

# Marketing Medical and Health Tourism in India

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## Abstract

*Medical Tourism refers to travelling to other countries primarily to receive medical services combined with holidaying and sightseeing to tourist spots. Health Tourism refers to tourism that focuses mainly on preventive health care. Medical and Health Tourism in India, despite being relatively new, is destined to be the next big source of earning after India's IT outsourcing boom. India occupies a unique position as it offers holistic medicinal services with Yoga, Ayurveda along with Modern medicine. Indian segment represents a small slice (3-5%) of US\$ 60 billion global tourism market. Government of India estimates India's US\$ 17 billion healthcare industry to grow at the rate of 13% per annum over the next five years, boosted by medical tourism which is believed to be growing at the robust rate of 30% annually.*

*The healthcare sector in India owes its rapid growth mainly to the initiatives of Private and Voluntary organisations accounting for nearly 70% of the investments. Apart from a vast pool of qualified doctors and surgeons, India has one of the largest pharmaceutical industries in the world and its products meet the stringent requirements of US Food & Drug Administration. Unique Selling Point (USP) of medical tourism in India is its significant cost advantage not only over USA but also over developing Asian countries like Singapore and Thailand. Leveraging the advantage calls for a proper coordination among the travel, the hospitality and the healthcare trades for a sustainable growth.*

## Introduction

Medical, Health and Wellness tourism has been witnessing a rapid growth as the people from all around the world are travelling to other countries to obtain medical and surgical care, while simultaneously combining the same with vacationing, and experiencing the scenic and historical attractions of the countries they are visiting. More and more people across the globe are avoiding expensive treatments or long waits at home hospitals for the benefits offered by the cheaper countries like India, Thailand and Singapore while combining with a visit to the Taj Mahal or the sunny beaches of Kerala- the God's own country. For almost a decade now, it has been a

**Key Words :** *Medical and Health Tourism; Segmentation; Competitive advantage; Stakeholders; Facilitators.*

silent revolution that is sweeping the healthcare landscape of India.

## Distinguishing Medical Tourism and Health Tourism

Medical Tourism refers to the practice of travelling to other countries primarily to receive medical services packaged with holidaying and sightseeing excursions to tourist spots. Health Tourism refers to tourism that focuses mainly on preventive health care.

## Sectoral Overview: Advantage India

Although India had lagged behind the other Asian countries after the initial promise a decade back, market indicators project Medical & Health tourism to be the next big thing after India's IT outsourcing boom! According to the Confederation of Indian Industry (CII), India occupies a unique position as it offers holistic medicinal services with Yoga, Meditation, Ayurveda along with Modern system of medicine. India offers a unique basket of services that is perhaps unmatched by other countries. Also, clinical outcomes in India are placed at par with the world's best centres, besides having a rich pool of internationally qualified and experienced multifunctional specialists. A CII-McKinsey report (2009) forecasts that medical tourism will earn Rs 5000 -10000 crore during 2009-2012 for India by attracting 11 lakh health tourists, up from 1.5 lakhs in 2002. According to Government of India, India's US\$ 17 billion per annum healthcare industry would grow at the rate of 13% per annum over the next 5 years, boosted by medical tourism, which industry watchers believe is growing at the robust rate of 30% annually!

Though the Indian segment is still a small slice of US\$ 60 billion global medical tourism market, accounting for a share of 3-5%, Deloitte Consultants estimate that the country's business will grow at the rate of 27% per annum and will help create 40 million new jobs in India by 2012. The rationale of this estimate is not far to seek. According to

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information sourced from the Indian Ministry of Tourism, as against per capita spend of US\$ 3000 per visit by a holidaying foreign tourist, the average medical tourist spends more than US\$ 7000 per visit. Ironically, despite India's abysmal spend of approx 5% of GDP on healthcare – as compared to USA's 15.3%, Switzerland's 11.3% or France's 11.1% - the country is well poised to become a frontrunner in the global medical tourism market because of its cost advantage! The health care sector in India owes its significant growth in infrastructure mainly to the initiatives of private and voluntary sector accounting for nearly 70% of the investments as opposed to 30% by the Government and the public sector. An additional plus being India has one of the largest pharmaceutical industries in the world. It is almost self-sufficient in drug production and exports drugs to more than 180 countries. Indian pharmaceutical products meet the stringent requirements of US Food and Drug administration. Also, India's quality of medical care, from premier service providers, matches American standards and some reputed Indian medical centres even provide services that are uncommon elsewhere!

