

Strategies for Promotion of Inbound Medical Travel in India: An Analytical Study Based on International Experiences

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Abstract:

As the global economy is fast slowing down in the wake of COVID-19 pandemic sweeping across the world, nations are formulating strategies for economic revival considering their individual circumstances and national realities. This paper seeks to study the prospects of promoting Inbound Medical Travel (IMT), a fast emerging variant of Medical Tourism (MTm), given the unique potential of India to deliver high value medical care at reasonable rates. The paper is based on the review of global experiences in IMT. It suggests strategies for faster development of IMT in India, as Indian economy shows indications of revival in the ongoing pandemic situation.

Keywords: *Inbound Medical Travel (IMT), ICT, Foreign Exchange Earnings (FEE).*

I. INTRODUCTION

It is well recognized that the global economy is fast slowing down as COVID-19 pandemic is sweeping across the world, the plight of India being one of the worst in the world and is second only to Brazil considering the growth rate and fatality rate (ECDC, 2020). Regarding the obvious consequences of COVID-19 pandemic, the estimated decline in the global GDP is 7 percent, and the decline in respect of India is 3.7 percent (OECD, 2020). In the above situation of utmost vulnerability, nations worldwide are formulating revival strategies for their respective economies, and this in turn is based on their individual circumstances and national realities. In respect of Indian union in particular, its unique potential to deliver high value medical care at very reasonable rates is one of the strengths that it can fall back on while designing its revival strategies. The relevance of making an analytical study of the prospects of promoting Inbound Medical Travel (IMT), a fast emerging business segment among many a developing nation like India, assumes

significance in the above context. The immense tourism potential of the country, particularly in respect of health tourism, is highly underutilized at present, and this situation offers a favorable environment for the growth of IMT in India. This descriptive-analytical paper is based on the extensive analysis of the international experiences in this field with a view to suggest strategies for the sustainable development of IMT in the Indian scenario.

2. SIGNIFICANCE OF THE STUDY

Despite the immense growth potential of tourism in India, especially in segments like healthcare tourism, India has been late in promoting tourism for faster national economic development. Tourism segments like Medical Tourism (MTm) or its latest incarnation viz. Inbound Medical Travel (IMT) were not very seriously promoted in India for long, though these segments can attract significant levels of Foreign Exchange Earnings (FEE) into the country. As MTm is fast giving way to IMT as a fast emerging business model in many developing nations like India, this paper makes a detailed analysis of the

prospects of IMT in India using available literature. As India is passing through a very trying situation in the context of Covid-19, fast economic revival needs to be ensured and the growing prospects of IMT in attracting FEE can play a catalytic role.

3. LITERATURE REVIEW

World Economic Forum (WEF)(2015)[22] in its report on competitiveness of travel and tourism industry has arrived at the competitiveness of different countries at the regional and global levels, and accordingly India has been ranked 52 for its global competitiveness in tourism as against 17 in respect of China. This shows a huge gap in tourism competitiveness between the comparable developing nations. Regarding regional (Asia-Pacific) competitiveness too, the gap is large (rank 12 for India and 6 for China). World Travel and Tourism Council (WTTC) [23] in its report on the economic impact of travel and tourism has made a comparative performance of various countries, including future projections of tourism industry. It has been noted that South Asia, spearheaded by India and the Middle East, would emerge as the fastest growing region in the world, in terms of the contribution of tourism to their GDPs. India has been included as a major tourism market along with the fast growing markets like China, Indonesia, South Korea and Turkey. A macro level study on the prospects of tourism industry in India with a focus on that of Kerala state by Manoj P. K. (2008)[8], 'Sustainable Tourism in India: A Study from a Global Perspective with Focus on Tourism Prospects of Kerala' points out the vast tourism prospects of India in general and that of Kerala in particular, from a global perspective. Strategies for the faster and sustained growth of Kerala tourism have been suggested. Another Kerala-based study by Oommen M. A. (2008)[16] has warned about the danger of ignoring the environmental sustainability while doing developmental activities in Kerala. Regarding widely discussed 'Kerala model of development', the author has noted that serious environmental and ecological issues that Kerala faces need to be addressed first, but the present situation is that of 'Ecological Overkill'. A macro level research paper by Manoj P. K. (2010)[9], 'Environment Friendly Tourism for Sustainable Economic Development in India', has underscored the vital role that tourism can play for the rapid economic development of India. The author has pointed out the utmost need

