographic market. Some considerations to be made for service firms, in terms of strategy formulation, when entering new markets include: quality expectations of new target, distribution and media structures and consumption behaviour patterns among others.

For enterprises operating within industries that are a combination of services embedded in a manufactured product, for example the high tech industry, transition from the domestic market and into the international spectrum these firms will adopt a transaction cost economic approach to implement market entry decisions. As focus is on the minimization of transaction costs, in industries such as this the choice between direct export and use of intermediary channels heavily relies on the resource capabilities firms have to enter foreign markets unaided.

Entrepreneurs of medical tourism services don't have the same liberties for learning from gradual experience as do manufactured goods firms; given that the premise of medical tourism is the provision of medical care to target markets abroad. Observed strategic branding and product specialisation through gaining international accreditation, developing the necessary infrastructure or implementing a strategic international marketing campaign are proving successful

for established enterprises - Medical Tourism India, Phuket Health and Travel, South Africa's Surgery and Safari or Antigua Smiles. However the no rules characteristic of a niche market contributes, as highlighted by Porter, to the dynamism of the market. The analysis conducted is based on the market status quo at the time of our study. While this analysis identifies significant elements of the medical tourism market for entrants, the potential medical tourism entrepreneurs have no choice but to learn from the market by directly dealing with foreign consumers from commencement.

The proprietary nature of the firm's assets within a given industry has many implications for many industries. Traditionally for an established industry this may usually be had by organizations that have been in the industry the longest, while in new markets this may be found in pioneer firms that were able to consolidate their position on entering the market and thus have erected barriers for sustainable success by competitors. Results show that although medical operators can benefit from positive branding in terms of surgical specialization competency they can't really prevent knowledge diffusion. Therefore based on the current market description the results indicate that within medical tourism the concept of proprietary knowledge is relatively invalid.

So does the threat of potential entrants favour market entry? If a firm, whether an established medical tourism enterprise or a potential entry, implements strategic management of competencies then there are many opportunities to have a dominant position within medical tourism if not the market leader.

7 RESULTS

Does the medical tourism niche market favour market entry by entrepreneurs?

To answer the research question there were two primary objectives of this study. The first was to explore the entities that constitute medical tourism thereby validating its niche market status. The second objective was to consult service industries' academia to develop an entrepreneurial framework customized for service enterprises within the context of medical tourism as the service industry.

The purpose of this chapter is to present a compendious discussion of significant themes identified upon application of the entrepreneurship conceptual framework on the developed medical tourism market description. An individual analysis of the five forces as purported by Porter's model of competitive strategy and the addition of medical tourism externalities as a significant force revealed that individually each force does generally favour market entry. However to satisfy the research question it must be determined whether the resultant balance of power between the six forces; buyers, substitutes, suppliers, rivals, threat of potential entrants and externalities, favours market entry thereby answering the research question.

As the niche market is experiencing rapid growth we acknowledge that medical tourism can be also found in destinations that were not referred to within this study. However, the prominent medical tourism destinations discussed within this study include Argentina, Cuba, India, Malaysia, Mexico, South Africa, Thailand, the Philippines and Singapore. The key motivating factors observed that prompt consumers in developed regions such as North America and regional Europe to seek medical care in these destinations are systemic medical care failure in their home countries and costly medical care. Interestingly, it is the quality of care at cost-effective prices that is one of the prominent motivating factors for consumers seek medical care abroad, yet currently, medical tourism enterprises don't

compete against each based on pricing strategy. Instead the current pricing strategies are comparisons of medical care prices in the medical tourism destinations with those of the patients' country. For enterprises that may not have the resources to compete on pricing against other medical tourism destinations for example Cuba against India, the prevailing pricing strategy is favourable. However as the market becomes saturated to differentiate, the competitive strategy between industry rivals could become price based.

