

The potential of medical tourism in internationally accredited Hospital by utilizing digital marketing technology in Indonesia: A proposed theoretical framework

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Abstract

The development of medical tourism in Indonesia has been gaining traction since 2017, with significant strides made in 2019 following the government's formal commitment to the sector. This official declaration ignited widespread enthusiasm and defined the responsibilities of various ministries in the industry's growth. Despite this momentum, the feasibility of establishing a robust medical tourism sector in Indonesia remains uncertain, particularly when compared to established destinations like Thailand, Malaysia, and Singapore. Nonetheless, Indonesia has the essential elements required to build a successful medical tourism industry. This study highlights that, although the industry is still in its conceptual phase, it is progressing in the right direction. The adoption of digital marketing technology is identified as a key strategy to expedite the realization of Indonesia's medical tourism potential.

Keywords: Medical tourism, digital marketing, medical tourism potential

Introduction

Hospitals are crucial entities that ensure the well-being of the public by providing a full range of healthcare services, from basic care to advanced medical treatments that cannot be offered by clinics, private practices, laboratories, or pharmacies (Biro Riset BUMN FE UI, 2012) [4]. As providers of essential healthcare services accessible to all social strata and age groups, hospitals have the potential to be monetized into a significant economic market with appropriate management and strategies. Nearly everyone interacts with hospitals directly or indirectly, underscoring their economic potential (Ram Tiktin, A., 2012) [36]. This monetization is evident as wealthier individuals receive superior healthcare services compared to those who are less

affluent, illustrating a tiered service model that caters to different economic capabilities (Cong Y., Hu L., & James Dwyer, 2005) [8].

Another potential revenue source for hospitals, often overlooked, is medical tourism. Medical tourism involves patients traveling to other countries for medical care (Carrera & Bridges, 2006) [6]. This form of tourism can significantly boost a country's economy since foreign patients pay full price for medical services without benefiting from local health subsidies. Additionally, medical tourists contribute to the economy through expenditures on transportation, accommodation, and other non-medical services (Hanfeld, et.al, 2013) [13].

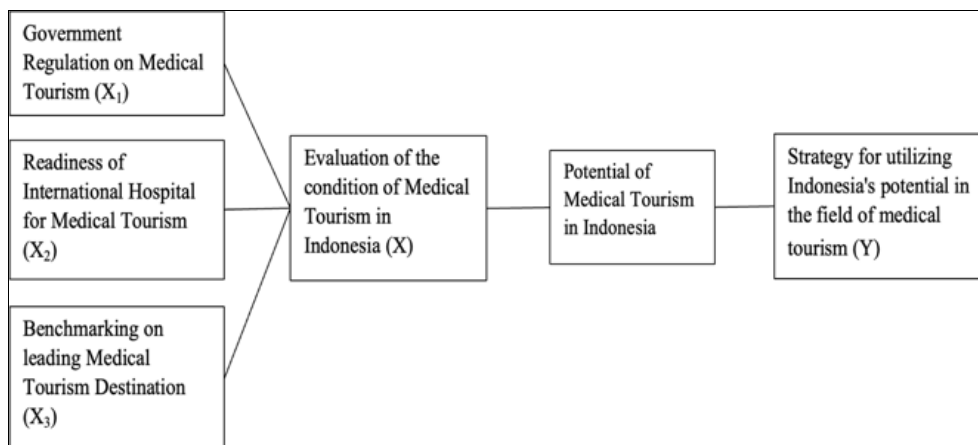


Fig 1: Proposed Theoretical Framework

Medical tourism can be classified into inbound and outbound medical tourism. From Indonesia's perspective, inbound medical tourists are foreign nationals traveling to Indonesia for medical treatment, while outbound medical tourists are Indonesians seeking medical care abroad, often in countries like Taiwan or Thailand (Musa, et al., 2012) [32]. Unfortunately, Indonesia currently has a higher number of outbound medical tourists, with nearly one million

Indonesians seeking medical treatment abroad in 2020, resulting in a potential loss of over \$11.5 billion annually (IMTJ, 2020) [16].

This situation arises from the government's lack of focus on developing the medical tourism industry, which began to gain serious attention only in 2021 (Moreschick-Pikiran Rakyat, 2021) [30]. Consequently, international hospitals in Indonesia lack the experience and clear guidelines needed to

attract and serve medical tourists, leading to fewer than 10,000 medical tourists visiting Indonesia annually, mainly from neighboring Timor Leste (IMTJ, 2021) ^[17].