for choosing environment-friendly and hence sustainable tourism models, and has suggested some strategies in this regard. Heung et. al. (2010) have sought to develop a conceptual model of Medical Tourism (MTm) that can support future research on MTm. A research paper by Manoj P K (2010) [10], 'Tourism in Kerala: A Study of the Imperatives and Impediments with Focus on Ecotourism', has studied in detail the case of Kerala tourism using SWOT analysis, and has suggested strategies for its fast and sustainable tourism development. Sudheer, B (2015) [21] in his research report (UGC-Sponsored) has pointed out the relevance of alternative and innovative tourism models like Responsible Tourism (RT) for minimizing the adverse effects of tourism on the environment and hence to ensure its long-term sustainability. A research study by Manoj P K (2015)[11], 'Prospects of Responsible Tourism in Kerala: Evidence from Kumarakom in Kottayam District' has focused on RT in Kerala and based on his findings suggestions for the sustainable development of RT in Kerala have been made. Another empirical study on rural tourism by Manoj P. K.(2015)[12], 'Employment Generation from Rural Tourism: A Field Study of the Local Community at Kumbalangi, Kerala' based on the feedback from the local community about their perceptions on the employment prospects of rural tourism, their expectations regarding the requisite Governmental actions etc. The high prospects of employment generation and economic development on the one hand, and the need for enhanced tourism infrastructure, primarily through Government initiatives, on the other hand, are noted. An article by Manoj P. K. (2016)[13], "Impact of Rural Tourism on the Environment and Society: Evidence from Kumbalangi in Kerala, India", has pointed out the obvious benefits of rural tourism but warned about the utmost need to protect the environmental purity by way of managing the inflow of tourists, controlling the use of non-degradable wastes like plastics, more thrust on ensuring the cleanliness etc. Another study done as a continuation of the paper by Manoj P. K. (2016) [14], "Impact of Rural Tourism on the Environment and Society: Evidence from Kumbalangi in Kerala, India" noted the high employment prospects of rural tourism and has also suggested strategies for its sustained growth. Another study done by Manoj P. K.(2017) [15], "Segmentation Strategy for Promotion of

Ecotourism Products: Evidence from Thenmala Ecotourism”, the author has studied as to whether the socio-economic factors have influenced the decisions of the tourists and suggested the segmentation strategy for tourists. In a focused study on health tourism in Kerala by Rajagopal Nayar and Manoj P. K. (2018) [18], “Healthcare Tourism in Kerala in the Post-flood Scenario: A Study of the Problems and Prospects with a Focus on Ernakulam District” the healthcare tourism scenario of Kerala in the aftermath of the devastating flood of August 2018 has been studied in detail and accordingly strategies for the fast revival of the Flood-hit Kerala economy. As a continuation of the above paper, another joint study by the authors Rajagopal Nayar and Manoj P. K. (2019) [19], “Re-building Kerala: Need for Rejuvenating the Tourism Sector of the Flood-Hit Kerala Economy with a Focus on Healthcare Tourism” has sought to develop specific strategies for the re-building the flood-hit Kerala economy and to bring it back to normalcy. The role that tourism sector of the state could play in the above elaborate rebuilding process has been dealt in detail in the paper. Teixeira and Ferreira (2019) [20] in their study, “Entrepreneurial artisan products as regional tourism competitiveness” have sought to develop an integrated and holistic theoretical model for the study of medical tourism. Despite many studies on tourism, those on IMT are very scarce. So, this paper focuses on IMT with a view to formulate strategies for its faster and sustained growth.

