

A Study On Market Segmentation, Target Marketing And Product Positioning Strategy For Medical Tourism In Bangalore

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INTRODUCTION

Medical Tourism refers to an increasing tendency among people from England, the U.S., and many third world countries, where medical services are either very expensive or not available, to leave their countries in search of more affordable health options, often packaged with tourist attractions. According to ASSOCHAM (2008)¹ estimates, the Indian spa industry is expected to receive investment of US \$35 billion in the next 3-4 years. However, the profit margins in the spa industry was as high as 60-65% and domestic spa industry is offering a mix of traditional ayurvedic, as well as Chinese, Thai and Swedish healing techniques. Medical tourism is a new concept where two important service industries are dovetailing to attract people who seek healthcare services located beyond the geographical territory of their country. It provides state of the art private medical care in collaboration with the tourism industry to get patients from other countries at highly competitive price⁵ when compared to those prevalent in the western countries. The CII McKinsey Report(2002)² mentions that the Medical Tourism market has been growing at the rate of 15% for past 5 years and by 2012, ₹ 10,000 crore will be added to revenues of the private players. G.V.R.K. Acharyulu, B. Krishna Reddy (2005)³, opine that India is undergoing a healthcare revolution and is emerging as the global destination for medical tourists. They stress the importance of logistics and supply chain of a hospital for an international patient and show that provision of both modern and traditional system of medicine is a unique advantage for India. Bangalore is quoted as “*the garden of life*” by the Department of Tourism (DOT, 2009)⁴ (Government of

Table 1: Major Healthcare Organizations Into Medical Tourism In Bangalore

Mainstream Treatments	Alternative Treatments
1. Narayana Hrudayalaya	1. Soukya Spa
2. Wockhardt Hospital	2. Indus Valley Ayurvedic Centre, Mysore
3. Columbia Asia Hospital	3. Radiant Retreat
4. Apollo Hospital	4. Leela Spa
5. Sagar Hospital	5. Orange County, Coorg
6. Manipal Hospital	6. Jindal Naturopathy Centre
7. Bhagvan Mahaveer Jain Hospital	7. Golden Palms Resort
8. Hosmat Hospital	8. Ayurvedagram, Bangalore
9. Kasturba Medical College Hospital. Manipal	9. Angsana Spa, Bangalore
10. KLE Hospital, Belgaum	10. Prajna Kuteera, Mysore
Source: Compiled By Author From Hospital Visits.	

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¹ “Ayurveda and Medical Tourism to Boom in 2010 CWG”, Assocham (associated chambers of commerce and industry of India) Report, March 19, 2008.

² CII- McKinsey & Company (2002) “Healthcare in India: The road ahead”

³ G.V.R.K. Acharyulu, B. Krishna Reddy (2005), “Hospital Logistics Strategy for Medical Tourism”.

⁴ “Garden of Life”, Department of Tourism, Karnataka, 2009.

Karnataka, thanks to a number of super speciality hospitals, dental clinics and Ayurvedic spas, which are attracting foreign medical tourists in high numbers. The most interesting fact is that, foreign medical tourists are coming not only from gulf countries and neighboring Asian countries, but also from developed countries like USA, Canada, Australia, and many European countries. As many as fifteen super speciality hospitals, dental clinics and spas are into medical tourism in Bangalore. The table 1 gives a view of them.

1) FACTORS ATTRACTING FOREIGN MEDICAL TOURISTS TO BANGALORE

As Bangalore is endowed with a combination of high tech super - speciality hospitals on the one hand, and on the other, it has a number of natural beauty spots RNCOS (2007) ⁵. The coastal districts of South Canara, Udupi, North Canara, Malnad districts of Shimoga, Chickmagalore, Coorg, and Hassan can provide something unique to the tourists. Cost of treatments in hospitals in Bangalore is almost one tenth of what is charged in either USA, England and other countries (2007) ⁶. Further, some of the hospitals have tied up with insurance companies in other countries which help them to get many foreign medical tourists. Problems related to insurance are also solved by these insurance companies.