A key factor contributing to this issue is the limited number of internationally accredited hospitals in Indonesia. As of 2021, only 30 hospitals in Indonesia have Joint Commission International (JCI) accreditation, which is essential for ensuring international standards of safety and quality in healthcare services (JCI, 2021) ^[18]. This number is significantly lower compared to leading medical tourism destinations like Thailand, which has 61 JCI-accredited hospitals despite a smaller population (JCI, 2021) ^[18].

The success of Thailand as a medical tourism destination is not only due to the high availability of quality healthcare but also its reputation as a top global tourist destination. In 2019, Thailand attracted 39.8 million international tourists, surpassing countries like Germany and the UK (UNWTO, 2020) ^[43]. Factors such as excellent tourism infrastructure, cultural experiences, and affordable prices contribute to Thailand's success in medical tourism (Veerasoontron & Biese Zee, 2011) ^[45].

Indonesia, with its renowned tourism industry, welcomed 15.5 million international tourists in 2019, ranking fourth in Southeast Asia (UNWTO, 2020) ^[43]. The factors driving Indonesia's tourism success, such as cultural experiences, accessibility in certain regions, and competitive prices, are similar to those in Thailand. Thus, Indonesia has the potential to develop a successful medical tourism industry if the government invests adequately and focuses on improving healthcare service quality.

One strategic approach that international hospitals in Indonesia can adopt is digital marketing. Digital marketing can effectively attract foreign tourists by promoting the available medical services and their advantages. The benefits of digital marketing are evident across various industries. For example, companies in Portugal using digital marketing reported increased accuracy in information collection, improved internal and external relationships, and better consumer understanding (Tiago, 2014) ^[42].

In medical tourism, digital marketing can enhance engagement with potential medical tourists, fostering trust and positive perceptions (Rollandi, 2014) ^[38]. It also educates potential medical tourists about available services and costs, increasing transparency and trust, which can reduce doubts and encourage them to choose Indonesia as their medical tourism destination (Julaimi *et al.*, 2016) ^[21].

For instance, the positive impact of digital marketing is evident in Dubai's international hospitals, where 45% of patients were influenced by digital marketing strategies, contributing significantly to Dubai's \$3.2 billion medical tourism industry in 2018 (Subramaniam, 2019) ^[41].

This proposed theoretical framework aims to explore the potential of medical tourism in Indonesia, identify factors that can strengthen or hinder its development, and propose strategies, particularly digital marketing, to enhance the growth of Indonesia's medical tourism sector.

Theoretical Foundation

1. Regulation on Medical Tourism

The development of any industry requires a clear legal framework to establish legitimacy and operational guidelines (Mallusa & Vassilev, 2014) ^[28]. This framework ensures the recognition and smooth functioning of the industry, including all associated research and development

activities. For medical tourism, a robust legal framework is essential as it provides the necessary regulations to facilitate seamless development without encountering legal obstacles (Mallusa & Vassilev, 2014) ^[28].

A legal framework allows international hospitals to operate more freely by legitimizing the medical tourism industry. This ensures that activities and policies aimed at attracting medical tourists do not conflict with government regulations or local community interests (Mahendradata, 2018) ^[26]. Continuous monitoring of the progress in creating these regulations is critical, as it directly impacts the advancement of the medical tourism sector.

Government policies significantly shape the legal environment of the medical tourism industry. Policies can include financial incentives, workforce training, or tax relief aimed at aiding industry development (Mahendradata, 2018) ^[26]. For Indonesia, relevant government policies might involve infrastructure development, financial assistance, or training programs to help international hospitals optimize their medical tourism services (Mahendradata, 2018) ^[26].

2. Readiness of International Hospitals for Medical Tourism

Evaluating the readiness of international hospitals in Indonesia for medical tourism involves comparing the current state of these hospitals with leading medical tourism destinations. Indonesia has several hospitals with the potential to attract international patients, but there are significant gaps in quality and international accreditation compared to countries like Singapore, Thailand, and Malaysia (Mahendradrata, 2019) ^[27].

To attract medical tourists, Indonesian hospitals must meet high standards of healthcare quality and service. This includes obtaining international accreditation, such as from the Joint Commission International (JCI), which ensures that hospitals adhere to global standards of care (Jovanovic, 2005) ^[20]. The limited number of internationally accredited hospitals in Indonesia highlights the need for substantial improvements to compete effectively in the global market (Mahendradrata, 2019) ^[27].

3. Benchmarking on Leading Medical Tourism Destinations

Benchmarking—comparing a company's products with those of competitors—is crucial for understanding a product's market value and competitive edge (Benson, 1994) ^[3]. This process highlights a product's strengths and weaknesses, allowing companies to communicate product advantages and address shortcomings through targeted research and development (Benson, 1994) ^[3].