4. OBJECTIVES OF THE STUDY

- i. To make an analytical study of the prospects of Inbound Medical Tourism (IMT) in India, based on the international experiences, successful business models, and emerging trends.
- ii. To design strategies for promoting IMT in India for its sustained economic development.

5. METHODOLOGY OF THE STUDY

The study is primarily analytical in nature and is based on authentic secondary data relating the origin and growth of IMT and allied fields like healthcare tourism. Major international experiences are studied so as to develop broad strategies that are applicable in the case of India.

6. GLOBAL EXPERIENCES ON IMT AND ITS USE AS A COMPETITIVE STRATEGY FOR DEVELOPMENT

Focus on Strong Local Needs: Regarding the relative success of competitive strategies, it has been observed that competitive success is more likely in an industry for which there is strong local demand (Porter, 1998). In such cases, local demand encourages innovation, ensures superior quality standards and hence makes attainment of scale faster and easier. Besides, it has also been pointed out that the above notion regarding local needs is applicable in respect of both small and large companies alike. Here, it may be noted that in respect of medical tourism and allied fields like IMT, local and regional demand has been noted to be instrumental in the development of medical capability for the providers of such services.

Investment in High-End Technologies: While emerging markets enjoy a cost advantage, this cost advantage has not been achieved at the expense of technology. Despite labour costs, where emerging markets enjoy the largest savings, being such a large proportion of total cost, investment in leading edge technology still occurs. Here, some examples from the healthcare sector include, inter alia, (i) Bangkok Hospital that is offering Gamma Knife treatment for neurological diseases, (ii) Bumrungrad International Hospital in Thailand which is using some of the most sophisticated information and communication technology (ICT) and control procedures in the world in its medical services; which include, its “robot pharmacy” that can distribute medicines to patients with a very high degree of precision, thus minimizing the risks of incorrect dosages or provision to the wrong patient. Besides, Bumrungrad International Hospital has made major investments in automated laboratory facilities and a sophisticated computerized health information system. These global experiences indicate the utmost need for investing in ICT and other technological advances for providing high quality medical services at low operating costs, thus leading to higher profitability and customer loyalty, brand equity and corporate reputation.

Strategy and Structure: Firm strategy within the MTm or IMT industry focuses on overcoming the competitive challenges that arise in a service sector characterized by high levels of risk, the need for credibility and direct marketing. Much of the competition in healthcare services focuses on non-price factors. While there are considerable

differences in the cost levels of healthcare services provided in developed and emerging markets, there may be limited price competition between competing providers in particular locations. This expectation follows from the nature of credence goods which often may display a direct, rather than the more common inverse relationship, between price and demand. In such cases, price operates as a signal of quality. Economic theory suggests that in unregulated markets the prices of credence goods may be expected to converge. This occurs because suppliers of credence goods tend to charge relatively high prices for low-value goods where consumers cannot discern low value, while competitive pressures force down the price of high value goods. Many of the perceived “competitive strategies” that are used by healthcare providers are designed primarily to increase credibility.

Special Attention on Hospital Affiliation: Another competitive strategy useful for emerging segments like IMT is that of focusing on hospital affiliation. Here, an emerging market hospital can meaningfully align itself with a world-class institution, usually one such well-known institution located in the developed world. Examples of such affiliations include the affiliation of Wockhardt in India (a typical developing and also emerging economy) with Harvard Medical School (a world famous medical institution in an advanced nation viz. US). Likewise, The International Medical Centre in Singapore, which is JCI accredited, is affiliated with the world-renowned Johns Hopkins International located in Maryland, US. Such affiliations with world leaders in healthcare offer access to cutting-edge medical practices as well as research, resulting in positive reputational effects on the domestic medical service providers in India or other developing nations. Increasingly, many hospitals in emerging markets like India build up such collaborations with reputed global players. For example, India’s Max Healthcare draws upon the expertise of Singapore General Hospital in areas like medical practices, training and research.

