



MEDICAL TOURISM: DEVELOPMENT OF COMPETITIVE MEDICAL  
TOURISM FACILITIES IN PORTUGAL

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Dissertation submitted as partial requirement for the conferral of  
Master in International Management

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September, 2018

## **ABSTRACT**

Medical tourism is an extremely growing industry that stimulates intense rivalry between different countries. Starting from 2008 Portugal has joined a list of destinations, which internationally promote medical services. However, due to the lack of reputation in healthcare, current activities do not result in generation of continuous patient flows.

*The aim of this study is to develop framework for establishment of medical tourism facilities which would be competitive and sustainable in the context of national strategy of Portugal. Four pillars of the frameworks are set as follows: quality as a main factor of attractiveness; stimulation of reputation through stakeholders' cooperation; effective marketing activities and sustainability due to follow-up and post-operation services.*

The objective of the study is reached through qualitative method that implies semi-structured interviews with some key specialists of Portugal in medical tourism. The findings show that the lack of cooperation between stakeholders has one of the biggest impacts on the results of international performance. Additionally, insufficient dedication of private medical companies to internalization process, which is due to high internal demand, only intensifies the problem.

Further study determines several factors of competitiveness of Portuguese medical providers, specifically linked to medical service quality. For that reason, during international promotion it is suggested focussing on specific medical area that would represent strength of Portuguese healthcare sector. One of such areas is rehabilitation that can be presented either as separated offer or in form of follow-up systems. In this instance, the study reviews the concept of shifting post-treatment services to hotel facilities under medical supervision.

*Keywords: medical tourism, cooperation of stakeholders, Hotel to Healthcare, destination branding*

## **ABSTRATO**

Turismo médico é uma indústria em crescendo exponencial que estimula uma intensa rivalidade. Desde de ano 2008 que Portugal aderiu à lista dos destinos que internacionalmente promovem serviços médicos. No entanto, devido à falta de reputação e associação do país com o sector de saúde, as atividades atuais não resultam na criação de um fluxo contínuo de pacientes.

*O objetivo deste estudo é desenvolver um quadro para desenvolvimento de turismo médico. Os quatro pilares do quadro são definidos da seguinte forma: qualidade como principal fator de atratividade; estímulo à reputação através da cooperação das partes interessadas; atividades de marketing eficazes; e sustentabilidade devido aos serviços de follow-up e pós-operatórios.*

O principal objetivo do estudo é alcançado através do método qualitativo que se baseia em entrevistas semi-estruturadas com os principais especialistas Portugueses na área de turismo medico. As conclusões obtidas mostram que a falta de cooperação entre as principais partes interessadas resulta num dos impactos negativos mais relevantes para o desempenho internacional. Além disso, a insuficiente dedicação das empresas médicas privadas ao processo de internacionalização apenas intensifica o problema.

Um estudo mais aprofundado identifica vários factores de competitividade dos prestadores de serviços médicos portugueses, especificamente ligados à qualidade do serviço médico. É por isso que, durante a promoção internacional, se sugere o foco numa área médica específica representativa da força do sector de saúde Português. Uma dessas áreas é a reabilitação, que pode ser apresentada como uma oferta separada ou sob forma de sistemas de acompanhamento. Neste contexto, o estudo revê o conceito de mudança de serviços de pós-tratamento para instalações hoteleiras, sob supervisão médica.

*Palavra-chave: turismo medico, cooperação entre as principais partes interessadas, Hotel to Healthcare, branding do destino em causa*

## **ACKNOWLEDGEMENTS**

*“I once asked a young dissertation writer whether her suddenly grayed hair was due to ill health or personal tragedy; she answered: “It was the footnotes”.”* (Russ, 1983). These words sarcastically but at the same time precisely describe the challenge of writing dissertation, which would be even more complicated without support and collaboration of different people, to whom I would like to express my sincere gratitude.

From academical and personal point of view, I would like to thank Dr. Atilio Forte, who agreed to become my thesis coordinator and, as a result, apart from it became my motivating advisor. His excellent comments, suggestions and enlightening ideas have served as a perfect background for orientation of this research work. Added to this, I am highly grateful for knowledge and experience shared with me during our consultations.

