

# The Current Condition and Issues of Medical Tourism in Thailand :A Study on the Marketing Management Process

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## Abstract

In this paper, the authors review the policy and cultural context of medical tourism in Thailand and describe the recent tourism trends. From these data analysis, the paper discusses how the marketing management process is being developed. Massage for example, has been practiced in Thailand since about 700 years ago. It has established its own positioning in the field of wellness services. The service is also actively offered in private hospitals. Furthermore, it was revealed that the country is promoting medical tourism as a national strategy, with a cross-section of ministries and agencies, and national marketing and promotion activities. The tourism industry in Thailand accounts for about 12-14% of the gross domestic product, of which medical tourism expenditure accounts for 1%, and tourism expenditure is higher than that of non-medical tourists. Since 2020, the COVID-19 pandemic has restricted tourism activities around the world. In the future, the research must examine the current situation and issues of the tourism industry and marketing of advanced medical tourism in Thailand.

**Keywords** : Medical Tourism, Healthcare Tourism, Thailand,  
Marketing Management Process

## 1. Background and Objectives

There is a concept of medical tourism, where people travel for the purpose of satisfying their health maintenance and promotion orientation. Thailand is actively accepting foreigners from outside the country in order to realize such an orientation. The Thailand government's efforts to promote medical tourism began with the introduction of the concept of medical tourism in order to revive the healthcare-related industries affected by the 1997 currency crisis, and to guide the introduction of the latest equipment and the establishment

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of a system to accept foreign patients (Janjaroen, 2000). In 2003, under the Thaksin administration, Thailand declared itself the “Health Capital of Asia” and promoted the acceptance of foreign patients by private hospitals. In 2004, the following year, the government announced the “Medical Hub Concept,” a five-year plan that combined the promotion of the spa and massage industry with the attraction of foreign patients. Specifically, the Thailand Ministry of Health and various other related government agencies are working together to formulate and implement a system to promote medical tourism and actively attract foreign medical companies and people through preferential policies. For example, visa requirements have been eased and taxes have been exempted.

Then, in 2009, the company launched a five-year plan for world-class medical providers (Pocock & Phua, 2010). The latest plan is “STRATEGIC PLANS OF DEVELOPING THAILAND AS AN INTERNATIONAL MEDICAL HUB [2017-2026]” (hereafter referred to as Medical Hub [2017-2026]) (Ministry of Public Health, 2016).

With the support of these policies, the number of foreign patients accepted in 2001 was about 550,000, but by 2005 it had grown to over 1.2 million. However, after the coup d'état in September 2006, the Surayut administration took over, the budget for this project was reduced from 20 million baht to 3 million baht in 2007. Although the budget was reduced, the actual number of foreign patients in 2013 was about 1.04 million, which is more than double the number in 2001 (Nomura Research Institute, 2010). Furthermore, the number of foreign patients in 2019 will be about 3.5 million, which is a 6.3-fold increase in 18 years (International Trade Administration, 2021).

The medical tourism market is developing with the support of the government, but some of the contribution comes from the aggressive marketing of private hospitals and spa and massage stores. In particular, private hospitals provide highly specialized medical services and services at lower prices than in other countries (JETRO, 2020; Thaiger Medical, 2020).

TSUJIMOTO (2011) analyzed medical tourism in Thailand by using Porter's (1997) diamond frame to analyze the external environment of the industry. It argues that medical tourism itself has no functioning advertising, but in the context of Thailand's stranger-friendly cultural background, the methods used to treat people have a gentle image, and the prevailing image of Thailand as a health-friendly country gives it a competitive advantage over other countries. On the other hand, JETRO (2018) states that most private hospitals in Thailand are run as joint stock companies, and there are 21 private medical institutions listed on the Stock Exchange of Thailand, all of which pursue customer satisfaction as a company and place emphasis on expanding customer services. On the other hand, IIDA (2006) discusses the generation process of massage and traditional

medicine in Thailand from a cultural context, and discusses the development process and issues related to the succession of traditional medicine through tourism.

In none of them, the authors can find any discussion on marketing. Considering medical tourism as contained in tourism and examining it from the aspect of tourism services, it is important for the future development of medical tourism to discuss the prospects of medical tourism. Therefore, the purpose of this paper is to discuss medical tourism in Thailand from the perspective of marketing management process to the prosperity of medical tourism in Thailand.