Publication of Physicians’ Credentials: is yet another observable competitive strategy that is picking up in emerging IMT markets like India. A large proportion of doctors with Western training or experience may be used to signal a high level of quality and competence. While all the doctors at

Thailand’s Bumrungrad hospital are Thai nationals, more than half have international training or overseas certification, including 200 with US board certification.

Leveraging on Possibilities Opened up by Modern ICT and Online Communities: Yet another fourth strategy emphasizes the possibilities opened up by modern information technology and online communities. This has enabled the creation of sophisticated web sites which offer both information and interaction. India’s Wockhardt Hospital Group for example, has a web site which offers factual information as well as opportunities for live chats, patient video testimonials, consultation for a second opinion, as well as a virtual tour of facilities. This is supported by a contact centre in Bangalore that operates 24/7 and toll-free phone help lines in major markets including the USA, Canada and the UK. Also, online communities are growingly available who offer electronic word-of-mouth assessments where potential patients can search for testimonies of patients who have experience in overseas treatment. Besides, attempts to offer differentiated services focus on quality factors like use of evidence-based clinical guidelines, coordination of pre and post-discharge care and provision for adverse events requiring services unavailable at the particular facility. Such capabilities are designed to offer consumers assurance of quality and safety (Wockhardt Hospital, 2008).

Support of the Governments Concerned: Governments concerned have been playing a significant role in the promotion of IMT and allied sectors like MTm in respect of a number of emerging nations like India. The Governmental support is primarily in facilitating the scale as well as the scope of such services in international marketing of capability. In 2003, the Singaporean authorities created Singapore Medicine, a government-business partnership which brings together relevant organizations and promotes Singapore as an international medical hub offering treatment, research, conventions and education in the medical field. Similar government initiatives to facilitate medical clusters can be found in Taiwan, Thailand and India. Criticism of relative inefficiencies in the issuance of visas in India encouraged the creation of an M-Visa available to

foreigners seeking medical treatment. The South Korean Government has changed the laws to allow hospitals to use advertising agencies to target medical tourists.

Utilization of the Unique Strengths of Individual Markets: India has built its reputation on the back of its extensive experience and links within the pharmaceutical sector which have made the market a prominent base for drug testing. For instance, the Apollo hospital group is involved with major pharmaceutical companies for drug testing and also subcontracts operations and medical tests for Britain's National Health Service. This increases the credibility of services offered by hospitals like Apollo in India. But, India's medical tourism sector suffers from poor infrastructure. Inefficient processing of medical visas as well as registration of tourists could adversely affect the goodwill of patients wanting to travel to India for medical reasons, and this situation in turn could dampen the prospects of IMT in India. On the positive side, Indian IMT can very well take pride in offering a large number of internationally qualified personnel. India has extensive experience in medical outsourcing and has strong links with pharmaceutical sector.

Building up of Specialist Capability for Competitive Advantage: Given the very small size of its domestic market Singapore has been the most proactive in building specialist capability. It is seeking to build a regional medical hub and is actively sending its leading doctors to world class centres through its Health Manpower Development Programme. This combination of leading capability and a high level of medical tourists could enable Singapore to maintain a critical mass in important but low volume services like liver transplants. This strategy of differentiation and focusing of one's unique strengths would lead to effective and optimal utilization of resources.