The preparation of empirical part of this thesis resulted in getting to know highly experienced, professional and well-wishing people, specializing in the area of medical tourism, who found the time to share their vision and opinions on the questions under consideration. Therefore, I would like to express my sincere gratefulness to the representatives of GlamHealth Medical services, LUZ Saude, Hospital of Antonio Andre, Oporto Health Tour, Health Cluster Portugal, Travel Health Experience, Malo Clinic Dental Care and Turismo de Portugal.

This work would be impossible to accomplish without support and motivation of my life partner, Carlos Crespo, who, actually, has been the one, initially, suggesting and encouraging me to take the master’s degree. I am immensely thankful to him for being by my side during all this interesting but challenging time.

My family has played a very special role for me during the period of thesis writing. I am very thankful to my mum, who was always available to listen to my ideas, even though, she was not always understanding what I am talking about. The inspiration and support, given by her together with my dad, granny and my brother, had been priceless for me.

And last but not least, I would like to thank my friends, namely, Kreet, Pelin and Lana, who have been my “companions” and went through the master’s degree with me. By empowering each other we could get this amazing experience and overcome the challenge.

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<b>B2B</b>	BUSINESS TO BUSINESS
<b>B2C</b>	BUSINESS TO CONSUMER
<b>B2G</b>	BUSINESS TO GOVERNMENT
<b>EHCI</b>	EURO HEALTH CONSUMER INDEX
<b>EU</b>	EUROPEAN UNION
<b>GDP</b>	GROSS DOMESTIC PRODUCT
<b>H2H</b>	HOTEL TO HEALTHCARE
<b>ILTM</b>	INTERNATIONAL LUXURY TRAVEL MARKET
<b>ISO</b>	INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
<b>JCI</b>	JOINT COMMISSION INTERNATIONAL
<b>MoUs</b>	MEMORANDUM OF UNDERSTANDING
<b>MT</b>	MEDICAL TOURISM
<b>NHS</b>	NATIONAL HEALTH SERVICE
<b>OECD</b>	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
<b>PALOP</b>	PORTUGUESE SPEAKING AFRICAN COUNTRIES
<b>R&amp;D</b>	RESEARCH AND DEVELOPMENT
<b>SIGIC</b>	SISTEMA INTEGRADO DE GESTÃO DE INSCRITOS EM CIRURGIA
<b>SNS</b>	SERVIÇO NACIONAL DE SAÚDE
<b>UK</b>	UNITED KINGDOM
<b>USA</b>	UNITED STATES OF AMERICA

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## **1. INTRODUCTION**

In the world of globalization every country is experiencing the effect of expansion in trade of products and services. From one side, it is connected to the fact that cross-border social communication occurs in increasing frequency in comparison with the local one due to the access to the enormous internet resources, which make people more informed and knowledgeable about the proposed services and products in the other countries (Dwyer, 2015: 331). From the other side, the destinations come under the effect of the transnational processes deriving on economic, political and cultural levels. These conditions create favourable background for internationalization of almost every industry (Bisht.et al, 2012).

The national health systems conflicting with the long waiting lists in parallel with other factors such as technological competition, highly trained medical professionals and relatively low prices for medical treatment, likewise, stimulate the demand for globalization in healthcare sector (Howze, 2007). Eventually, in literature context "travel activity that involves a medical procedure or activities that promote the well-being of the tourist (Lee & Spisto, 2007)" has been defined as medical tourism.

In recent years, multiple countries have adapted strategies to promote their territories in medical tourism. The most visible results have been reached by destinations with emerging economies such as India, Malaysia, Thailand, Turkey, some countries in Latin America and the Southwest Asia (Paffhausen, Peguero, 2010). Though, countries with developed economies, which, in accordance with statistics, represent the main emitters in medical tourism, including the United States, Germany and the United Kingdom, are also listed among the largest recipients (OECD, 2011).

Different studies have been conducted to analyse reasons for such a fast-growing interest of destinations to adapt strategies in medical tourism. The results have shown that this industry greatly influences on both medical tourism destinations and countries of departure (Johnston, 2010).

Among the benefits for the countries providing the medical services to foreigners, firstly, it should be specified the encouragement of foreign direct investment (Chee, 2008:12). From one side, it can be directed on infrastructure development, which, eventually, will be utilized both by the foreigners and the residents (Woodside & Martin, 2008). From the other side, elevated financing

of advanced equipment and training of medical staff can induce the residents to choose the local medical providers instead of considering the idea to obtain treatment abroad, effectively, preventing the leakage of the financial assets (Whittaker, 2008: 271).