## **2. Medical Tourism**

First, medical tourism defines. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism, calls it “Medical tourism,” which means “visiting Japan for the purpose of receiving treatment or medical checkups at a medical institution and sightseeing in Japan at the same time”. In addition to “Medical tourism,” the Japan Tourism Agency also refers to “Health tourism” as a form of new tourism, defining it as “visiting areas rich in nature, tasting the nature, hot springs, and healthy food, and recovering, promoting, and maintaining health by healing the body and mind”. On the other hand, the Minister of Economy, Trade and Industry calls it “Service tourism (advanced medical checkups),” and the Ministry of Health, Labor and Welfare calls it “Medical tourism”. In Japan, “Medical tourism” is defined as tourism after medical treatment or checkups, and “health tourism” is defined as tourism related to health promotion and maintenance. On the other hand, Carrera & Bridges (2006) defines medical tourism as “travel outside the natural medical jurisdiction to improve or restore the health of an individual through medical intervention”. Pocock & Phua (2011) define it as “travel outside the local environment for the maintenance, promotion, or restoration of an individual’s mental and physical health”.

Based on these discussions, this paper follows Pocock & Phua’s (2011) broad definition of medical tourism as “the organized travel outside one’s local environment for the maintenance, enhancement or restoration of the individual’s wellbeing in mind and body”.

## **3. Medical Tourism in Thailand**

### **3-1. Government Support Policy**

In Thailand, the cabinet approved the Medical Hub [2017-2026], a strategic plan to develop the country as an international medical center, in September 2016. the Medical Hub [2017-2026] sets out policies based on four pillars over the next ten years. The Medical Hub [2017-2026] has set out policies based on four pillars over the next ten years, as shown in Figure 1. The Ministry of Health of Thailand

has established an administrative unit to promote medical and wellness tourism. The Ministry of Health has also set up a management unit to promote medical and wellness tourism, with seven major strategies to develop and implement these.

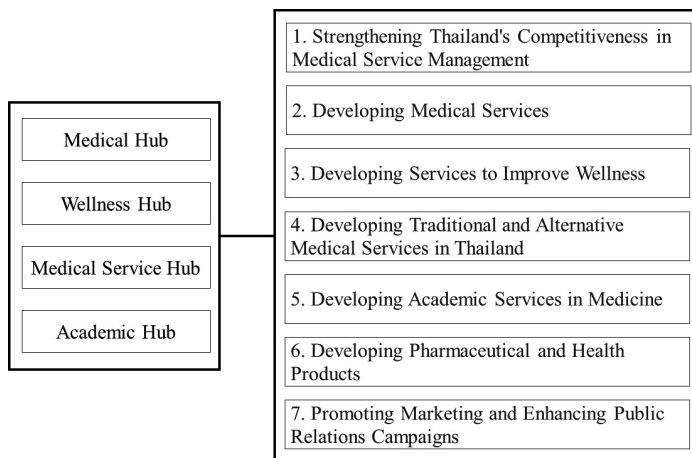


Figure 1 Medical Hub [2017-2026]Four Cores & Seven Strategies  
Source : Ministry of Public Health (2016)

One of them is to “promote marketing and strengthen publicity campaigns” and mentions marketing as a policy strategy (Ministry of Public Health, 2016).

According to IMF (2021), out of 118 countries in 2019, Thailand ranks fourth in overall medical tourism spending; medical tourism spending accounts for 1% of Thailand’s total inbound tourism spending, which reached \$58 billion in 2019. Tourism is an important industry for Thailand, accounting for about 12-14% of the country’s gross domestic product, and medical tourism is an attractive component of tourism in Thailand.

### 3-2. Development of Medical Tourism

As mentioned above, medical tourism is growing in Thailand, supported by policies, with about 3.5 million medical tourists coming to the country in 2019. This is due to Thailand’s highly skilled medical professionals, international standard medical services, and affordable healthcare costs compared to Europe and the U.S. (International Trade Administration, 2021). In 2002, Bumrungrad Hospital became the first hospital in Thailand to be accredited by Joint Commission International (JCI)<sup>1</sup>, and as of July 2021, there are 61 facilities, the sixth largest number in the world. In addition, as of 2017, there are 38,512 facilities that provide some form of medical services in Thailand (Ministry of Public Health, 2016).

### 3-3. Characteristics of Medical Tourism in Thailand

By the way, medical tourism is developing in ASEAN countries as well. The first factor is that many of these countries were colonies of the West and English is widely spoken; the second factor is that the majority of doctors and medical personnel learn advanced medical technology in the West and return

to their home countries to work in medical institutions. Pocock & Phua (2011) found that medical tourists in Thailand, Singapore, and Malaysia differed in the attributes and purposes of their visits by country. Pocock & Phua (2011) reported that medical tourists in Thailand, Singapore, and Malaysia differed in terms of the attributes and purposes of their visits (Table 1). In Thailand, the number of patients and estimated revenue are higher than in other countries. In addition, the number of patients from Japan is also high, and in addition, the country shows the characteristic of visitors coming for cosmetic surgery and sex reassignment surgery.

