

RESEARCH ON THE DEVELOPMENT OF MEDICAL TOURISM IN THAILAND

1. INTRODUCTION

1.1 Research Background, Research Purpose and Research Significance

1.1.1 Research Background

With general tourism on the rise (UNWTO 2010), it is estimated that the volume of medical tourists could reach 4 million per annum by 2012 (Deloitte 2008a). Medical tourism has become a major force for the growth of service exports worldwide, while concentrating on a selective number of recipient countries – with India and Thailand as major global markets. Tourism is an important way of relaxation and recreation for modern people. Nowadays, most people are in anxieties and far away from the comfort and ease, due to the fast-paced life style and pressures brought by work and life. While tourism allows people to experience the happiness that is hard to be experienced in daily work. Health-tourism, particularly popular with tourists and well-received in Asia and the Americas, is developing towards globalization. When travelling, a wide range of medical services from all over the world are available for patients to choose, and then current medical tourism came into being. For those patients without insurance, high medical expenses will bother them a lot if they need long term medical services. Therefore, it is praised by patients to find some place to rest without going to hospital after the core treatment. Perfect medical services can be found in those countries in Asia and the Pacific region, such as India, Malaysia, Singapore, and Thailand. The good medical technology and services make Thailand attract the largest number of foreign tourists in Asia and best choice for foreign patients who are in need of medical services.

The trend of health care has gradually expanded to more countries, resulting in the fact that more and more people are looking for affordable, reasonable and convenient medical tourism services. Therefore, more and more countries are paying attention to medical tourism services that can make profits for the country.

The Thai government attaches great importance to medical tourism from the processing of medical tourism service-related business to the payment of tourists' medical tour service fees. In order to attract people from all over the world to Thailand for health services, the Thai government has formulated a policy to promote Thailand as a "medical hub" since 2004. It is clearly stated in this policy that medical tourism services are playing an important role in promoting Thailand to become a "medical hub." Now both state hospitals and private hospitals in Thailand are providing medical tourism services.

At present, patients prefer to go to countries with high quality of service, low medical costs, and short waiting times. And some of them also want to get treatment in leisure. As a favorite tourist destination for foreign tourists for a long time, Thailand is open for foreigners to invest and work, which fully meets the desires of patients for relaxation during the

treatment process. Apart from the above, many hospitals in Thailand are equipped with high-level doctors with high academic qualifications, overseas study background, rich experience, and good medical skills to serve foreign patients. It is also one of the important reasons for the rapid development of Thai medical tourism services.

The important turning point in the expansion of medical tourism services was in 1997 when private hospitals started this service in order to go through the difficulties caused by the bubble economic crisis. Like other private companies, private hospitals in Thailand spent large amounts of capital for investment on construction and expansion during the bubble economic crisis in Thailand. However, due to the reduced income caused by the economic crisis, major domestic customers had to go to the hospitals with low costs. As a result, these private hospitals began to make some adjustments and look for other customers who would pay high fees, like customers in high-income regions such as Japan, Europe, and the Middle East, in order to increase hospital and government revenues through such measures.

And then Thailand's economy was out of balance. After the bubble economic crisis, the government made great efforts to promote exports and increase the export volume of the market, including the volume of trade exports and the volume of labor exports. At the same time, the International Trade Promotion Department focused on the domestic situation and committed itself to making profits for the country in terms of health. Thailand is well-known for good health care all the time, which enables medical tourism services in Thailand to be developed and expanded, attracting retired people in Thailand and the people who have been receiving medical services and health care services at high costs. Thereby, the medical tourism generates income for the country with higher quality and at the same time promotes the sustainable development of the industry.

1.1.2 Research Purpose

Currently, Thailand's medical tourism has become an eye-catching industry in the world. With advanced medical technology, good medical quality, sophisticated medical facilities, much lower medical costs, meticulous and all-round medical services, and a cultural tradition of tolerance and humility, Thailand, known as "a smiling country", can provide friendly services to tourists. In addition, Thailand is also known as the "Great Tourist Resort of the World". Therefore, more and more people are attracted to choose Thailand as their travel destination to enjoy medical tourism services, which makes Thailand more popular than other Asian countries such as Singapore, Malaysia, India and South Korea.

Both the tourists from developed countries that come to Thailand to enjoy medical services and the tourists from developing countries that are pursuing high-quality medical services in Thailand contribute significantly to the rapid development of medical tourism services. Of course, the rapid development of the tourism industry is also indispensable for the development of the medical tourism. Medical tourism industry is regarded as a special industry that plays a supporting role in public health and tourism. In order to get benefits from this increasingly growing industry, many countries have concentrated on the

development and improvement of medical tourism.