## Segmenting Medical Tourism Market and Strategic Issues

The strategic issues, to enhance the patient's service experience, entail defining the mission and scope of the service provider covering the following aspects:

- The priority and focus of medical tourism to the service provider.
- Segmentation bases to be used and choice of target market.
- Profiling the most profitable customer groups with identified characteristics.
- Deciding the most appropriate segmentation criteria.

The table below matches the Segmentation bases with the relative profiles/characteristics:

**Table 1: Segmentation of Medical Tourism Market**

Segmentation Base	Profiles/Characteristics
Geographic	USA, UK, Nepal, Middle East, Africa
Demographic	Age, Sex, Income, Education, Residence Status
Psychographic	Spending pattern, Risk orientation, Attitude towards health & fitness.
Behavioural	First time customers, Frequent purchasers, Membership status.
Benefit	Mix fun with medical care, Seek less expensive treatment, Faster treatment, Better quality of treatment, Confidentiality.

## Target Customers

Medical tourists are attracted to India from different parts of the world including UK, USA, nada, South Africa and South-East Asia.. About 1.7 lakh patients are estimated to come each year who could be classified as follows:

**Table 2: Classification of Medical Tourists coming to India**

Category	Origin	Demand Driver
Non-resident Indians	Numbering 20 million across the world.	Lowest cost health care combined with trip back home.
Patients from countries with underdeveloped facilities.	Nepal, Myanmar, Bangladesh, Africa, Middle East, Latin America.	Quality healthcare at affordable cost.
Patients from developed countries.	UK, USA, Canada.	Low-cost health care, Capacity constraints at home.

The CII-McKinsey report estimates that India could earn US\$ 2.3 billion from medical tourism. Government of India treats such hard currency earnings as ‘Deemed Export’ with entitlement to all fiscal incentives for export earnings. The main cities attracting foreign patients to India are Chennai, Mumbai, Delhi, Kolkata, Bangalore, and Chandigarh.

### ‘SWOT’ Analysis of Medical Tourism in India

#### Strengths

- \* Vast and growing pool of competent doctors with 30000 new additions annually.
- \* Quality Service at Affordable Cost.
- \* Diversity of tourism destinations.
- \* Good credential and high success rate in advanced health care e.g cardiovascular, organ transplant operations.
- \* Alternative therapy like Yoga, Ayurveda and Homeopathy.

#### Weaknesses

- \* Inadequate infrastructure and adverse customer perception of India as an unhygienic place.
- \* Non-uniform pricing policies across Indian hospitals.
- \* Ill-maintained government & quasi-government hospitals.
- \* Inadequate focus on Medical Instrumentation.
- \* Low coordination between stakeholders- airlines, hotels and hospitals.

#### Opportunities

- \* Earning foreign exchange and contribution to GDP.
- \* Demand from countries with poor health care facilities.
- \* Increased demand from developed countries with high aging population ( USA, UK).
- \* Falling cost of international air travel.

#### Threats

- \* Entry of global players with financial muscle.
- \* Competition from Thailand, Singapore, Malaysia.

\* Lack of foreign accreditation of medical service providers & medical insurance coverage..

### Marketing Mix ( 4Ps ) at Play

Under this, we will deliberate on the salient marketing mix elements- the 4Ps (Product, Price, Place & Promotion) and their implications in the context of Medical Tourism in India.

#### 1. Product

The product basket mainly comprises of three variants:

- Modern Treatment
- Ayurveda
- Yoga

The major components under each can be enumerated as follows:

#### Modern Treatment

Surgeries, joint replacements, organ transplants, diagnostic tests, cosmetic surgeries etc.

#### Ayurveda

The magic healing touch is derived from the treasured Indian legacy of Ayurveda which originated in India as long back as 600 BC. Ayurveda is a naturalistic branch of medicine that depends on the diagnosis of the human body’s ailments to heal and achieve the right balance through herbal medicine.

#### Yoga

Propounded by the ancient Indian sage Patanjali, the word Yoga is derived from the Sanskrit word ‘yog’ which means ‘union’- presumably union with the divine being or God. It is a scientific method to experience the integration of mind+ body+ spirit. Some of the commonly practiced types of Yoga are Karma yoga, Jnana yoga, Bhakti yoga, Hatha yoga, Tantric yoga, Kundalini yoga, Raj yoga. Abroad, India is known as the mystic country where Yoga and Meditation are a way of life.