Table 1 A Comparison of Medical Services for Foreign Patients in Different Countries

	Estimated earnings	No foreign Patients	Origin of patients (in order of volume)	Specialty
<b>Thailand (2006)</b>	Baht 36 billion (US\$ 1.1 billion)	1.4 million	Japan, USA, South Asia, UK, Middle East, ASEAN countries	Cosmetic and sex change surgery
<b>Singapore (2007)</b>	S\$ 1.7 billion (US\$ 1.2 billion)	571 000	Indonesia, Malaysia, Middle East	Cardiac and neuro surgery, joint replacements, liver transplants
<b>Malaysia (2007)</b>	253.84 million MYR (US\$78 million)	341 288	Indonesia, Singapore, Japan, India, Europe	Cardiac and cosmetic surgery

Source : Pocock & Phua(2011) "Table 2 Export of health services[2,4,5]"

Krungsri Bank (2020), one of Thailand's leading banks, shows about a survey by the Thai Ministry of Health and Ministry of Tourism and Sports on foreign tourists who visited medical and healthcare services in Thailand in 2019. According to the report, about 630,000 tourists came to Thailand for treatment in 2019. This is an increase of 8.5% from the previous year, 2018, and it estimates that they spent 120 billion baht. The average expenditure was 254,202 baht per person per trip, which is more than five times the expenditure of ordinary tourists, of which 72.3% was for medical treatment.

Next, the study reported that the following five factors were found to have influenced the decision to treat patients in Thailand. (1) Relatively low cost of medical care in Thailand compared to other countries providing similar level of medical care (85.5%), (2) Reputation of Thailand hospitals (84.3%), (3) Reputation of Thailand doctors (77.7%), (4) Recommendation by doctors in home country (76.2%), and (5) Recommendation by advisors or representatives of medical providers (40.5%). As for the place of treatment, 92.7% of the respondents went to private hospitals, followed by public hospitals (4.7%), general clinics (1.5%), and specialized clinics (1.1%). Private hospitals in Thailand consider medical tourists as a major consumer of medical services. Public hospitals and general clinics are the main providers of medical services and maintenance of the country's health care system, and the market is becoming more differentiated.

In terms of the price paid for medical services, 24.3% of the respondents said that it is very worth the money, 31.2% said that it is moderately worth the money, and only 2.8% said that it is not worth the money. In other words, 41.7% of the respondents said that medical services in Thailand are worth the price.

One of the purposes of tourists to Thailand is cosmetic surgery, and Thailand has more medical services for beauty and wellness than any other country. This is due to its historical background. In Thailand, massage has been used as court medicine since the Ayutthaya dynasty in the 14th-18th centuries. However, in the 1970s, it was used in the tourism industry and for relaxation, and in 1990, it was revived as an institutionalized form of Thailand medicine (IIDA, 2006). In the Medical Hub [2017-2026] of the current policy, one of the strategies is explicitly to develop Thailand traditional and alternative medical services. Traditional Thailand massage, one of Thailand traditional medical practices, has been listed as a UNESCO Intangible Cultural Heritage in 2019, and its cultural context and benefits are widely known around the world. It has also been shown to develop services for health promotion (wellness), and thus the facilities and market size for implementing such medical and healthcare services are also on the rise. According to the Economic Intelligence Center (2019) of Siam Commercial Bank, Thailand's third-largest bank by assets, the beauty and spa market in Thailand is growing at an annual rate of 8%. As of 2017, there were approximately 13,500 spa operators in Thailand, and the beauty market, including spas, was estimated to be worth 136 billion baht. Of this amount, about 75% is accounted for by medical and cosmetic surgery services, about 23% by spas and Thailand massage, and about 2% by spa products and merchandise sales. From these, it is clear that the Medical Service Hub and the Wellness Hub are important pillars of the growth strategy, as indicated in the Medical Hub [2017-2026], which is a unique characteristic of Thailand compared to other countries.

#### **4. Marketing Management Process**

As the authors have mentioned so far, medical tourism is thriving in Thailand compared to other countries. The authors will discuss the marketing and management process of medical tourism in Thailand.