Patients who need immediate care have long waiting lines in some countries, which can be overcome if they plan to avail this treatment in Bangalore. This is because some of the hospitals in Bangalore have special international patients care unit, which gives first world treatment with third world prices for foreign medical tourists.

The state of Karnataka is endowed with world famous medical colleges, which have produced the best doctors in the world, some of them with skills that are unmatched elsewhere. For example, Kasturba Medical College in Manipal, Mangalore, Mysore Medical College, KLE Institute in Belgaum, to name a few. Most of the doctors also possess foreign medical qualifications which are an added advantage to attract foreign medical tourists.

Narayana Hrudayalaya, stated as number one in the world in paediatric cardiac care (2008) ⁷, Apollo hospitals, Wockhardt Hospital, have stated almost 96 - 98% success rates in complicated surgeries (2003) ⁸. This is another motivating factor for foreign medical tourists. Well qualified and trained para medical staff, physiotherapists, overall infrastructural facilities with advanced technology in each and every medical area boosts the trust of the patients who travel from far to seek a health treatment. Some of the hospitals do have JCI quality certification, tie ups with the foreign governments, travel agencies abroad, which helps them to lure foreign medical tourists. Further, the air conditioned weather of Bangalore throughout the year, hospitality of the people of Karnataka, English speaking populace of Bangalore, Bangalore's fame in the IT and BT front, ease of medical visa, motivate foreign medical tourists to Bangalore.

2) MARKET SEGMENTATION, TARGET MARKETING AND PRODUCT POSITIONING STRATEGY FOR MEDICAL TOURISM IN BANGALORE

By market segmentation (2008) ⁹, we mean, the strategy used to divide the huge market with heterogeneous features into small segments with some similar consumption patterns. This strategy is particularly helpful for medical tourism in Bangalore. If this is done, some specific niche can be created for selected segments to lure more foreign medical tourists. Factors attracting foreign medical tourists to Bangalore differ from country to country. Patients from Pakistan, Bangladesh, Sri Lanka, Nepal, Nigeria, and Kenya visit Bangalore due to non availability of the same quality treatment in their country. For medical tourists from these countries, medical treatments have to be provided at a lesser price tag. So, more importance can be given to the most essential services. On the other hand, insurance related problems, lesser cost of treatments; no queues attract patients from developed countries to Bangalore. Segmentation on the basis of these factors comes handy to create a specific package with suitable marketing mix elements. So, differential pricing strategy can be practiced where provision can be made to accommodate medical treatment with several value added services that can bring higher revenue for the hospitals. Segmentation can also be made on the basis of treatments sought by a foreign medical tourist. If they have arrived for a treatment which needs more post

⁵ "Booming Medical Tourism in India, RNCOS, India. February, 2007.

⁶ American Medical Association, , www.expresshealthcaremanagement.com, June 2007.

⁷ Narayana Hrudayalaya.com

⁸ "Healthcare: India's Next Tourism Booster", www.Applesforhealth.com, 5(11), August 22, 2003.

⁹ Tapan K Panda "Marketing Management", pp 231-234, Excel Books, 2008.

operative care, recuperation treatments in spas providing traditional Indian therapies can be tied up with these super speciality hospitals. For example, after a knee replacement surgery at Manipal hospital, a foreign medical tourist can be sent to Soukya Spa for recuperation. This can create a synergy for both the players. In creating the product of medical tourism, packages come very handy. These packages have to be made based on geographic segmentation, planned duration of stay of the medical tourist in the hospitals. Customization of packages according to medical tourist's preferences can be considered equally important. Hence, the super speciality hospitals need to be in continuous touch with the patient, starting from enquiry stage.

3) TARGET MARKETING

Target marketing is the process herein, depending upon the available resources, experience and competency of the marketer and time available, and based on these, the marketer will decide which markets to target (Kotler, 1983)¹⁰. While segmentation explains whom to target, targeting explains how to target these markets. The target marketing strategies can be broadly classified as Undifferentiated Marketing, Concentrated Marketing and Differentiated Marketing Strategies.