## 2. Price- the key Competitive Advantage

Competitive and Cost-effective pricing is the Unique Selling Point (USP) of medical tourism in India. The inducement is offered through the operating slogan “First World Treatment at Third World Price”. The cost differential across the board is huge- usually one-tenth and sometimes one-sixteenth of the cost in USA as evident from the comparative table below:

**Table 3: Price Differential for Health care services- USA Vs. India**

Health care service type	Cost in USA	Cost in India
Heart By-Pass Surgery	US\$ 55000-86000	US\$ 6000
Angioplasty with stents	US\$ 33000-49000	US\$ 6000
Hip Replacement	US\$31000-44000	US\$ 5000

The competitive advantage could be further highlighted, reckoning cost data from a report of Indian Planning Commission, as tabulated below:

**Table 4: Price Competitiveness - USA, Singapore, Thailand & India**

Health care services	Cost in USA	in Singapore	in Thailand	in India
Heart By-Pass Surgery	US\$>24000	US\$ 10417	US\$ 7894	US\$ 6000
Heart valve transplant	US\$ 200000	US\$ 125000	US\$ 10000	US\$ 8000
Spinal Fusion	US\$ 62000	US\$ 9000	US\$ 7000	US\$ 5000

## 3. Place

The prominent hospitals that attract large numbers of foreign medical tourists in India are:

- Apollo Hospital, Chennai, Delhi & Kolkata.
- All India Institute of Medical Sciences, Delhi.
- AMRI, Kolkata.
- Christian Medical College, Vellore.
- Fortis (& formerly Wockhardt group) Hospital, Delhi, Bangalore & Kolkata.
- B M Birla Heart Research Centre, Kolkata.
- Manipal Heart Foundation, Bangalore.
- Escorts Heart Institute & Research Centre, Delhi.
- Beach Candy Hospital, Mumbai.
- Escorts Hospital, Jaipur.
- Asian Heart Institute, Mumbai.
- Tata Memorial Cancer Hospital, Mumbai.

## 4. Promotion

No serious marketing effort succeeds unless aided by proactive promotion. This is true for the business of Medical Tourism in India.

As already mentioned earlier, the USP of Medical Tourism in India is its competitive price advantage. Accordingly, the promotion campaign have to be designed to leverage the unique advantage. Hence, the slogan for promotion has rightly been “First World Treatment at Third World Price” combined with tourism package of the Exotic East.

Since the competitive advantages for the different elements of medical tourism lie with different stakeholders mentioned in the next paragraph, forming inter-organisational functional networks with a

coordinated and common marketing objective appears to be the need of the hour. One such initiative along this line is formation of a consortium of Kerala Tourism Development Corporation (KTDC), Amrita Institute of Medical Sciences (AIMS) and Intersight Tours to effectively promote Kerala as a preferred medical tourism destination. Under this consortium, medical treatment will be provided by AIMS, holiday package will be provided by KTDC while logistics and travel package will be provided by Intersight.

E-marketing of medical tourism to India will enable a direct customer reach bypassing the middlemen. This will help medical tourism agency to provide services at a lower price, on-time and highly customized services. Besides, such an E-platform can facilitate initial medical consultations via Tele-medicine before the patient embarks upon the trip to a foreign destination.

Since medical service is looked upon as a ‘Credence’ service, securing customer confidence and trust through relationship building and maintaining the same over a long run, will be the key to sustained business. Greater emphasis should be on leveraging referrals and nurturing positive ‘word of mouth’ since they obviously carry more credibility than an impersonal advertisement through mass media.

However, health care service providers in India need to understand the diverse influence that the other stakeholders may have. For instance, the doctor’s opinion in conservative markets like Japan, Korea or India is seldom challenged. In contrast, a key influencer in the Middle East, might instead be the multinational corporations sponsoring their expatriate employees

for third-country treatment. As such, marketing and promotional efforts across different countries could be multi-pronged. It could target the patients, the referring doctors, hospitals, insurers or employers depending on who plays the role of actual decision - influencer for the choice of medical tourism destination.

For more intensive promotion, the leading Indian health service providers may establish representative/ liaisoning offices in major target countries to facilitate identifying the prospective medical tourists and providing them with all relevant information needed for decision making concerning medical tourism.

