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EXPLORING THE PERCEIVED SUCCESS OF A STRATEGIC MEDICAL TOURISM ALLIANCE FROM THE PATIENTS' PERSPECTIVE

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ABSTRACT

This paper examines the customer experience of a medical tourism alliance project between a Chinese private hospital and a Thai medical center. The purpose is to evaluate the perceived value of this strategic project from the perspective of the patients. Qualitative data were collected through a series of interviews with Chinese patients while they were in Thailand receiving medical treatment. Additional interviews collected data from informed experts involved in the memorandum of understanding (MOU); to gain their perspective on the alliance's success. Secondary data was sourced from reports available from the hospital, medical center, business media, and scholarly publications to supplement the primary information. This paper explores the voice of the customer as an indicator of post-project success.

Keywords: Medical Tourism, Project Management, Strategic Alliance, Voice of the Customer

1. INTRODUCTION

Medical tourism is the process of travelling outside the country of residence for the purpose of receiving medical care (Meštrović, 2014). This approach specifically combines medical services with tourism where people travel internationally for medical services and healthcare (Weaver & Oppenmann, 2000). These patients differ from tourists who take advantage of medical services while overseas. Medical tourism is a broad, multi-disciplinary service that satisfies a range of needs by combining medical treatment with tourism.

The focus of this paper is on medical tourism, where patients travel internationally specifically for medical services with a focus on treatment "...cost, quality and reputation of [the] hospital and physician" (Kanittinsuttitong, 2015). The companies providing medical-tourism provide a wide range of services specifically designed to attract international patients. The academic literature reports that understanding of medical tourism is limited (Smith et al., 2011), with the role of private providers still unclear (Lunt & Carrera, 2010) and understanding of the effect on patients is limited (Crooks et al., 2010; Hanefell et al., 2014). This paper aims to fill this gap by providing insight into the customer perspective of the service delivery of medical tourism as the result of a strategic alliance project between two private medical entities based in China and Thailand.



2. BACKGROUND

Beijing Henghe Integrated Medical Hospital is a private hospital in China that provides an integration of both western and traditional Chinese medicine for its patients. This hospital complies with the standard of the Chinese-based Joint Commission International (JCI) on Accreditation of Healthcare Organizations which progresses medical providers to standardize and improve their quality of care processes (JCI, 2016). Beijing Henghe is the largest general private hospital in Beijing, offering 60 different medical specialities, with 228 in-patient beds, and covering a total area of 70,000 square meters (Henghe Hospital, 2018). The Wellness (Bangkok) Co. Ltd. in Thailand is one of the pioneer providers in the wellness and hospitality industry offering services focused primarily on gene screening and anti-aging techniques (Wellness, 2018). This medical center owns the region's largest genetic screening lab, with services including stem cell research, gene screening technology and anti-aging procedures.

This strategic partnership between Henghe Hospital and Wellness (Bangkok) focusses on establishing procedures and processes so that these two organizations can combine resources and capabilities to achieve a competitive advantage in the medical marketplace. Chinese patients from Beijing Henghe Hospital receive seamless access to the services provided by Wellness (Bangkok) Co. Ltd. These specialized services are extended to include access to other medical tourism programs available in Thailand. The differentiation strategy of the Beijing Henghe Hospital and Wellness (Bangkok) Co. Ltd. partnership is based on providing competitive pricing with innovative and high quality products, supported by a focused service offering for Chinese patients (e.g., support given for language translators, airport collection, help to establish accommodation for the duration of the medical procedures). In addition, package pricing for gene screening and anti-aging procedures is available to the patients while at Henghe Hospital, so that the Chinese patients can consult their doctors at home, before travelling to Thailand for the procedure (MOU, 2016). An exchange system has been set up between the two facilities so that all relevant medical records (including patient history and medical procedures) are shared between the two providers. This ensures that both the medical staff - and the patient - have full access to this information.