4) A MODEL OF UNDIFFERENTIATED MARKETING STRATEGY FOR MEDICAL TOURISM

This is a mass marketing strategy wherein, the marketer decides to sell the product to the whole market. Therefore, a unified marketing programme is made for the whole market.

Super speciality hospitals in Bangalore can go for this strategy in the case of patients from Pakistan, Bangladesh, Sri Lanka, Nepal, Nigeria, and Kenya. This can be effective in this case, especially because factors attracting people from these countries to Bangalore are more or less same like, non availability of the treatment in their home country. So, in this case, the same service offered to domestic patients, with less frills, and lesser price can be very effective as a targeting strategy.

✿ **A Model Of Concentrated Marketing Strategy** : Here, the firm decides to enter into a select market segment instead of all of the available market segments. This can be useful in the context of niche market available for medical tourism. So, this becomes handy in the case of medical tourists coming from developed countries to Bangalore. Creation of packages covering a mix of modern treatment coupled with rejuvenation therapies, several value added services in the form of insurance assistance, visa assistance, flight arrangement, providing internet and other facilities, cultural tourism for the attendants of the patients, can be effective.

✿ **Differentiated Marketing Strategy**: Many marketers choose to target several segments or niches with a differentiated marketing offer to suit each market segment. This is the case of customizing the medical tourism packages according to the specifications of the patients. This will take into consideration country wise segments, psychographic segments, treatment based segments, income based segments, etc. This can be very effective to deliver the best service encounter, moments of truth and finally customer delight to the foreign medical tourist.

5) BRANDING

Branding is central to developing the image of India as a medical tourism destination. According to Hankinson (2004)¹¹, destination brands generate sets of experiences or images of a place prior to consumption. These images can be classified along two lines -functional and symbolic (Bennet, 2003)¹². They characterized the attributes along two dimensions -emotional pull and celebrity value. According to them, the key to building strong destination brands is to increase the above two variables. Factors attracting foreign medical tourists like, availability of both mainstream and alternative therapies, low cost, high quality and success rates of various treatments, unique cultural and heritage

¹⁰ Kotler, Philip, 1983, "Marketing Management", Prentice Hall, pp. 142.

¹¹ Graham Hankinson (2004) "The brand images of tourism destinations: a study of the saliency of organic images" Journal of Product & Brand Management, Vol. 13, No. 1.

¹² Michelle Bennett, Brian King and Laura Milner (2003) "The health resort sector in Australia: A positioning study" Journal of Vacation Marketing, Vol. 10, No. 2.

tourism destinations, air conditioned weather of Bangalore, can be the major functional and symbolic value in this front.

6) PRODUCT POSITIONING STRATEGY

Positioning addresses the question “*what does this hospital want to be known for?*” As a healthcare provider, every hospital would be prepared to serve the immediate medical needs of every patient who arrives for admission (Sudhakar, 2003)¹³. Market positioning is the first step and is defined as the process of identifying and selecting markets or segments that represent business potential, to determine the criteria for competitive success (DiMingo, 1988)¹⁴. Consumers are regarded as kingpins in any business. Now, the healthcare industry has also put the consumers in charge of healthcare. Personalized medical technologies that enable treatments to be designed for individuals is a result of innovations happening in this industry. Creation of packages for consumers which are unique, made to order and enabling value for the consumers are to be regarded as the product positioning strategy (Herzlinger, 2002)¹⁵.

Product positioning refers to a strategy to find a slot in the mind of the consumer. This is the image which the company would like its customers to develop. Branding and distinct value proposition is crucial to position medical tourism. Branding Bangalore as “*health city*”, “*first world treatment with third world price*”, “*garden of life*”, are some of the strategies already at practice. Before deriving the positioning strategy, a careful segmentation of medical tourists and a study of their needs has to be done.

✿**Segment 1:** Providing modern surgery combined with visa, flight, attendant, insurance and guiding assistance. (for tourists from US, UK, Japan, giving lower cost and waiting time reduction as a value proposition.).