When it comes to engagement of healthcare professionals to medical tourism, another benefit can be mentioned, which is reversal of the “brain-drain” (Arunanondchai & Fink, 2006). It is considered that the incentives, including high standard of wages, increased level of employment and well-developed working environment, can reduce or even reverse the emigration of human capital (Chee, 2008). However, it can also create the internal migration by shifting the medical staff to the private health sector due to more attractive working conditions (Wibulpolprasert, 2008:14).

Another reason for the destinations to review the importance of medical tourism resides in altered expectations of patients who experienced medical services abroad. Medical tourists can return with revised requirements to local health system due to the high-quality customer care obtained in foreign countries (Whittaker, 2008). Thus, the destinations should carefully estimate the situation on internal and external markets to comply with the current tendencies in the healthcare sector.

Generally, the previous studies have concluded that countries which neglect monitoring data and unfolding situation in medical tourism carry a risk to face with a “leakage” of patients to other destinations, resulting in financial losses (Cetron & DeMicco, 2006: 528). Thus, considering the impact of medical tourism on the countries of departure and medical destinations, the relevance of the research in this area is undeniable.

When speaking of Portugal, the country is still on the pioneering stage of its involvement to medical tourism, what implies different questions and doubts regarding its approach, specifically, on national level. Even though, the efforts of the private medical providers under the project “Medical tourism in Portugal” (COMPETE, 2020) generated some results in the form of individual initiatives, the country is currently struggling, specifically, on the level of national promotion, availability of the data and cooperation between the main stakeholders.

The available information regarding the provision of the services, outcomes in the healthcare and prices for medical treatment is characterized as limited (Caderno Caracterização Nacional, 2014). While it doesn't have the critical impact on the local customers, it creates a huge barrier for

internationalizing the medical services, because the foreign patients take their decision about the medical destination by evaluating and comparing the available information. Additionally, the lack of cooperation between the main stakeholders in medical tourism restrains the promotion and, subsequently, establishment of reputation as a medical destination.

Thus, it becomes essential to give consideration to the following questions: What are the main attributes characterizing the occurrence of travel patterns to Portuguese medical tourism facilities and based on it the information which should be mainly displayed for the patients? What is the interconnection between various stakeholders in medical tourism and their influence on overall performance of medical tourism facilities? What practical steps can Portuguese medical facilities undertake to enhance the effectiveness of international promotion?

In the light of the results obtained with regards to these questions it is supposed to enhance general knowledge about development of medical tourism facilities in Portugal.

