

Medical Tourism in Bali: A Critical Assessment on the Potential and Strategy for its Development

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ABSTRACT

As a cultural-based tourism destination in the world, the phrase medical tourism seems to be a new form of tourism for Bali. Meanwhile, medical tourism global market reached USD 439 billion (GHCR, 2017) and made it as one of the fastest growing tourism market in the world. The study aimed at identifying the potency of Bali as a medical tourism destination, analyzing the SWOT, formulating the strategies for its development and prioritizing which strategies to be implemented.

The method used were interpretative analysis, IFE, EFE and SWOT to formulate strategies and QSPM to prioritize which alternative strategies to be implemented.

The results confirmed that Bali has the potential to be a medical tourism destination as there are medical providers, competent doctors and paramedics, unique medical tourism products and increased in numbers of patients coming to Bali. The questionnaires also referred that 84% respondents stated that Bali is potential to be a medical tourism destination. The strengths, weaknesses, opportunities and threats of medical tourism development in Bali are similar to other established medical tourism destinations in Asia (Malaysia, Thailand, Singapore and India). The only difference is that Indonesian government has not taken any roles in the medical tourism development at any stage. Result also showed that medical tourism development strategy in Bali has to be intensive by doing product development, market penetration and market development.

Keywords: Medical tourism, Potency, Development Strategy, SWOT, QSPM

INTRODUCTION

There were 11 billion people travelling for medical treatment from one country to another, 25% growth every year and USD 439 billion revenue (GHCR, 2017). Some countries are very successful in medical tourism, while some others are struggling and even just about to start. One of the examples of succeeded medical tourism countries are Cuba and Brazil in Latin America. This success was followed by some countries in Asia, namely Thailand, Singapore, Malaysia, India and Vietnam. Thailand was even started to develop medical tourism in a small scale since 1970's, though the term was not known by then (Lovering, 2001). The competitive prices in medical tourism hosting countries, in addition that people can also vacationing during treatment, are some competitive advantages for these countries and becoming the first choice for western countries where the medical treatment are very costly,

beside a long waiting list to access the medical facilities in their home countries.

Bali, as one of the cultural tourism destination in the world is trying to develop medical tourism, not only because its potential as a tourism destination, but also because of other resources that Bali has, i.e. infrastructure, human resources, medical equipments, variety of medical tourism products, etc. Bali in particular, started taking a part in medical tourism since 2013, considering all potentials, the key challenges and opportunities in medical tourism development. This study focuses on the potential of Bali, the SWOT of medical tourism in Bali, formulating strategy for its development and prioritizing which strategy to be implemented.

LITERATURE REVIEW

The idea of Medical Tourism in Indonesia has just brought into attention in 2009, in which the Ministry of Health and Ministry of Tourism

agreed upon the development of Medical Tourism. Helmy (2011) stated that medical tourism is part of health tourism. There are three types of health tourism: medical tourism, medical wellness tourism dan wellness tourism. Wellness tourism which includes Spa, aroma therapy, yoga, massage, etc. in particular, has been developed by the Indonesian government, and introduced to the world by holding an International seminar on Spa, in Bali in 2015. Seven indigenous local ingredients were introduced, including Batangeh from Aceh and Boreh from Bali. Meanwhile, the medical tourism was not touched and still becoming a hot issue between the two departments.

At the beginning, medical tourism refers only to cosmetics, plastic surgery, dental and other elective forms of surgery, but nowadays, treatments in medical tourism has developed even to the live saving treatment such as heart surgery, cancer, total hip and knee replacement and IVF (Maestrovic, 2014). To summarize, all expensive treatments at home in a certain western countries or treatment that are not available because of lack of technology or still undergone experiment are the most wanted treatment required by Medical tourism tourists. The main goal of medical tourism is to provide the best possibility for patients to determine their required treatment by connecting patients directly to all medical providers all over the world (Cohen, 2008).