✿**Segment 2:** Providing modern surgeries in private hospitals (for tourists from Asia and Middle East, Quality of care, lack of doctors/facilities in source country can be used as a value proposition).

✿**Segment 3:** Providing, traditional Indian therapies with cultural and heritage tourism attractions as a package (for tourists from developing and developed countries).

✿**Segment 4:** Providing modern surgeries in private hospitals attached with recuperation in spas providing Ayurvedic and other traditional Indian therapies as a package (for tourists from both developed and developing countries depending upon their length of stay and individual preferences).

This strategy needs to be positioned separately and communicated to different target audience. Hence, value proposition, by making the effective use of both mainstream treatment and alternative focus has to be clearly designed. Synergy needs to be created in this front amongst hospitals providing mainstream treatment, spas providing traditional therapies, department of tourism, Karnataka state, medical tourism agents, etc. If this is a co-ordinated effort, the fruits of this effort can be had by all the players.

7) CO - BRANDING OF MEDICAL TOURISM WITH TRADITIONAL INDIAN THERAPIES

Ayurveda and Allopathy - these terms some years ago were not uttered in a single breath. Recent times, though, are witnessing a collaboration between the two. Ayurvedic wellness centres- also known as holistic health centres - and hospitals are now having tie-ups for providing pre and post-treatment services to patients. While some wellness centres are establishing their setup at hospitals, others are comfortable providing services to hospitals from their centres (Sharma, 2006)¹⁶.

Co - branding of medical tourism with traditional Indian therapies can be highly advantageous for the players in medical tourism in Bangalore. An opportunity for the foreign medical tourist to have a surgery in the internationally acclaimed hospital coupled with recuperation in an Ayurvedic spa can be used as a unique selling proposition. This is a true value proposition as the facilities available in Bangalore with respect to both modern and traditional therapies are unmatched anywhere else. This can be used as an effective product positioning strategy.

¹³ Sudhakar. F, (2003), “Hospital Marketing”, Indian Journal Of Marketing, Vol. XXXIII, Number: 6, June, 2003.

¹⁴ DiMingo, F, (1988), The Fine Art Of Positioning, The Journal Of Business Strategy, March, April, pp. 34 - 38.

¹⁵ Herzlinger, (2002) 14. Herzlinger Regina. E., “Let's Put Consumers In Charge Of Health Care”, Harvard Business Review, July, 2002.

¹⁶ Sharma Jayata (2006), “Jugalbandhi of Ayurveda with Allopathy”, expresshealthcaremanagement.com

¹⁷ Robert Christy Mill and Alastire M. Morrison, 1984, *The Tourism System*, Prentice Hall International, USA.

8)PROMOTIONAL STRATEGY FOR MEDICAL TOURISM IN BANGALORE

Robert Christy Mill and Alastire M. Morrison¹⁷ found that international tourism needs thorough promotion of tourist products. The same has to be applied for medical tourism too. It should reach the international medical tourists. Hence, innovative promotional tools like, creating hospital networks abroad, tie ups with foreign hospitals, hospital website promotion, participation in medical tourism expos, creating TV shows showcasing the experience of a foreign medical tourist in international travel and news channels, internet marketing, publishing the success stories of hospitals in newspapers and brochures is vital. However, having advertising agency abroad and participating in fairs and exhibitions can be very helpful to promote medical tourism.

CONCLUSION

International marketing strategies combining changes in marketing mix elements, market segmentation and target marketing is essential to position Bangalore as a global healthcare destination. Branding based on the unique selling proposition and value proposition has to be derived carefully to fight the ever increasing competition for Bangalore on the medical tourism front. Maintaining the quality of treatment, offering low cost, value added services will play a major role in delivering customer delight. For a service like medical tourism, positive word of mouth can be an effective mode of advertising for attracting foreign medical tourists to India. Therefore, different medias like, television, magazines can be used to feature the world class healthcare treatments provided in Bangalore, often coupled with other tourism attractions.

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