7. STRATEGIES FOR THE PROMOTION OF IMT IN INDIA.

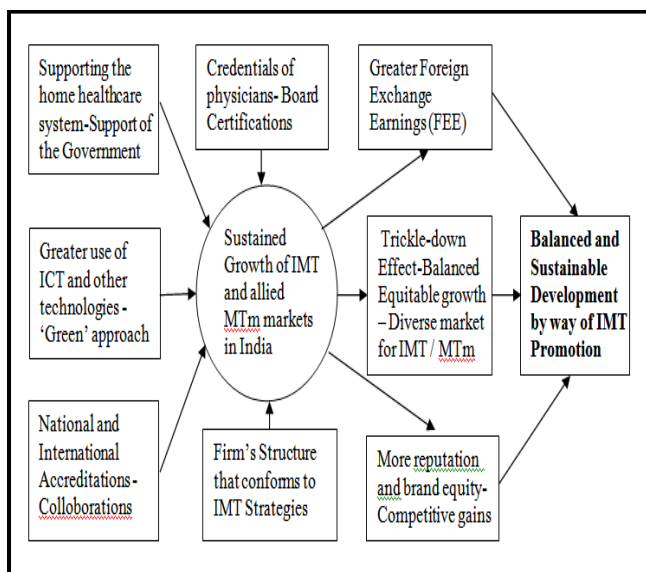
Based on the foregoing discussions, let us now formulate strategies for the sustained growth of MVT in India so that it helps to support the growth of the whole economy which is in a slump:

- ✓ Special thrust on ensuring local demand for the products and services relating to IMT is required for ensuring the sustainability of its growth. The growth in IMT should not be at the cost of medical facilities available to the general public and any initiative for promoting of IMT should ensure that the domestic market and local demand are not affected.
- ✓ Investment in high-end technologies is going to be an imperative rather than an option in the days to come; as ICT and such other technologies can ensure the quality standards that are commensurate with the expectations of the modern discerning customers.
- ✓ Utmost emphasis needs to be accorded for getting national and international accreditations such as JCI and NABH. Such accreditation would certainly help to improve the credibility and also reputation as well as brand equity for the providers of IMT services. It is very advisable to adopt an environment-friendly ('Green') approach towards the delivery of all IMT services. So, use of 'Green' technologies, materials, and processes should be ensured.
- ✓ For promoting IMT, the firm's organizational structure should be such that it can support strategies for overcoming the challenges relating to growing risks, need for enhanced credibility in a healthcare setting, direct marketing of IMT products and services. As much of the competition arises out of non-price factors, added thrust is required for ensuring better customer service, maintaining high levels of credibility, reputation and brand equity.
- ✓ IMT players in developing nations like India need to forge meaningful affiliations with well renowned players in other countries, especially the developed nations like the US. Such affiliations are required to ensure better reputation and brand equity in the market.
- ✓ Publication of the credentials of the physicians whose serve the given IMT player would attract customers who are very keen on the quality, caliber and competence of the doctors.
- ✓ Effective utilization of the technological infrastructure as well as various ICT-based channels for marketing should be ensured optimally. Proper utilization of the online

communities and social media should be ensured so as to attract the modern customers.

- ✓ Support and co-operation of the Governments concerned should be ensured at all times, as favorable governmental policies are vital for facilitating IMT in a sustainable manner.
- ✓ Effective trade-offs are required so as to control the illegal medical practices, and also ensure that the physicians employed possess the requisite Board-certifications and other credentials. Proper adherence to the applicable regulations is also be ensured always.
- ✓ Meaningful utilization of the unique strengths of the individual markets concerned should be ensured and so also such special capabilities and resources of the respective players.

Based on the above analysis, a conceptual model can be developed (Figure I) to guides us in promoting the sustained IMT growth, and hence sustainable national economic development.



Source: Developed by the authors.

Figure I: Promotion of IMT for Balanced Economic Development - A Model

8. CONCLUDING REMARKS

Given the vast medical tourism (MTm) potential of a country like India, particularly in respect of states like Kerala, the prospects of emerging models like IMT are quite bright. Its effective promotion can significantly attract foreign exchange earnings (FEEs) into this developing country. Clearly planned, meticulously designed and carefully

implemented competitive strategies for the development of IMT in India can bring about sustainable development of the nation. The favorable governmental policies add up to its growth prospects.

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