1.1.3 Research Significance

The study will be helpful for hospitals in providing medical tourism services as well as Thailand's relevant departments involved in the medical tourism industry in improving medical tourism services. For example, the research data and results can be applied by Thailand Tourism Bureau in the development plan of Thai medical tourism, in order to formulate a more scientific and quality medical tourism development plan and attract more foreign tourists to Thailand for Thai medical services, which will allow tourists to feel the convenience of Thailand's medical tourism industry and improve the satisfaction of tourists. In addition, the development of medical tourism can provide more jobs, increase the country's income, promote local economic growth, facilitate the development of other industries, keep the balance of national economy, and is conducive to the long-term stability of a country.

1.2 Research Status of Domestic and Foreign Scholars

1.2.1 Status Quo of Research on Medical Tourism Market Outside Thailand

It is shown in the study of the Economic and Social Commission for Asia and the Pacific: Foreign patients visiting Thailand for medical treatment mainly seek for health examinations, dental treatments, ophthalmology lasers, and cardiac surgery. The Export Promotion Department of Thailand believes that Thailand's medical tourism industry has internationally-accepted advanced medical technology, professional medical and health care personnel, reasonable medical service fees and many other advantages. That is why more and more foreign patients travel to Thailand. Michael O eil (2006) states in the introduction to the medical tourism countries that Asia has made remarkable achievements in the field of medical tourism, especially Thailand, South Korea, Japan, Jordan and India are leading the way in the field of medical tourism and playing an important role in the development of medical tourism in the world. David (2006) puts forward many reasons for the origin and development of medical tourism. In his study, a manager of a medical tourism service company shows great confidence in medical tourism and the importance of private medical services is demonstrated in the development of medical tourism. MaggiAnnGrace (2007) provides a wide range of medical tourism information, including medical facilities, medical technology, post-operation services, tourism resources, accommodation services and other information, as well as information on the status of Asian medical institutions. Most of these medical tourism information come from practical investigations, through which the study provides detailed and accurate information for medical tourists. David G.Vequist, Edke Vakiez, and Billy Morrison (2009) have respectively made SWOT analysis of the development of medical tourism in Latin America and Asia and pointed out that medical tourism in both regions has great potential for development, but at present, neither of them has found the core competitiveness.

1.2.2 Research on the Customer Market

Michael D. Horowitz (2007) points out that it had become a new tourism model to combine medical treatment with tourism. Medical tourism is increasingly popular with tourists. Many tourists are looking for medical institutions with advanced technologies. In addition, the insurance industry has also played an important role in the development of medical tourism by effectively relieving the pressure for patients to pay the expensive treatment fees and promoting the development of medical tourism. Modern communication technologies and convenient transportation make it easier for tourists to go abroad for medical tourism, and to choose their favorite medical institution. Deloitte Center for Health Solution (2008) states that the number of outbound medical tourism from 2007 to 2010 in the United States is estimated to reach 6 million. The outbound medical tourism is mainly caused by the high cost of medical treatment or the long waiting time for treatment in the native country. The study of Erik Cohen (2008) elaborates the background of medical tourism in Thailand, the services provided by the hospital, the tourist situation, and the propaganda methods and systematically analyzes the impact of the development of medical tourism on the lives of tourists and local people. Heuang, KucukustaandSong (2010) studies the demand and supply of medical tourism. Demand mainly refers to that the intention of tourists planning to start medical tourism to get relevant information through advertisements, while supply refers to the expansion of the promotion channels to promote medical tourism information to tourists through various channels.

1.2.3 Related Research on Influencing Factors of Medical Tourism

Tracey Walker (2006) compares the medical travel costs of American medical tourists with or without medical insurance in the United States, India, Thailand, and Singapore, and points out that lower foreign medical costs are the attraction for many Americans to travel to exotic countries. It can be found in the study of Smith And Forgione (2007) that the factors affecting the choice of medical tourism destinations include: economic conditions, political atmosphere, and legal policies. The factors affecting tourists' choice of hospital for medical treatment include: the hospital's medical level, service quality, medical costs, and detailed specifications. Anchana Narong (2009) discusses the impact of Thailand's medical tourism on the economy, medical personnel, and health care system of the country. The results of the study shows that medical tourism brought Thailand a profit equivalent to 0.4% of Thailand's GDP, indicating that more and more medical personnel are moving from the private and public sectors to hospitals that provide services for foreigners, which, to some extent, has caused a shortage of medical personnel. Although there are many advantages in medical tourism in Thailand, it has also brought some negative impacts. These negative effects can be mitigated by removing restrictions on the introduction of foreign doctors and taxing tourists who travel to Thailand only for treatment. Peter Enderwick and Swati Nagar (2011) from Auckland University of Technology in New Zealand have conducted a very detailed comparative analysis of the competitiveness of the countries with potential medical tourism destinations in Asia, including Thailand, India, Malaysia and Singapore. Pongpisut Jongudomsuk (2015) reviews the process of the Thai medical system research organization from the establishment to the development and to the improvement of its ability to research

medical policies and medical systems. By taking the adjustment of the insurance coverage of the payment reform for public servants' medical benefits plan and the medical coverage plan as an example, this study discusses the importance of research capabilities in the improvement of the medical system policy.

