

## Chapter 3

# Customer–Perceived Value of Medical Tourism

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### ABSTRACT

*The combination of medical treatment and tourism seems to be a promising and relatively new type of niche tourism. The globalization of health care has given rise to a new form of tourism that is commonly known as health tourism. Within the health tourism arena, medical tourism is among the fastest growing sectors. It enables patients to quickly and conveniently travel to receive medical services at lower prices and of better quality than they could in their native countries. Yet analyses of medical tourism in developing, emerging markets are under developed, particularly in South Korea. As a response, this chapter examines the customer-perceived value of medical tourism, which deriving explicit factors that influence choice in relation to medical tourism.*

### INTRODUCTION

Medical tourism, the act of travelling overseas for treatment and care, is an emerging phenomenon in the healthcare industry (Deloitte LLC, 2008; Han, 2013; Heung, Kucukusta, & Song, 2010, 2011; Wongkit & Mckercher, 2013; Ye, 2011; Yu & Ko, 2012). International trade in health services and its most high-profile component, medical tourism, has been attracting increasing attention from health analysts, the medical profession, public health policy makers, and trade and tourism promotion agencies in recent years (OECD, 2011). However, discussions on the opportunities and threats of such trade have been conducted with relatively little data to inform them. Although the medical tourism industry is growing rapidly and has captured international attention because of its seemingly high-profit potential, little academic research has been carried out into the value of the phenomenon (Han, 2013; Heung, Kucukusta, & Song, 2011; Ko, 2011; Wongkit & Mckercher, 2013; Ye, 2011; Yu & Ko, 2012). Ko (2011)

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particularly points out that the medical field has been more active in carrying out research into medical tourism than the tourism industry.

As the customer is one of the key elements in measuring the success of a business operation in the tourism and hospitality industry, this Chapter is primarily concerned about the customer aspects in regard to medical tourism, based on the questions below:

- How has the concept of customer-perceived value been used in the marketing and tourism literature?
- What are the general perceived benefits and perceived sacrifices in the medical tourism context, especially in South Korea?

The main purpose of this chapter is therefore to analyze the perceived value of medical tourism using various get (benefits) and give (sacrifices) dimensions from a customer perspective. It will examine a set of general factors influencing the value of medical tourism, based on an analysis of written publications such as academic journals, reports, newspapers, books, websites and government documents. When considering these factors the chapter will also analyze the current position of medical tourism in South Korea.

## **BACKGROUND**

As the medical tourism industry continues to grow, companies, organizations, and countries such as South Korea, India, Malaysia, Singapore and Thailand, which are currently the major medical providers in Asia, have begun to focus on this sector of travel (Walker, 2006; Lagace, 2007; OECD, 2009, 2011; Kim, Lee & Jung, 2013; Lunt, 2014). Also, it will become critical for those involved in the supply side of the medical tourism industry to consistently deliver a high level of service quality to differentiate their position in the marketplace, and to satisfy the needs and motives of the various types and growing numbers of medical tourist consumers (Jypothis & Janardhanan, 2009; Mueller & Kaufmann, 2001). Those medical tourism providers that do not provide high-quality services or maintain excellent customer satisfaction ratings, will find it more and more difficult to remain sustainable in an increasingly competitive market environment (Lee & Spisto, 2007; Turner, 2011).

The literature on tourism and hospitality (Chen & Chen, 2010; Hutchinson, Lai, & Wang, 2009; Zabkar, Brencic, & Dmitrovic, 2010) has recently shown an interest in customer perceptions of value, especially when investigated together with quality and satisfaction. Some studies (Chen & Tsi, 2007; Gallarza & Saura, 2006; Lee, Yoon, & Lee, 2007) also indicate that perceived value is an important predictor and key determinant of customer satisfaction and behavioral intention. However, despite the importance of the concept of customer-perceived value, few researchers have taken an interest in studying this concept as part of a tourism experience, and only a limited number of studies have focused on the concept of customer-perceived value and relationships within a tourism framework (Duman & Mattila, 2005; Lee, Yoon, & Lee, 2007; Murphy, Pritchard, & Smith, 2000). Fewer still have been carried out within a specific medical tourism framework (Hallem & Barth, 2011).

According to Korean Health Industry Statistics, South Korea's push into the medical tourism industry was launched during 2007, attracting 16,000 foreign patients, and in the year 2012, around 159,000 foreign patients travelled to South Korea for medical services after the legislation passed in May 2009 to allow

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