As illustrated in the analysis these key motivating factors present many opportunities for the implementation of the four analysed growth strategies by Ansoff, not only by existing suppliers of medical tourism but for enterprises new to medical tourism. Some of the literature-reviewed advocates that market entry into medical tourism, as a soft service, is challenging because medical care providers meet their target market without the benefits accrued from the gradual internationalisation afforded goods and hard services, in other words these firms are born global. Added to this, one would expect that absence of an international legislative framework, as in medical tourism, would serve as a constraint for existing born global enterprises and even a barrier for potential entrants; however application of the entrepreneurship conceptual model shows quite the contrary. Research figures by market analysts of medical tourism provide evidence that the niche market is going from strength to strength as enterprises need only to be "creative" with their marketing and positioning strategies.

Many of the identified medical tourism destinations' "creative" marketing strategies predominantly use the Internet as an electronic marketing tool to transcend national borders. Results show that so far, as a marketing tool both for business-to-business marketing and business-to-consumer marketing use of the Internet (websites) has enabled enterprises to cater to regional target markets without the need for a physical presence. This propensity to use the Internet as a communication and promotional platform is proving to be quite successful for numerous reasons. It is very cost-effective in that it can be used to simultaneously cater to many market segments, for example through multiple website interface

language settings. Hence enterprises that enter the niche market as providers of non-cosmetic medical care can forgo investment and costs involved in establishing a physical presence in the target market. India and Thailand continue to successfully exploit their respective nations' competencies as well marketed tourism destinations to leverage their medical tourism development.

While electronic marketing has awarded medical tourism enterprises a vast international market relative to if consumer awareness strategies were solely focused on marketing through intermediaries, media coverage has also played a part. The increasing positive media coverage of medical tourism through free-view documentary programmes such as 60mins© and exposé articles in print media contributes to diminishing negative stereotypes associated with the provision of health care in developing countries. Moreover the observed media coverage provides free product awareness not only of the medical tourism product but also medical tourism destinations. On the whole, enterprises that rely on electronic strategies as a means of market entry must be aware that there will be a great deal of interest from individuals outside of its defined target market and business entities such as the broadcasting media; as shown by the abundance of non-academic information during the research development.

While a niche market presents plenty of business opportunities, the externality analysis provides the backdrop for realisation of these opportunities. If India claims medical tourism to be a US\$2 billion industry in 2012, what remains unexplored is how much longer the governments or responsables of national healthcare provision in these medical tourist generating destinations are willing to endure such economic leakages. Will these governments permit economic leakages of such an alleged scale? For regional blocs such as the EU, the absence of legislation on medical tourism is currently offset by the provision of regional healthcare, which within the context of this study is identified as a form of non-tariff trade barrier. For many of the medical destinations analyzed regional Europe is a prominent target market. However for potential entrants without sufficient resources to compete against existing enterprises this externality means that to

operate within medical tourism there are certain standards to adhere to. In Europe, the strengthening of the EU has led to heavy regulation of the trade of goods within the region with strict specifications imposed on all goods entering the economic bloc, likewise on the trade of services such as medical tourism. The implication: the medical component of the product makes it a knowledge specific service, thus entry is not free for all. The analysis shows that medical groups entering medical tourism must have accreditation that is acknowledged by their target market. Therefore for potential entrants hoping to target the EU, medical standards within the EU will dictate the competencies necessary for market entry.

From the perspective of the *buyers* of medical tourism, medical tourists, these non-tariff trade barriers do not appear to have a negative impact. Nevertheless the absence of an international legal framework or explicit national policy towards medical tourism has two main ramifications. Firstly, it facilitates the easy flow of medical tourists to these destinations. Secondly, ethnocentrism, although not explored within this study, is a common theme often discussed in marketing literature on the entry of products or services into a foreign market. Not all target markets may be amenable to the concept of entrusting their health to far off destinations and of differing cultures. In fact the *easiness* of purchasing medical care abroad and lack of a stance by home destination governments on medical tourism may bring about scepticism. Nevertheless the key benefits of medical tourism remain; relatively competitive prices, quality and timely care. The addition of the leisure component contributes to the attractiveness of the medical tourism package.