The development of medical tourism particularly in Bali and Indonesia in general, is not without obstacles. Apart from the potential as a tourism destination and the availability of medical providers (hospitals and clinics), as well as capable doctors and paramedics, there are many challenges to gain trust from international patients. There are benefits and risks, as well as strategies need to be arranged to compete with the established medical tourism destinations in Asia. The fact that medical expenses in the medical tourism destination are much lower comparing to their home countries (America and other western countries), and the chance to combine it with vacation, are the key points and benefits for medical tourism patients. It also push international patients seeking for treatment outside their countries. Depending on the locations and procedures, a medical vacation can cost 50, 30 or even 10% of what they pay in the US or western countries. This type of differences has made tourists more interested in medical travel, making it grow to a global scale (Hutchinnson, 2005).

In addition, not all medical insurance cover the cost of a procedure, especially plastic surgery and fertility. The long queuing to receive a medical treatment in their home countries and an opportunity to travel to another country and enjoying the stay as a vacation, the relaxation after the treatment is as important as the treatment itself (Basen, 2011). While risks such as infections, medical complications, allergic reactions, bleeding, in satisfaction to the result of surgery, to mortality (even in a small rate for cosmetic surgery), liability of doctors and facilities of the medical destination as well as follow up after surgery, definitely must be considered in making a decision for medical tourism (Diago, 2013).

METHODOLOGY

This research used Interpretative analysis to identify the potency of Bali as a medical tourism destination. Internal and External Factors Evaluation used to determine the strengths, weaknesses, opportunities and threats as well as positioning of Bali as a medical tourism destination. While SWOT analysis was used to formulate strategies for its development, and QSPM was used to prioritize which alternative strategies to be implemented. There were 100 respondents involved in this research (50 patients and 50 non-patients) both domestic and international, to gain their motivation and to get their awareness and understanding of medical tourism in Bali. In addition, there were also 5 local people questioned to know their motivation of getting treatment outside Indonesia (mainly to Singapore, Malaysia and China), as it was reported that Indonesian people seeking for treatment abroad reached IDR 155 triliun per year (Bali Post, 2017).

To identify the strengths, weaknesses, opportunities and threats, a Focus Group Discussion was held and attended by 13 experts, namely: Head of Bali Tourism Office, Head of Bali Health Office, a member of Bali house of representative, some academics, medical providers, doctors and representative of Bali Tourism Board. To determine the weight and rating of each internal and external factors, questionnaires were spread and the results showed that Bali was in the strong position and has an opportunity to develop medical tourism.

The strategies for medical tourism development in Bali were formulated using SWOT analysis, and to prioritize which alternative strategies to be implemented, Quantative Strategic Planning Matrix (QSPM) was used. QSPM is a high-level

strategic management approach for evaluating possible strategies. It provides an analytical method for comparing feasible alternative actions. The QSPM method falls within so-called stage 3 of the strategy formulation analytical framework: the input stage (IFE, EFE), the matching stage (SWOT) and the decision stage (David, 2009). Six experts who have been in the medical tourism business for years such as doctors, managers and directors of medical providers were involved to give attractiveness scores on each SWOT identified prior through IFE and EFE analysis.

RESULTS AND DISCUSSION

Bali has been famous for its natural and cultural tourism destination. Uncountable awards and achievements have been rewarded to Bali in regards to this. However, Bali is also potential to be a medical tourism destination. Four medical providers that have been in service since 2013 showed an increase of 10-25% of numbers of international patients coming to Bali every year. While domestic patients showed an increase of 7-10% per year. 84% respondents also said that Bali has the potential to be a medical tourism destination, because there are medical providers available, competent doctors and paramedics, price of procedures lower than the country origins, perfect place for recuperation, close to homes (for Australians, New Zealanders and Timorese), friendly services, and above all, it has service of excellence which are not available in their countries. They chose Bali because the prices are cheaper (60%), distance and familiarity (52%), doctors and paramedics competencies (44% each). This results supported by Rokni, et.al.(2013), Kazemi

(2008), Hoseini (2008) and Herrick (2007). The results also confirmed that generally, medical services in Bali and procedures in particular, were very good (86%), doctors and paramedics competencies were very good (94% each), the infrastructure, medical equipment, services in the front office, lounge, and ward were very good (86%), level of satisfaction was 92%, hence 100% were willing to recommend to others. This is inline with Rad et.al. (2010).