In basic terms an alliance is the "...coming together of two or more firms to create a unique organizational entity (such as a joint venture), in which each firm retains its individual identity and internal control. The purpose of an alliance is to: (1) achieve joint strategic goals; (2) reduce risk while increasing rewards; and/or, (3) leverage resources. Since an alliance is neither an acquisition nor a merger, it requires new control methods and new management skills" (Business Dictionary, n.d.). An alliance can be formal or informal depending on the objectives and resources of the cooperating parties. Typically, alliances are formed due to lack of financial, physical and/ or managerial resources (Joshi & Dixit, 2014).

Alliances are usually structured in two ways: non-equity and equity. On the non-equity side, an alliance may be something as simple as a contractual market transaction. These contractual non-equity alliances increase in complexity depending on the circumstance. A co-marketing alliance may involve two or more companies advertising their products jointly. A Research and Development contract allows one company to benefit from the abilities of another company by way of an outsourcing arrangement to look into innovative ways to improve their current product or develop a new product. In a turnkey alliance, one party is hired to provide and end product or service for a fee such as in the construction business. Strategic suppliers and distributors alliances are sought after to minimize the possible negative financial impacts dealing with them presents, not necessarily by the type of products or services they supply. Finally, the non-equity side of alliances can also involve licensing and or franchising. A franchise is a license issued to someone to operate a business using a common brand name, a common operating support system and involving the payment of initial and/or ongoing fees, where a license agreement that allows you to use the product under the specified terms and conditions they have outlined in the license agreement (Elgin, 2010).

On the equity side of alliances, it gets more complicated. These are strategic investment, cross-shareholding, joint ventures and merger and acquisitions. All of these are legal entities that are complex, typically requiring larger investments and equity shares with slower payoffs than non-equity alliances, and are more difficult to terminate. In all cases contract design is essential in structuring a strong alliance (Ariño & Reuer, 2017). The strategic alliance of Beijing Henghe Hospital and Wellness (Bangkok) Co. Ltd is a non-

equity alliance focusing on a contractual market transaction with relevant support service provision to enable and enhance the experience of Chinese patients while in Bangkok. This alliance is focusing on the area described in *The Hierarchy of Health Care Needs Model* (Runnels & Carrera 2012), as “optimum health” where patients want to improve their health and focus on holistic solutions, rather than requiring emergency treatment or basic medical procedures.

As with any relationship, strategic alliances can have their advantages and disadvantages. The advantages in strategic alliances stem mainly from the desire or need to have competitive advantage through development of increased market share and promoting innovation of the alliance partners (Setyadi et. al., 2017). According to Henard and Szymanski (2001), product innovation is the key component of a successful business operation. However, strategic alliances can also strengthen resources, improve research and development ability, improve quality of both product and service, foster increased competence, improve skill levels, diversify product or service lines, as well as potentially minimize risks that might adversely affect the business. It is also a possibility that strategic alliances can avert political and/or economic turmoil as well increase access to more skilled labor and improved social relationships with surrounding communities. A case study by Talebi, Farsi and Miriasl (2017), found that there was a significant interrelationship between strategic alliances and competitive advantage, corporate and firm performance. According to Zamir et al., (2014), there are a number of issues that can be a disadvantage to an alliance such as lack of control, too much dependence on one alliance partner creating inequality, poor management coordination, different cultural values, and/or one partner may create other alliances with other competitors and political situations such as antitrust regulations.

More value may be found by one or both parties by appealing to principle rather than a monetary consideration. There are a number of strategies for smaller firms to negotiate alliance deals with larger, seemingly more powerful opponents (Susskind, 2006). If a business relationship has been long term, then value can be placed on that relationship as a leverage in the alliance with the larger party. This strategy can translate into negotiating increased equality or at least an alliance of fair treatment if the parties are of unequal proportions and power.

By forming an alliance with a smaller competitor, strength in numbers is put into play to generate a stronger offer to the larger potential alliance partner. By making a joint bid with a smaller competitor, this strategy could reduce the potential of having to deal singularly and directly with the larger potential alliance partner or possibly even destroying the competitive advantage in the market. The main realization from leveraging an alliance is that by forming an alliance, it could be assumed that it is the alliance itself that strengthens the competitive advantage of both the parties involved, hence leading to maximizing returns, without being in direct competition with each other.