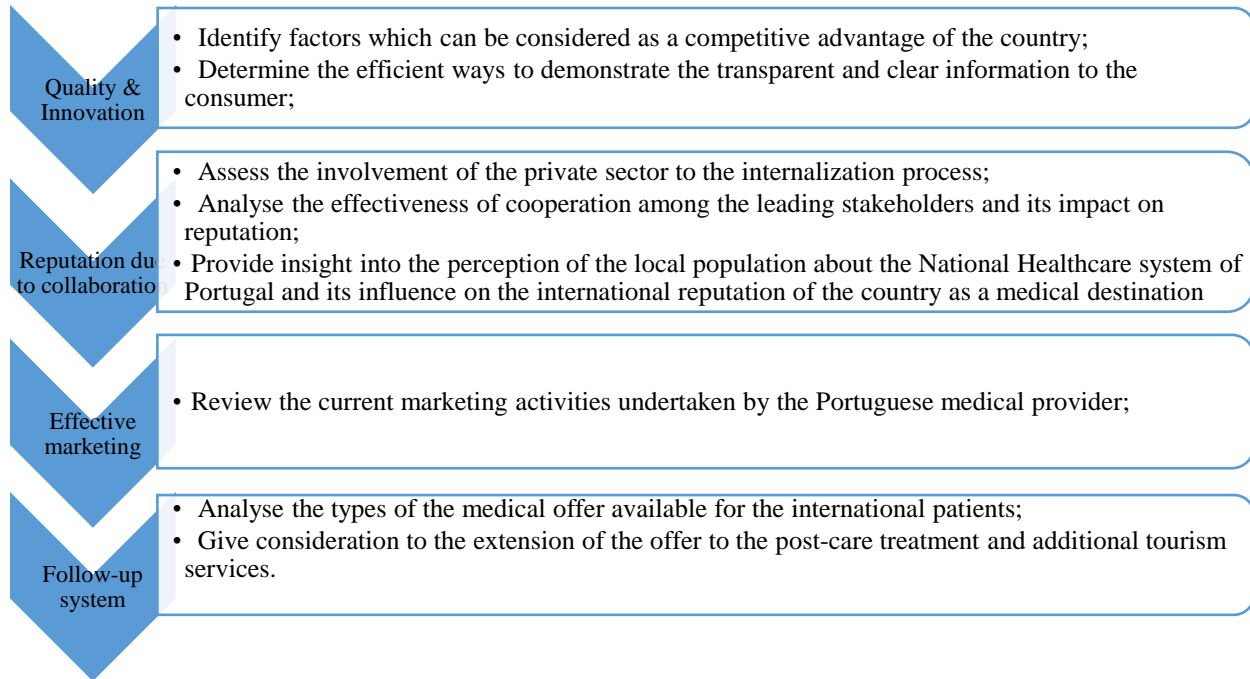
### **1.1. The purpose of the study**

Previous studies specified that medical tourism cannot be referred exclusively to healthcare or tourism sector. Just as in other business areas, which are characterized with interconnections of activities from different sectors, medical tourism should be defined as an independent industry. In this instance, Portugal has high performance in healthcare and it is distinguished with an excellence in tourism, although, it still faces the problems within the industry, which integrates these two areas. *The following dissertation seeks to develop the basis for establishment of medical tourism facilities which would be competitive among other healthcare units and correspond to demand in the international marketplace.*

Although, the factors which contribute to the competitiveness and sustainability of medical facilities are numerous (Exworthy & Peckham, 2006), this research will be directed to create the framework by estimating four attributes: quality and innovation; reputation due to collaboration; effective marketing; follow-up systems (Figure 1.1.1). The choice of the attributes was based on the present tendencies in the medical tourism market (Wendt, 2012: 15) in parallel with the current performance of the Portuguese medical providers in this sector. Since mentioned attributes have contributed to success of the multiple leading medical destinations, the following paper will study the opportunity to adapt them in the context of Portuguese market (Darwazeh, 2011). Figure 1.1.2

demonstrates the objectives, which have been formulated in order to assess current situation on the Portuguese market in relation to the chosen attributes and make final conclusions.

**Figure 1.1.1 – Dissertation objectives**



Source – Author elaboration

With the purpose to accomplish the stated objectives the research will be built upon the review of literature, which is corresponding to the topic under consideration, and analysis of primary and secondary data, collected in the course of study.

Thus, the second Chapter of the following thesis will demonstrate the results of the literature review. By using the resources, which review prior knowledge in medical tourism, it became possible to conduct the qualitative research more accurately. The qualitative method was chosen due to its effectivity in collecting the information about the opinions of the respondents that can be associated with a whole population (Beaton and Clark, 2009: 110). Hence, the primary data was gathered by means of the semi-structured interviews with some of the key specialists in the area of medical tourism in Portugal, who could share their opinions grounded in professional experience. More detailed information about methodology and research design is presented in the second Chapter. The third Chapter implies analysis of the research findings, which are presented in accordance with the themes' categories, identified from primary and secondary data. The fourth

Chapter introduces the results of crosscheck, obtained from the interviews and the literature review, that lead to formulation of conclusions in relation to the research questions.

## **1.2. The relevance of the chosen topic**

The scoping literature review revealed the gaps in available data and empirical research about the development of medical tourism facilities. With growing popularity of such phenomenon as medical tourism and its effect on both medical destinations and the countries of departure, it becomes important to establish new research framework and as a result contribute to the existing scientific knowledge.

As regard to Portugal, it has managed to establish solid reputation in the tourism sector, which is confirmed by high positions of the country in the world rankings and annually increasing number of arriving tourists. However, the sector of medical tourism by far cannot be distinguished with the similar success. The following thesis seeks to demonstrate the potential of medical tourism facilities by leveraging the values related to each of the components, health and tourism, applied in the context of cooperation between stakeholders. The results of the study can allow the medical providers to introduce various improvements, which can, consequently, increase the attention of foreign patients to Portugal as a medical destination. For that reason, the findings of the following study can represent high importance for the private health entities, which internationalize medical services, and other stakeholders (hotels, transportation, insurance companies, etc.), which are directly and indirectly involved into development of the final product.