Apart from the potential that Bali has, there are many challenges, such as lack of communication skills (doctors and paramedics), not all medical providers are internationally accredited, lack of support from the government in regards to taxes (import custom fee) on medical equipments, medicines and implants, no medical tourism association, no independent body formed by government to promote and develop medical tourism, no affiliation with overseas hospitals to gain patients' trust, etc. are samples of weaknesses and threats of medical tourism in Bali. To identify the SWOT of medical tourism, 13 experts during the FGD had formulated 9 internal variables (strengths and weaknesses) with 24 indicators. The 9 variables including location, facilities, price, product, service, tourism activity, promotion and human resources. There were 13 strengths and 11 weaknesses identified (as shown in Table 1). In regards to external factors (opportunities and threats), 9 variables and 20 indicators were included. The 9 variables were tourists, technology, competitors, social & cultural, security, economic, private, government and infrastructure. There were 10 opportunities and 10 threats identified (shown in Table 2).

Table 1: Internal Factor Evaluation (IFE) Matrix Medical Tourism in Bali

No	Strengths	Weight	Score	Total Score
1	Perfect place for recuperation	0,008	3,40	0,272
2	Strategic location and very accessible	0,078	3,20	0,250
3	Medical tourism infrastructure availability	0,080	3,10	0,248
4	Physical condition met the MT standards	0,079	3,20	0,253
5	Prices are cheaper (for certain procedures)	0,085	3,40	0,289
6	Excellent MT products required by patients	0,083	3,50	0,291
7	Various MT products availability	0,080	3,10	0,248
8	Good service & high success rate	0,083	3,20	0,266
9	Sincere service	0,082	3,20	0,262
10	Affiliated with accredited medical agents	0,083	3,60	0,299
11	Combined medical and tourism	0,077	3,10	0,239
12	Competence doctors & paramedics availability	0,084	3,20	0,269
13	Specific person incharged for MT	0,076	3,00	0,228
Weaknesses				
14	Prices are more expensive than competitor (esp. Procedures with implants)	0,006	1,40	0,147
15	Lack of promotion and information on MT	0,008	1,70	0,014
16	Unintergrated marketing and promotion	0,006	1,80	0,011
17	Lack of communication & coordination amongst Doctors, paramedics & supporting medical staff	0,018	1,60	0,029
18	Lack of certification on paramedics skills	0,043	2,40	0,103
19	Doctors are not monoloyalty	0,018	1,30	0,023
20	Flow of service are not in order, slow response	0,008	1,80	0,014
21	No affiliation with overseas hospital to build trust	0,006	1,80	0,011
22	No affiliation with overseas doctors for post care	0,008	1,30	0,010
23	Lack of cooperation with overseas insurance	0,009	1,50	0,014
24	Lack of international accredited hospital	0,012	1,40	0,017
Total		1,000		3,511

Table 2: External Factor Evaluation (EFE) Matrix Medical Tourism in Bali

No	Opportunities	Weight	Score	Total Score
1	Increased in numbers of medical tourists	0,087	3,50	0,305
2	The availability of equipment and technology	0,078	3,00	0,234
3	Increased of investment in health	0,075	3,00	0,225
4	Uniqueness of Bali as an MT destination	0,084	3,20	0,269
5	Medical providers enthusiasm toward int'l patients	0,068	3,20	0,218
6	Natural and political condition relatively stable	0,081	3,20	0,259
7	MT global market is huge	0,097	4,00	0,388
8	The economic growth of patients country origin	0,081	3,70	0,300
9	Purchasing power of medical tourists	0,083	3,70	0,307
10	The role of private sector in MT development	0,079	3,60	0,284
Threats				
11	No government policy on MT development	0,079	1,30	0,009
12	No medical Visa for medical tourists	0,007	1,20	0,001
13	No role of the government in the MT development	0,001	1,40	0,010
14	No regulation for 'illegal' treatment but required by MT patients (sperm & ovum donor, stem cell)	0,000	1,00	0,000
15	No tax incentives on implants, medical equipment and medicines	0,000	1,00	0,000
16	Lack of trust from International patients	0,063	2,30	0,145
17	No affiliation with overseas hospital to build trust	0,000	1,00	0,000
18	Competitive advantage against established medical tourism destination in Asia	0,032	1,00	0,032
19	Bali's image is a tourism destination, not a medical destination	0,008	1,00	0,008
20	Lack of infrastructure (helipad, traffic)	0,010	1,30	0,013
Total		1,000		3,006

The results of the weight and score confirmed that total scores for the internal factors evaluation matrix (IFE) was 3.511 and total score for the external factors evaluation (EFE) was 3.006. This made Bali in the strong position and has the opportunity to be a medical tourism destination and to develop medical tourism by formulating certain strategies. Based on the 9 cells matrix, Bali fell into cell I, and the

proposed strategy was intensive. Intensive strategy can be divided into product development, market penetration, and market development. The development strategy of medical tourism in Bali were formulated based on the SWOT determined by experts during the FGD. Three grand strategies and 32 alternative strategies were formulated as shown in Table 3.