Marketing management has been systematized by Kotler, P. (2000). Various companies have been integrated under marketing and developed as managerial marketing, which is positioned as the management philosophy of the entire company. The American Marketing Association (AMMA) published a new definition of marketing, although it has been revised several times. In 2017, According to the AMMA is defined as "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society

at large. (Approved 2017)”.

According to Kotler & Keller (2008), marketing management is defined as the art and science of acquiring, retaining, and growing customers by selecting target markets and creating, delivering, and communicating superior customer value. He also states that the marketing planning process involves the following steps: analyzing marketing opportunities, selecting target markets, designing marketing strategies, developing marketing programs, and managing marketing efforts. SHIMAGUCHI(1984) states that marketing management strategy is a marketing system that integrates the management of market demand adjustment with the product or brand as the strategic unit. There, he states that three types of strategy formulation are recognized: first, the setting of market objectives; second, the setting of target markets; and third, the formulation of marketing mix policies. As preliminary work for this basic strategy formulation, various market research, such as customer motivation research, buyer behavior research, and market segmentation research, are conducted, and the company's product characteristic analysis, product positioning analysis, brand loyalty, etc. are also examined. In addition, traditional marketing mix policies such as product policy, price policy, distribution channel policy, and promotion policy, which are represented by the so-called 4Ps, were integrated to achieve market goals.

In order to implement these marketing strategies more efficiently, the systems approach, which aims for holistic integration, and the interdisciplinary approach, which aims for the integrated use of behavioral sciences, are advocated. The paper argues that the marketing management strategy is now complete. The overall formulation process of marketing management strategy is planned in the order of market analysis, setting of marketing objectives, determination of market targets, and determination of the marketing mix.

Based on the above discussion, the marketing management process can be broadly categorized into the following processes: (1) analysis and discovery of market opportunities, (2) establishment of marketing objectives, (3) segmentation, targeting, and positioning, (4) formulation of the marketing mix, and (5) implementation and control of marketing activities (Figure 2). In recent years, it has become desirable to conduct (3) and (4) simultaneously in order to adapt to market changes (KUBOTA et al., 2013).



Figure 2 Marketing Management Process



## 5. Marketing Management Process in Thailand Medical Tourism

In this section, the authors will attempt to analyze medical tourism in Thailand following the marketing management process described above (Figure 3). First, it will discuss “analyzing and finding market opportunities”. According to the World Tourism Organization (2021), the real growth rate of international tourism revenue from 2009 to 2019 was 54%, which reportedly exceeded the growth rate of world GDP by 44%. In 2019, Thailand ranks eighth among the world’s top tourism arrivals, with a year-on-year growth rate of 4 percent. In terms of total tourism receipts, Thailand ranks fourth in the world with US\$61 billion, up 3% year-on-year in real terms. As for the purpose of travel, “leisure, recreation and experience” accounted for 55%, followed by “visiting acquaintances and relatives, health, religion, etc.” at 28%. In the Middle East, in particular, the main purpose of travel was “visiting acquaintances and relatives, health, religion, etc.”. The number of tourists with health as their main purpose is on the rise, following leisure and recreation.

Next, it would like to discuss about “setting marketing goals”. The promotion of medical tourism is one of the national strategies, and the four core and seven strategies are clearly defined. Therefore, all the vectors of the stakeholders are pointing in the same direction.

It will discuss segmentation, targeting, and positioning. Thailand is segmenting and targeting tourists for health and other purposes, and tourists for cosmetic surgery and sex change operations. In addition, the country has a particular advantage in the area of wellness, such as traditional Thailand massage, which is registered as a UNESCO World Heritage Site, and has established a highly