## 2. LITERATURE REVIEW

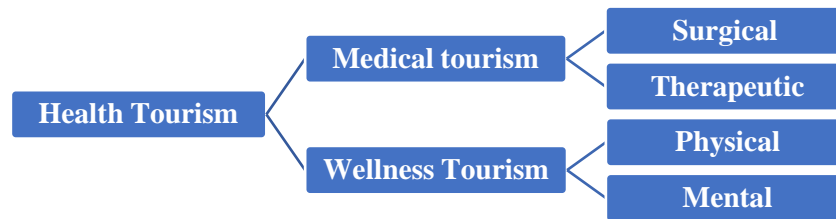
### 1.1. Medical tourism

Although medical tourism emerged into the international marketplace in the 19<sup>th</sup> century, only in the last decades its concept has merited consideration in the research (Spasojevic, Susic, 2010). Without any doubt, medical tourism has proved to be significant area for research and further implementation. With the correct approach, medical tourism can represent relevant economic segment, which generates demand and defines the potential of using the natural resources within the segment (Bookman and Bookman, 2007).

#### 2.1.1. Concept of medical tourism.

Medical tourism can be seen from two perspectives: “medical”, which is related to the treatment of illnesses and injuries, and “tourism”, which means traveling to the place of pleasure (Vincent, 2010). In the last decades the concept of travelling abroad for obtaining treatment captured attention of different academics, who generated various definitions. For the following study it was chosen to introduce the definition proposed by Jagyasi (2009: 310) stating that “*medical tourism is a set of activities in which a person often travels long distance or across the border, to avail medical services with direct or indirect engagement in leisure*”.

**Figure 2.1.1.1 – Types of health tourism**



Source: Padilla-Meléndez, 2016

Figure 2.1.1.1. demonstrates that *medical tourism is unified with wellness tourism under singular concept of health tourism*. According to Mueller & Kaufmann (2001: 17) wellness tourism is mainly concentrated on healing spiritual and psychological condition of the patient, while the focus of medical tourism is made on treating physical body (Gill and Singh, 2011: 315). Two subtypes of medical tourism have clear distinction between each other: *surgical tourism* implies physical intervention to the body while *therapeutic tourism* involves post-operational care, recovery procedures, preventive treatment, medical checkups and diagnosis (Smith and Puczkó 2008). In



comparison with *surgical tourism*, which requires heavy medical infrastructure, therapeutic treatment can be rendered in hotel facility under the supervision of the qualified medical team (Kušen, 2002: 181). The difference also lies in duration of treatment, considering that healing and rehabilitation process can take longer than certain types of surgeries. The cost of treatment can also vary depending on the type of health tourism. Additionally, treatment, which falls under therapeutic or surgical tourism, contrary to wellness trip can be covered by the patient's insurance (Menvielle, 2010).

By reference to definition it appears possible to assume that medical tourism industry involves provision of foreign patients with excellent healthcare services performed by highly specialized professionals for affordable cost in parallel with additional leisure services. Goodrich and Goodrich (1987) determine concept of medical tourism as an attempt from the side of destination to attract tourists by intentionally advertising its medical services and facilities, in combination with its tourist attractions (Begum & Shaik, 2013). Due to its complexity, the medical tourism industry involves wide spectrum of stakeholders. Thus, the success of the destination heavily depends on the multidisciplinary network cooperation (Kalwani and Morrison, 1977: 476). It refers to the cooperation between private and public medical units, as well as the collaboration of secondary and tertiary sectors of the healthcare (OECD, 2011). Firstly, it should create the strategy for proximity to the other indirect stakeholders of the medical tourism (hotels, airlines, etc.), secondly, in the result the common work must be directed on the promotion of the country on the international level.

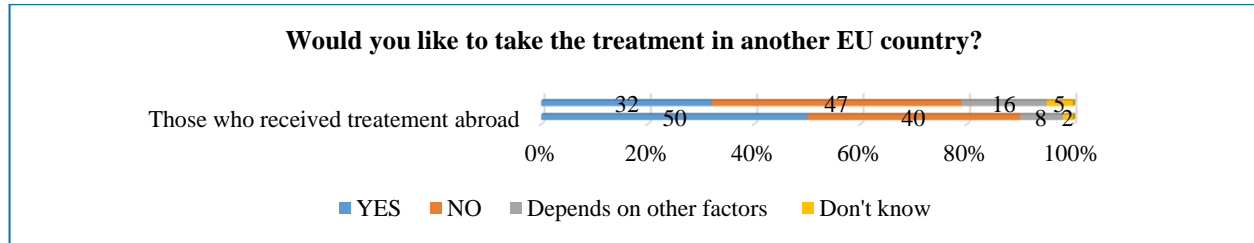
### **2.1.2 Medical patient: decision-making process in the choice of healthcare provider**

Vincent (2010: 239) among other authors highlighted that any destination, which is striving to create attractive medical offers, should analyze the profile of the target clients and determine the factors driving them to search for medical services abroad.