Benchmarking helps hospitals understand their service quality relative to competitors, enabling them to enhance patient care (Helmy, 2011) ^[14]. In 2021, the top medical tourism destinations by the number of medical tourists were:

Table 1: Number of Medical Tourist to Destination Countries 2021

Ranking	Destination Country	Number of Medical Tourists (2021)
1	Thailand	1.208.479
2	Mexico	1.007.273
3	United States of America	803.082
4	Singapore	506.983
5	India	328.976
6	Brazil	256.342
7	Turkey	150.876
8	Taiwan	136.823

Source: CMQ Hospitals (2021)^[7]

These destinations offer different business models and reasons for their success in attracting medical tourists. Cost is a significant factor, with destinations like Mexico offering comparable service quality at significantly lower prices than the United States (CMQ Hospitals, 2021)^[7].

Additionally, some destinations specialize in specific health services, such as dental and cosmetic surgery in Mexico, and orthopedics and cardiovascular treatments in India and Thailand (CMQ Hospitals, 2021)^[7]. Indonesia can learn from these countries by focusing on specialization and competitive pricing to attract medical tourists.

4. Evaluation of the Condition of Medical Tourism in Indonesia

Medical tourism is one of the oldest segments of the tourism industry, with origins in ancient civilizations such as Greece, Egypt, Rome, India, and Persia, where individuals traveled to religious sites seeking healing (Ben-Natan *et al.*, 2009)^[2]. Modern medical tourism involves individuals traveling outside their home region for medical treatment due to inadequate local healthcare facilities (Ben-Natan *et al.*, 2009).

The concept of medical tourism has persisted into the modern era, where countries capable of instilling confidence in their healthcare services attract medical tourists globally (Bishop & Litch, 2000)^[5]. Success in modern medical tourism hinges on world-class medical facilities, competitive pricing, and additional recreational facilities (Subramaniam *et al.*, 2019)^[41]. Medical tourists often seek to enjoy their time in the host country while undergoing treatments, including their companions who contribute to the local economy (Subramaniam *et al.*, 2019)^[41].

Indonesia, as a popular destination in Southeast Asia (Hampton & Jeyacheya, 2015)^[11], meets the experience criterion due to its advanced tourism industry (Subramaniam, 2019)^[41]. With affordable healthcare services compared to other Southeast Asian countries (Kimura & Nakamura, 2020)^[23], Indonesia meets another essential criterion for successful medical tourism (Subramaniam, 2019)^[41]. However, Indonesia lags in healthcare quality, evidenced by the limited number of internationally accredited hospitals and lower healthcare service ratings compared to neighboring countries. To attract more medical tourists, Indonesia must enhance its healthcare service quality to compete with established medical tourism destinations like Singapore, Thailand, and Malaysia (Mahendradrata, 2019).

5. Potential of Medical Tourism in Indonesia

Achieving success in the medical tourism industry requires building consumer trust in the destination country's healthcare facilities (Conway & Willocks, 1997)^[9]. Establishing standards and accreditation is crucial in fostering this trust. International healthcare accreditation provides benchmarks that healthcare institutions worldwide can follow, ensuring they meet the standards necessary to accept international patients (Scrivens, 1997)^[40].

Medical tourists are more likely to visit countries with an adequate number of internationally accredited hospitals (Woodhead, 2013)^[46]. Therefore, Indonesia must work diligently to upgrade its hospitals to meet international standards. This is crucial as Indonesia aims to become a medical tourism destination but currently lags behind countries like Malaysia and Thailand, which already offer sufficient internationally accredited healthcare facilities (Mahendradrata, 2019)^[27].

6. Strategy for Utilizing Indonesia's Potential in the Field of Medical Tourism (Y)

To maximize the potential of medical tourism in Indonesia, strategic recommendations should focus on enhancing the country's healthcare standards and leveraging digital marketing. Digital marketing can be tailored to the targeted market's needs and the business model of the organization (Morris, 2009)^[31]. In medical tourism, digital marketing strategies can convey hospital value to potential patients (Akob *et al.*, 2020)^[1]. Digital marketing enables organizations to promote their products through multiple electronic channels, reaching a wider and more targeted audience (Kannan, 2017)^[22].

Building trust with potential patients is crucial. Digital marketing facilitates two-way communication, integrating customer relationships through effective content delivery, feedback on services, and integrated communication channels (Varadarajan & Yadav, 2009)^[44]. These aspects enhance the business processes of international hospitals aiming to develop medical tourism.

A strategic marketing model helps map out the effectiveness of a company's marketing strategies, ensuring clear metrics and parameters for achieving targets (Zain *et al.*, 2017)^[47]. Marketers should first analyze market conditions, identifying strengths and weaknesses of their organization and comparing them with competitors (Hill & Westbrook, 1997)^[15]. The TOWS analysis method is effective for identifying market strengths and weaknesses, providing a comparative evaluation between the initiating organization and its competitors (Hill & Westbrook, 1997)^[15].