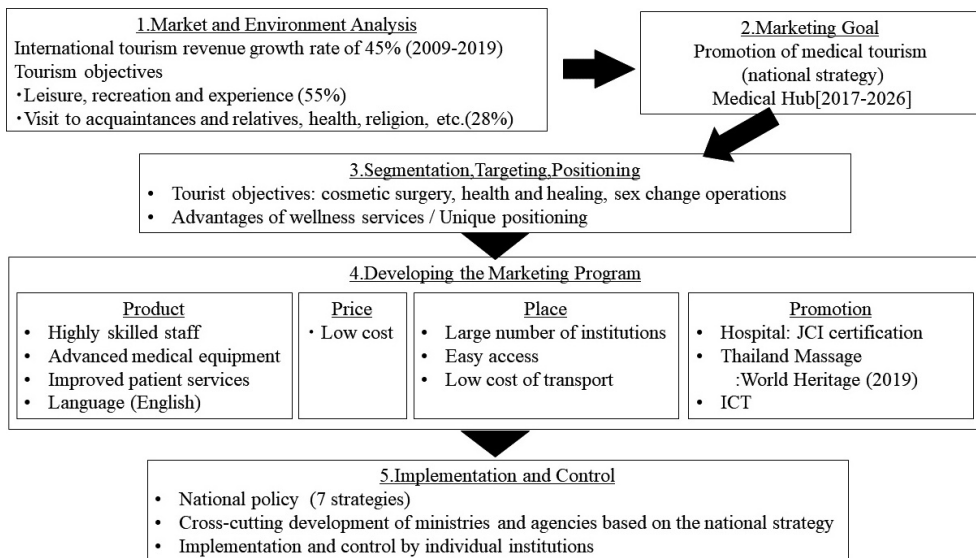


Figure 3 Marketing Management Process in Thailand



unique positioning that is different from other countries.

It will discuss the fourth item, “Developing the marketing program” which will be divided into four sections. First, it will discuss at “products”. It will discuss the medical field. As mentioned earlier, many doctors and medical professionals have learned advanced medical technology in Europe and the United States’s high level of skill. In addition, many of Thailand’s medical institutions are actively importing medical devices from Europe and the United States, with imports increasing by 5% between 2015 and 2021 (Medicaldevices,2021). These factors suggest that the services are of high quality in terms of both hardware and software. As for the wellness sector, there are a variety of services related to relaxation, as exemplified by traditional Thailand massage. Next, it will discuss at “price”. As mentioned earlier, the cost of living in Thailand is lower than in developed countries, and the cost of medical and wellness services is also lower, which is recognized as a factor that influences treatment decisions (Krungsri Bank, 2020). In other words, high quality services are available at low prices.

It will discuss at “place”. In this case place is distribution channels. Bangkok, the capital city, has a large concentration of service providers, making it easy for tourists to access. Even in other provinces where public transportation is scarce, Thailand has developed taxi services that are cheaper than those in developed countries. In addition, some of them provide transportation services. As for “Promotion”, Thailand is actively promoting its services, especially private hospitals, as can be seen from the number of JCI registrations (JETRO, 2020). In the area of wellness services, each facility is actively using ICT to enhance its website, issue coupons using SNS, and provide push notifications about its services. Finally, regarding the “Implementation and control” not only each service provider but also each ministry and agency is promoting and developing marketing activities through vertical and horizontal cooperation based on national policies.

## 6. Conclusion

Globally, the tourism industry is experiencing a remarkably high growth rate. In addition, with the recent stress in society, there is a high level of interest in health. Against this background, many tourists are coming to Thailand for medical tourism. This study describes the recent medical tourism trends in Thailand, after confirming the policy and cultural context of medical tourism in Thailand. From these facts, the authors discussed how the marketing management process is being developed. In the cultural context of Thailand, which is known as the “Land of Smiles” and treats others with warmth, massage has been in existence for about 700 years and has established its own positioning in the field of wellness services. In addition, private hospitals

are also actively providing this service. Furthermore, it was revealed that the country is promoting medical tourism as a national strategy, with a cross-sectional development of each ministry and agency, and national marketing and promotion activities. In Thailand, the tourism industry accounts for about 12-14% of the country's gross domestic product, of which medical tourism expenditure accounts for 1%, and tourism expenditure is higher than that of tourists for non-medical purposes. Therefore, medical tourism is an industry with potential for development in Thailand and is considered important as one of the contents to attract tourists. On the other hand, the spread of COVID-19 infections around the world since 2020 has restricted tourism activities. Under such circumstances, it is necessary to keep a close eye on how Thailand will implement and control marketing activities for medical tourism in the future.

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<sup>1</sup> Joint Commission International (JCI) is an international medical facility evaluation organization with the most stringent standards in the world. It accredited by the International Society for Quality in Health Care External Evaluation Association (IEEA). It works to improve patient safety and quality of health care in the international community by offering education, publications, advisory services, and international accreditation and certification. The JCI assessment criteria are divided into 14 criteria: 8 patient-centred criteria and 6 management criteria for medical institutions, with more than 1,200 items to be measured. In Japan, Kameda Medical Center in Kamogawa City, Chiba Prefecture, was the first to receive certification in 2009, and as of July 2020, it ranks eighth in the number of certified

institutions by country with 30 medical institutions. Thailand, with 61 medical institutions, ranks 6th.  
(<https://www.jointcommissioninternational.org /2021.11.06>)