Generally, medical patients are characterized to be *mobile* in their willingness to *cross the border* for obtaining medical services (Glinos and Baeten, 2010). Considering that EU provides sufficient rights in cross-border treatment for the citizens of the Member States, such types of medical patients as temporary visitors, long-term residents and common border patients are not taken into consideration as medical tourists. On a separate note the medical tourists usually cover the treatment with *out-of-pocket* payment rather than using the EU rights (Lunt and Carrera, 2010).

While analysing European Union market, Eurobarometer 425 has indicated little percentage of people who have experienced the medical tourism within the EU border, which is only 5 percent. However, it was observed that people, who already obtained the treatment abroad have more willingness to repeat it (50%), rather than the respondents who have never experienced it before (32%) (Figure 2.1.2.1).

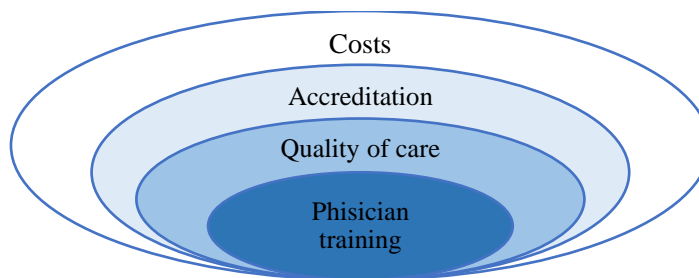
**Figure 2.1.2.1 – EU survey for willingness to travel abroad for treatment.**



Source: Eurobarometer 425

Relevant question remains regarding factors which drive the patients to go abroad for medical services. The results vary across literature, for example, Smith and Forgione (2007) determine four internal factors influencing the decision of the patients which are physician training, quality of care, accreditation and costs (Figure 2.1.2.2).

**Figure 2.1.2.2 – Internal factors of medical tourist attraction**



Source - Smith and Forgione, 2007

Meanwhile, Eurobarometer 425 revealed that most of the patients are stimulated to go to another EU country for treatment due to *unavailability of medical services* or in a *search of better quality treatment*. Generally, Europeans are not very stimulated by price in their decision, as it is surpassed by such factors as willingness to receive treatment from *renowned doctor* or *quicker access to medical care* (Annex 1).

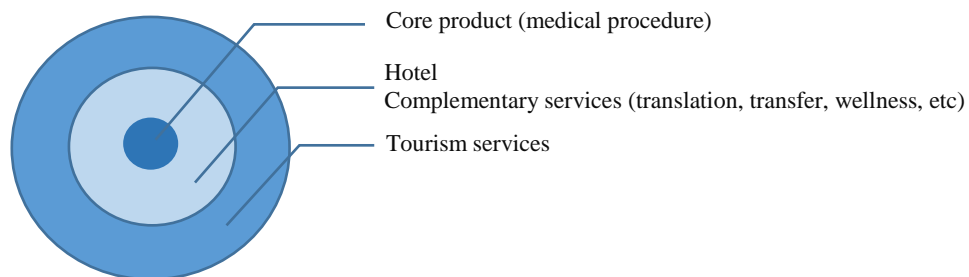
One of the most crucial factors, which concludes the decision-making process for the medical destination, is *reliable information* (Ratner, 2012: 4). The patient needs to have the access to the information regarding the reputation of the consulting physician, accreditation of the hospital, prices and testimonials from other patients who experienced medical services in the same facility. Therefore, country-provider should create the reliable network for the potential patient to consult regarding the legislation, health-providers, prices and other information (HOPE resource).

### 2.1.3. Medical product

The preference for a specific medical destination largely depends on the ability of the country-provider to create the attractive medical offer and through marketing activities to convince the customer about the unique qualities of the proposed services (Scott and Lodge, 1985).