1.2.4 Research on the Behavior of Medical Tourists

The opinion of Smith & Forgione (2007) is consistent with that of Heuang et al. (2010) They believe that infrastructure is an influencing factor in affecting medical tourists' choice of medical tourism destinations. Smith & Forgione (2007) and Yeetal (2001) propose that service quality is the most important influencing factor for medical tourists when choosing a medical tourism destination. In addition, medical tourists will also consider another two kinds of factors. On the one hand, they should consider the factors of the country, which mainly include: the country's economic conditions, political atmosphere, laws and regulations; On the other hand, they should consider the factors of medical institutions, including: The price, quality of service, time of treatment, medical team, and international certification, etc. Through the in-depth analysis of these factors, strategies for further development of the medical tourism market are put forward. Nuttapong Jodkasthira (2010) studies the influencing factors affecting tourists' choice for hospitals, especially tourists visiting Thailand. From the research report, it can be found that tourists who choose medical tourism will often take into consideration the cost of treatment in their own hospital and the length of time they enter the treatment. In addition, medical tourism tourists will also consider the treatment of the destination country. In addition, the treatment level of the destination country, treatment costs, safety of treatment, health environment, and public security status will also be taken into account. Pailin Watapalm (2010). This study demonstrates the factors that influence the choice of hospitals for medical tourism tourists, and conducts the survey of treatment satisfaction of foreign patients through questionnaires. The results of the study show: Price is not an important factor determining patient satisfaction. While, it is important whether the hospital can provide thoughtful services to the companions. Ye, Zhang, and Yuan (2011) studied influencing factors and obstacles to medical tourism. Through collecting data from Hong Kong tourists, it is concluded that the influences of medical tourism tourists can be divided into four categories: the first category is driving force factors, the second elasticity factors, the third convenient licensing factors, and the fourth other factors, such as characteristics of tourism destination, time throughout the process, attitudes of the service provider, and service quality.

1.2.5 Research on the Development of Medical Tourism Market and Industry Policy

Prasitthi (2005) discusses the reasons for Thailand to become an Asian medical tourism center and the reasons for the continuous development of fitness tourism. The results of the study indicate that Thailand is strong in medical tourism and fitness tourism, with an advanced level in Asia. It has its own characteristics in hospital treatment services and general services, and the costs of treatment in Thailand are lower than that in other countries. However, the development of medical tourism services also needs the support of the state, especially in terms of convenient permission for foreign tourists to come to

Thailand to receive services. Harryono, Huang, Miyazawa and Sethput (2006) studied the status of the competitiveness of Thailand's medical tourism. From the research of the International Competitive Advantage Theory of Porter (Porter Diamond Model), it can be concluded that Thailand's medical tourism has strong competitiveness in all aspects. Thailand's medical tourism has developed for a long time with a quite large market demand. Medical tourism related companies have rich and mature experience; at the same time, the Thai government also greatly supports for the development of medical tourism and intends to make Thailand a medical tourism center in Asia. Nooch Homrossukhon (2007) studies the competitive conditions of Thailand's medical tourism industry by using data in various periods to analyze Thailand's resources, advantages & disadvantages, opportunities, and obstacles. After analyzing the competitiveness in Thailand, it is found that Thailand is a golden tourist destination in the world. It not only develops modern medical tourism, but also provides distinct services. The development of Thailand's medical tourism services is much earlier than that in many countries, making this industry of Thailand extremely competitive in the world market. In October 2012, the Dublin Journal "Business Wire" published a research report titled "Research and Market: Asia Medical Tourism Analysis and Forecast to 2015". The report discusses the reasons for the development of the medical tourism industry, and elaborates the situation and market share of medical tourism in seven Asian countries or regions (Thailand, India, and New Zealand, Singapore, Malaysia, the Philippines, South Korea, and Taiwan, China). It makes a prediction of the development of medical tourism in above countries and regions, and also compares and analyzes the costs for medical tourism in Asia and in the United States in great detail.