All in all, based on the market status quo, the absence of an international legal framework, the competencies medical tourism destinations possess both in terms of established travel destinations and within the medical field and favourable exchange rates between the developed countries and developing countries are all externalities as shown in the analysis that favour both market entry and market growth. Thus within these destinations exist opportunities for other enterprises to enter the market at different points of the medical tourism supply chain, not only

as medical tourism operators or intermediaries but as insurance providers, airline carriers, pharmaceuticals, hoteliers, attraction operators among many others.

The social issues exposed within the analysis such as the alleged risk of developing countries compromising the provision of healthcare to secure gains from the international market may thwart marketing strategies for potential entrants within destinations like India, Cuba or the Philippines or counter opportunities presented by externalities. Our research revealed that while developing countries may use the destination as a platform to leverage the medical tourism brand, in many of the destinations analyzed it is really the private sector that is driving the industry. Hence, although the provision of national healthcare in countries such as these is by the government, any negative humanitarian publicity, alleged or otherwise, may also be reflected on the private corporations. A few articles researched insinuated the unethical pursuit (by directing resources to foreigner services) of medical tourism by countries such as India, Thailand, Pakistan and Malaysia, given that a significant proportion of the population is below the poverty line without access to basic provisions such as health. Anyhow as the market continues to grow both on the supplier and buyer side, these issues may gain increasing importance.

In conclusion, a preliminary analysis of the subject area revealed that medical tourism, when incorrectly interchanged with health tourism, is not a new concept. As shown, within Europe destinations such as Switzerland and Germany are historically medical tourism destinations offering premium medical care to Eastern Europe and the Middle East at premium prices. However this study has made the distinction; medical tourism is a subset of health care tourism. Thus the provision of medical care and leisure to a mass population and at cost-effective pricing is medical tourism and this *is* a new concept.

Analysis of the described market under the forces indicates that on a macro perspective the medical tourism favours market entry. Simple application of the economic supply/demand curve dictates that as the gap between the supply of

medical care and demand for non-cosmetic medical care widens in developed countries then so too will the global supply of medical care within the medical tourism as more entrepreneurs enter the market. However the current no-rules structure of the market implies that market rules are developed as a market grows therefore there are unknown penalties. The implications of which remain to be seen as more entrepreneurs enter this niche market, medical tourism.

8 CONCLUSIONS

For academia to catch-up with the current reality of Medical tourism, this study has revealed potential areas for future research studies.

- As the destinations operate by competing with their target market there is no market benchmark in terms of marketing, product development or a pricing strategy to name a few. A comparison can be made on, for example, medical tourism in South Africa and Singapore.
- The absence of a statistical framework makes it difficult to acquire the actual size of the market. Studies conducted on the growth of the industry must rely on forecasted income claims by medical tourism destinations. Thus there is the opportunity for studies on the development of such a framework.
- As suggested throughout the course of this study the decision making process of consuming medical tourism is made complex by the sensitive nature of the product – shopping for surgery abroad. For potential entrants to gain a significant market share insight on what motivates the consumer to choose to have hip replacement in India over hip replacement in Singapore will provide insight on what are considered value added benefits in the medical tourism.
- Although the challenges of branding campaigns is not the focus of this study, given the frequency of some challenges encountered during our research the success of these branding strategies may be an appropriate research question for follow-up papers to add to the knowledge base about this niche market.

- What impact will the continued absence of global regulation on medical tourism have on the continued growth of the industry? As identified within this study thus far the current no-rules market structure has awarded developing countries such India, Thailand and Malaysia dominance in this niche market however an in-depth empirical study may reveal the disadvantages of the no-rules market environment and what effect this may have on market entry.

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