Table 3. Grand Strategy and Alternative Strategies Medical Tourism Development in Bali

Market Penetration Strategy	Market Development Strategy	Product Development Strategy
1. Integrated marketing strategy between government & private	1. Cooperate with more international insurance	1. Develop new products which combine Medical and tourism
2. Becoming the 10th stake holder in <i>Bali Tourism Board</i> .	2. Affiliate with overseas hospital to built trust from international patients.	2. Cooperate with tourism stakeholder to promote new MT products
3. Utilizing the modern technology for international marketing purposes (sosmed, website)	3. Affiliate with overseas doctors for post care	3. Develop MT products which are not offered by competitors
4. Enhance Bali's competitive advantage as an MT destination.	4. Cooperate with more accredited medical agent / facilitator	4. Develop MT products which combine modern and traditional treatment
5. The empowerment of private sector in the MT development.	5. Open new market to other countries	5. Develop excellent product with Balinese hospitality touch
6. Join the international medical events: Exhibitions, shows etc.		6. Open for medical investors on medical equipment and technology
7. Establish an association for medical Providers		7. Ease of visa extension and validity
8. Enhance the Government role in MT Development		8. Propose to government to legalize certain treatment (sperm & ovum donor, stem cell)
9. Establish an independent department by government to develop MT		9. Build a 'hospital management' concept to offer more competitive MT products.
10. Promoting & branding Bali as MT destination by serial campaign		10. Propose to government to provide tax incentive for implants, equipment and medicines.

		<ol style="list-style-type: none"> 11. Enhance doctors' and paramedics 'skills to gain patients' trust 12. Enhance competencies/skill of doctors, paramedics & supporting medical staff 13. Enhance skill of non medical staff on international language and culture 14. Transparency of fees, services and products to gain patients' trust 15. Updating the latest equipment and technology 16. Enhance the communication and coordination skill among doctors and paramedics. 17. Strengthen the infrastructure (Airport, helipad, traffic).
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To prioritize which strategy can be implemented, based on the total attractiveness score (TAS) on QSPM matrix, which scores were determined by experts, 6 alternatives strategies on the market and product development were chosen. Three alternative strategies with the highest TAS on the market side were : (1) The enhancement of the government role in the medical tourism development, particularly in promoting and branding (TAS 6.499); (2) Promoting and branding Bali as a medical tourism destination by a serial campaign (TAS 6.255); and (3) Affiliate with overseas hospital to gain trust (TAS 6.238). Three alternatives strategies based on product development were (1) Propose to the government to provide tax incentives for medical equipments, implants and medicines (TAS 6.939), (2) Enhance doctors' and paramedics' skills to gain patients' trust (TAS 6.465) and (3) Develop excellence services which are not offered by other competitors (TAS 6.452).

CONCLUSION

The study concluded that Bali has the potential to be a medical tourism destination, indicated by the increasing number of patients coming to Bali for medical treatment. The fact that there are medical providers, competent doctors and paramedics, various medical tourism products and prices that are cheaper than the country origin, are the strengths and opportunities for the development of medical tourism in Bali. Based on the SWOT determined by experts during the FGD, 3 grand strategies and 32 alternative strategies were formulated. To prioritize which strategy to be implemented, using the QSPM analysis, 3 alternative

strategies based on market and 3 alternative strategies based on product development were chosen.

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Citation: Oka Purnamawati, Nyoman Darma Putra, Agung Suryawan Wiranatha, "Medical Tourism in Bali: A Critical Assessment on the Potential and Strategy for its Development ", *Journal of Travel, Tourism and Recreation*, 1(2), 2019, pp 39-44.

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