### Stakeholders in Medical and Health Tourism

The multiple stakeholders are:

- The traveler (Patient with Companions).
- Foreign tour operator.
- Indian Hospitals.
- Insurance companies.
- Indian Travel Agents.
- Tourist destinations.
- Local tour operator.
- Local Guide.
- Local Hotels.
- Local Shopping centres.

A relatively recent entrant in the field of medical tourism are the independent medical referral companies that review a patient’s medical case history and then recommend a doctor and hospital best suited for the particular patient. These medical referral companies use the knowledge of the medical fraternity and institutions to ensure that the patient goes to a reliable medical facility having a proven track record of treating foreign patients with proper care. They also provide a complete service offering visa and ticketing assistance, local transfers, coordination of treatment and recuperation, holidaying in India etc. Aarex India in Mumbai is one such agency who are known to have received and arranged treatment of a good number of patients from USA, UK, Africa and Asia.

Foreign patients are now looking towards India for holistic medicinal services besides combining the same with vacationing and tourism experience.

### Facilitators for Medical Tourism

Among the several facilitators, the following deserve a special mention:

- **Medimins:** It is reckoned as India’s most trusted medical tourism facilitator, promoted and managed by professionals from the health care sector. It provides turnkey solutions for international medical travelers – from selecting the best and most suitable surgeons/ hospital referrals, cost economics, travel and accommodation solutions, visa support, 24 hour medical attention, doctor on call, nursing, pharmacy, telephone/internet services including any other service required by the patients or their companions.

- **Medicaltourismindia.com**
- **Medisolutions.com:** Provides information about getting Mitral Valve surgery or any other procedures in India at affordable prices.

### Way Ahead and Strategic Imperatives

As brought out by CII-McKinsey study, there lies a vast untapped potential for Medical Tourism in India bolstered by significant price advantage. With the objective of harnessing it, Government of India plans to invest about US\$ 60 billion in medical tourism infrastructure over the next two years (2010-12). Further, to provide a greater momentum to the growth of medical tourism, Ministry of Health & Family Welfare together with the Ministry of Tourism of the Government of India set up an inter-ministry Task Force. The Task Force would evaluate the opportunities in the medical tourism industry and formulate a policy for accrediting the health care institutions in the country. The accreditation programme is aimed at classifying the health care service providers in terms of infrastructure and the quality of medical services offered. It is intended to standardize procedures and facilitate the foreign patients selecting the best hospitals in India and availing the best quality of medical services.

Government of India has simultaneously launched an accreditation programme for secondary and tertiary hospitals by the National Accreditation Board of Hospitals & Healthcare Products, which works with qualified assessors to grant accreditation to such hospitals through a stringent evaluation process. Meanwhile, several leading hospitals in India are seeking to take advantage of the booming medical tourism potential. They are investing substantially in acquiring/upgrading medical equipment and specialized skills. To further enhance the prospects of the industry, these hospitals can also acquire international accreditation and offer end-to-end value-added services by tying up with tour operators, airline carriers and hotels. Hospitals can also allow foreign patients to pay through international credit cards and ensure adequate follow-up service support to the touring patients after they return to their home countries.

Lastly, the Government of India can also reinforce the support through processing medical tourist visas on priority, arranging improved international flight connectivity and quickly bridging gaps in infrastructure development. However, the main hurdle for the medical tourists, coming to India from UK and USA for major surgeries, is that their insurance companies are unwilling to cover treatment received in India. Although this scenario is gradually improving, the transition remains a painfully slow process!



## Conclusion

Medical and Health Tourism in India, despite being a relatively new phenomenon, is almost certainly destined to be a major source of earnings in the years to come. Foreign patients are now looking towards India for holistic medicinal services besides combining the same with vacationing and tourism experience. The main demand driver is the appreciable cost advantage. What is being termed as 'International Patient Care' is a seamless process, with the visitors preferring inclusive arrangements that feature air travel, local transportation and sightseeing, translation and escort services, comfortable hotel accommodation together with their personalised choice of not only health care services but also cuisine and hospitality.

However, as more and more patients from countries with high medical costs, look for medical tourism options, India has to reckon with competition from countries like Thailand, Singapore and also other Asian countries. To attract foreign patients, Indian health care providers may consider leveraging on both business and clinical considerations. A well-coordinated effort is needed among the travel, the hospitality and the health care trade for sustainable growth of Medical Tourism Industry in India.

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