3. METHODOLOGY

The focus of this study was to identify the customer perspective on the success of this strategic alliance. Initial research used archival data via secondary documents from both Henghe Hospital and Wellness (Bangkok) Co. Ltd. The potential for the strategic alliance was based on a series of interviews with 100 Chinese patients from Beijing Henghe Hospital who were receiving medical treatment in Wellness (Bangkok) Co, Ltd. The results were that 73% of these patients were interested in gene screening, 68% of the females interviewed were interested in anti-aging programs, with 69% of the cancer patients wanting second opinions from outside China and access to pharmaceuticals not available in China (Informed Expert 1). This survey was completed in order to investigate the focus of the organizational approach to this alliance as well as the emphasis of the strategic alliance on medical tourism provision. This information was supplemented with journal and published scholarly articles on the topics of strategic alliances, and associated projects, as well as the ‘voice of the customer’ (Griffin & Hauser, 1993; Naumann, & Giel, 1995).

The customer (patient) perspective was captured through a series of in-depth interviews using open ended questions that allowed the patient to express their opinion. A total of 17 questions focused on topics such as a description of the treatments overseas, motivation for medical tourism, opinion on the advantages and disadvantages, satisfaction with the treatment and support services and willingness to recommend this to other Chinese patients. This was supplemented by relevant demographic questions. The interviews were conducted in Bangkok with Chinese patients who had completed their medical services and were about to return home

to China. The view was that this timing provided a more recent perspective of the services as well as put the least pressure on the patient to speak positively of the services due to fear of treatment being impacted if they spoke negatively about their experience. Appropriate ethical clearance was gained from both the University and the hospitals prior to commencing the research.

The customer's perspective was captured by using interviews in order to understand their opinion of the services provided by Wellness. An initial pilot interview was completed with the staff of this center in order to check that the questions related to issues specifically linked to the medical and associated tourism services that were being provided. There were 10 in-depth interviews with 17 open-ended questions conducted with Chinese patients in their native language. The interview questions and responses were all translated into English by a second native Chinese speaker, and reviewed for accuracy by the original interviewer.

In addition to the interviews with patients, two informed experts were also interviewed to gain their perspective on the success of the alliance. One was a Chinese manager from Henghe Hospital and the other was a Thai manager from the Wellness (Bangkok) Co. Ltd. These format of these interviews were more unstructured as they focused on the key topics that the patient interviews raised in order to triangulate the data (Denzin, 1970). All interviews were analyzed using content analysis (Berelson, 1952), using the combination of deductive application of themes, known as Descriptive Coding (Saldaña, 2013; Wolcott, 2009) as well as an inductive process where other themes and patterns were identified (Saunders et al., 2016). Thus the analysis took an abductive approach to the gathered data (Ezzy, 2002).

4. FINDINGS

4.1 Factors Facilitating Chinese Medical Tourism to Thailand

A range of macro and micro environmental factors have created the impetus for Chinese to travel abroad for medical tourism. One major contributor is the growth in domestic product (GDP) in the People's Republic of China, which resulted in the middle class having increased disposable income over the past decade (World Bank, 2018). In 2015, it was estimated that 8-10,000 Chinese went overseas for medical treatment, with an average spend of 50,000 RMB (USD 7,200) per person (Daxue Consulting, 2017). Thailand, as a country within the ASEAN region, and a close neighbor to China, has developed a range of medical services that in global demand such as gene screening. This type of medical service has a global demand that has grown from USD 8 million in 2007, to USD 4.5 billion in 2013 (Esperite, 2015). In addition, the Thai government has implemented a 15-day visa on arrival policy for Chinese tourists, which can be extended for another 30 days if they have a medical certificate (Siam Legal International, 2018). These factors have combined to make Thailand an excellent destination for Chinese medical tourism.