By implementing a strategic marketing model informed by rigorous analysis and benchmarking, international hospitals in Indonesia can develop comprehensive digital marketing strategies that effectively convey their value propositions to potential medical tourists, enhancing their competitiveness in the global market.

7. Formation of Medical Tourist Perception

One of the primary functions of digital marketing in medical tourism is to shape the perception of potential medical tourists. Marketing campaigns aim to communicate the hospital's value propositions and highlight the unique advantages of its services compared to competitors (Jones *et al.*, 2017)^[19]. Building trust and confidence in the hospital's ability to deliver beneficial services is crucial for attracting

medical tourists (Jones *et al.*, 2017) ^[19]. Digital marketing streamlines the trust-building process, reducing costs and time, and providing quick feedback for planning and adjustment (Kannan, 2017) ^[22].

8. Resource Constraint Nations

Resource-constrained nations face limitations that hinder the development of citizens' quality of life, impacting social, economic, and healthcare standards (Kratena, 2008) ^[25]. These constraints result in lower healthcare quality compared to neighbors (Mahendradrata, 2019) ^[27]. However, efficient resource utilization can improve healthcare quality, as evidenced by India's success (Panikar, 1979) ^[33]. To attract medical tourists, countries must provide internationally accredited healthcare services, an area where Indonesia still lags (Mahendradrata, 2019) ^[27].

In conclusion, while digital marketing is essential for shaping positive perceptions and building trust among medical tourists, resource constraints pose significant challenges. Indonesia must enhance its healthcare standards and obtain international accreditations to compete effectively in the global medical tourism market.

Theoretical Framework

The proposed framework is based on the research frameworks presented in the foundational journals by Subramaniam (2019) ^[41] and Mahendradrata (2019) ^[27]. These sources provide the basis for evaluating the potential of medical tourism in Indonesia using valid and relevant variables derived from scientific studies and data. The objective of this framework is to assess the potential of medical tourism in Indonesia by leveraging digital marketing technology.

The evaluation of medical tourism conditions in Indonesia (Variable X) involves analyzing both external and internal factors that directly impact the market. This includes assessing whether the market is viable for development, overcoming challenges, and learning from successful medical tourism destinations.

Key factors influencing the market conditions are

1. **Government Regulation (X1):** Evaluates whether the medical tourism industry is supported and legitimized by national regulations.
2. **Readiness of Hospitals (X2):** Assesses the facilities, international pricing, and quality of recreational destinations available for medical tourists.
3. **Benchmarking (X3):** Identifies success factors from leading medical tourism destinations, such as pricing, types of treatments offered, and targeted market segments. This helps in understanding how Indonesia compares and what improvements are needed.

After evaluating the market conditions, the framework will explore how to utilize digital marketing to capitalize on these conditions. Depending on the market state, the marketing strategies will vary. The framework will provide recommendations for international hospitals on how to respond to market challenges and opportunities.

To address these challenges, the framework will highlight the benefits of using digital marketing for international hospitals. This includes increased awareness and engagement, which can drive patient numbers, and a cost-

benefit analysis comparing traditional marketing methods with digital marketing.

Conclusion

The potential of medical tourism in Indonesia, particularly through the utilization of digital marketing technology, holds significant promise. Despite challenges such as the limited number of internationally accredited hospitals and the current predominance of outbound medical tourism, Indonesia possesses the foundational elements necessary for developing a robust medical tourism sector. The strategic application of digital marketing can play a crucial role in enhancing Indonesia's appeal as a medical tourism destination.

This research framework, grounded in established theories and validated by empirical data, highlights the critical factors influencing the success of medical tourism in Indonesia. These factors include government regulations, the readiness of international hospitals, and benchmarking against leading medical tourism destinations. By addressing these areas, Indonesia can create a more favorable environment for medical tourism.

The study also emphasizes the importance of digital marketing in building trust, enhancing engagement, and effectively communicating the value propositions of Indonesian healthcare services to potential medical tourists. Digital marketing strategies tailored to the unique needs and expectations of medical tourists can significantly enhance Indonesia's competitive edge in the global market.

Continued research is needed to explore the specific digital marketing strategies that are most effective in attracting medical tourists. Comparative studies with successful medical tourism destinations can provide deeper insights into best practices and innovative approaches.

In summary, by addressing regulatory, infrastructural, and marketing challenges, and leveraging the strategic advantages of digital marketing, Indonesia can significantly enhance its position as a preferred destination for medical tourism. This approach not only holds potential economic benefits but also positions Indonesia as a hub for high-quality, globally competitive healthcare services.

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