Additional social factors make the stay in Thailand fairly straightforward for Chinese medical tourists. The highest number of immigrants to Thailand are the Chinese, and although the Chinese-decent Thai citizens usually do not speak Chinese, there is a cultural synergy. The lifestyle, food, weather, customs and the Buddhist religion in Thailand are all familiar to Chinese citizens. Thailand, being a tourist destination, is a location where foreigners (western, Chinese and other nations), are all made welcome. There is an easy mix of western convenience and eastern lifestyle, that makes medical tourism and a stay in Thailand an easy adjustment for these patients.

4.2 Framework of the MOU

In developing a strategic alliance, organizations need to identify the potential advantages and challenges. "This strategic alliance was estimated to have a profit growth in the first few years of a little over 30%, before tax based on tourist growth rate, medical tourism growth rate and the Thai government support of tourist industry" (pers. comm. Informed Expert 2). A detailed Evaluation and Control Pack that included milestones and management control activities for the implementation of the alliance was developed. The aim was to measure each organization's ongoing performance. Analysis of this data "...would be used to continue to improve the efficiency and profitable of the strategic alliance over time" (Informed Expert 1). Each organization had specific responsibilities as stated in the MOU (2016), supported by good communication and the exchange of data such as patient records and associated information.

4.3 Chinese Patients' Perspective on Medical Tourism Experience

The interview respondents unanimously stated that on their primary reason for their medical tourism was price and the recommendation of Beijing Henghe Hospital to pursue medical treatment with Wellness (Bangkok) Co Ltd. On further exploration in the interview, the Chinese patients' motivation for travelling to Bangkok was due to the established relationship between the two entities. Other contributing factors were the availability of specific medicines in Thailand that are not accessible in China. Some patients stated that they were seeking stem cell treatment, which is not currently available to Chinese patients, only for researcher projects. Some mentioned that the issues of safety and insurance were a concern, but they trusted the hospital (Beijing Henghe) and were pleased with their experience Wellness (Bangkok) Co. Ltd. When asked if they would recommend their friends to also come to Thailand, most stated that they had waited until after they had visited first before making an opinion.

4.4 Perspective of the Medical Providers

Informed Expert 2 stated that approximately 40% of their patients who have arrived in Thailand from China as part of the strategic alliance for the medical tourism services were seeking Health Enhancement; while 60% were seeking Optimal Health. These type of treatments are not a one-time treatment and this has meant that there is a continuity of both service for the patient and provided available on-going medical information for the Center. The MOU (2016) seems to cover most of the benefit and challenges in the provision of services. Both Informed Experts commented on the need for Wellness (Bangkok) Co. Ltd. to ensure that they employ nurses who are Mandarin speakers for the patients. In addition, Wellness (Bangkok) provide English and Thai interpreters so that the doctors and patients can easily communicate. The provision of extra services for the patients' seems to be sufficient as none of the patients who were interviewed comments on the need for improvement.

Sharing information about patients' treatment and data security was an area that needs ongoing monitoring and security by both organizations. The system at this time seems to function well and there were no complaints from the interview participants. However, this is the start of the strategic collaboration and these issues may not have emerged. The need for long-term and follow-up services places a demand on both Henghe and Wellness to ensure that future patients' requirements are supported both medically and during their stay in Thailand.

5. CONCLUSION

The medical tourism patients from China seem to be quite positive about their medical treatment in Bangkok. This indicates that their needs are currently met through this strategic alliance between Beijing Henghe Hospital in China and Wellness (Bangkok) Co. Ltd in Thailand. Since the provision of services is a co-creation activity (Rivier & Edvardsson, 2017), it is important that this strategic alliance continues to monitor the customers' perspective and satisfaction with the arrangement. Strategic alliances require the contribution of all participants for their success. Taking the perspective of the key organizations is important in the measurement of the success of an alliance, however, the customers - or beneficiaries - are the ones that provide the 'voice of the customer' and to a major extent are a quick source of information as to the relevant outcomes, benefits and challenges.

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