Figure 2.1.3.1. demonstrates the complexity of medical tourism product, which consists of multiple by-products. So that to structure it accordingly different stakeholders need to be involved to the process and maintain business ties between each other. Although, medical tourism patients are concerned about *medical procedures (core product)*, *complementary services* add value and greatly affect final choice of the destination (Caderno Caraterização Nacional, 2014) Confirming this fact, Smith and Forgione (2007) highlight that the patients tend to estimate all characteristics of the product simultaneously when assessing the experienced medical tourism trip.

**Figure 2.1.3.1 – Structure of medical tourism product**



Source: Caderno Caraterização Nacional, 2014

Prior to creation of the product the crucial importance is to go very deep in the *knowledge of the specifics of each target market*, because the structure of the core product and further its promotion have to correspond to these specifics (Youngman, 2011: 12). After building a strong understanding of the target markets and developing the medical tourism strategy the essential step is to *define brand identity* which will be further reinforced with *marketing, promotion and*

advertising (Pollard, 2013). The quality of the promotional activity is the main factor that controls the perception and evaluation of the destination in the international market (Cook, 2012).

## 2.2. Overall perception of Portugal as a player in medical tourism

### 2.2.1 Overview of Portuguese healthcare system

Portuguese National Health System, as most of the European countries, is represented by public, and private health providers. The financing of NHS is provided through general taxation. The private financing accounts for approximately 30% of total expenditures. Total healthcare expenditures in Portugal in 2016 accounted for 8.9% of GDP. High decline in the health expenditures was observed from 2009 (9.87% of expenditures from GDP), which was connected to the economic crises, and as a consequence, the reduction of the expenses in the healthcare. This inversion underscores the importance of development medical tourism, as a part of international strategy (Pordata, 2018).

In 2017 National Healthcare System of Portugal has raised to the 14<sup>th</sup> position in the international ranking of Euro Health Consumer Index, which evaluates the performance of the health systems in 35 countries (Table 2.2.1.1).

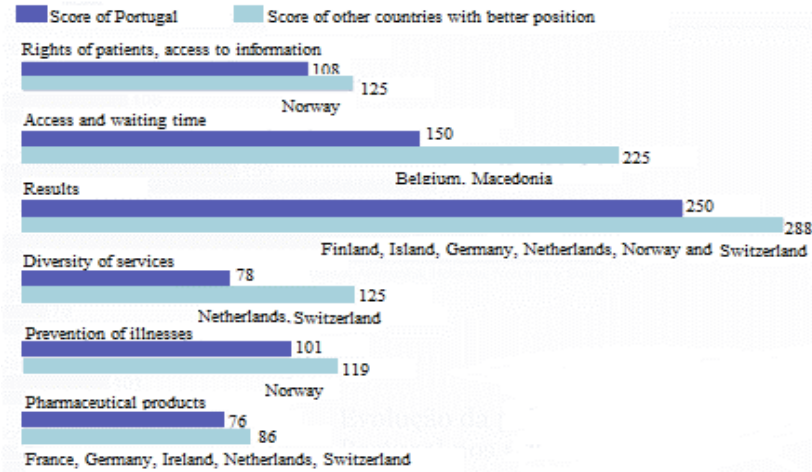
**Table 2.2.1.1 - Ranking of the healthcare systems, Euro Health Consumer Index**

#1	Holland	927	#10	Austria	826	#19	Croatia	703	#28	Greece	593
#2	Switzerland	904	#11	France	815	#20	Macedonia	699	#29	Latvia	589
#3	Norway	865	#12	Sweden	786	#21	Ireland	689	#30	Hungry	575
#4	Belgium	860	#13	Check Republic	780	#22	Italia	682	#31	Poland	564
#5	Island	854	<b>#14</b>	<b>Portugal</b>	<b>763</b>	#23	Slovakia	678	#32	Albania	551
#6	Luxembourg	851	#15	UK	761	#24	Serbia	670	#33	Bulgaria	526
#7	Germany	849	#16	Slovenia	740	#25	Malta	666	#34	Montenegro	518
#8	Finland	842	#17	Estonia	729	#26	Cyprus	623	#35	Romania	497
#9	Denmark	827	#18	Spain	709	#27	Lithuania	620			

Source: Euro Health Consumer Index, 2017

In accordance with evaluation Portugal had significant improvement in patient’s rights, prevention and treatment outcomes (*Figure 2.2.1.2*). But, on the other hand, such areas as “accessibility to healthcare”, due to the waiting lists, and “diversity of the provided services” are still considered to be the weak points of the system (Campos, 2017).

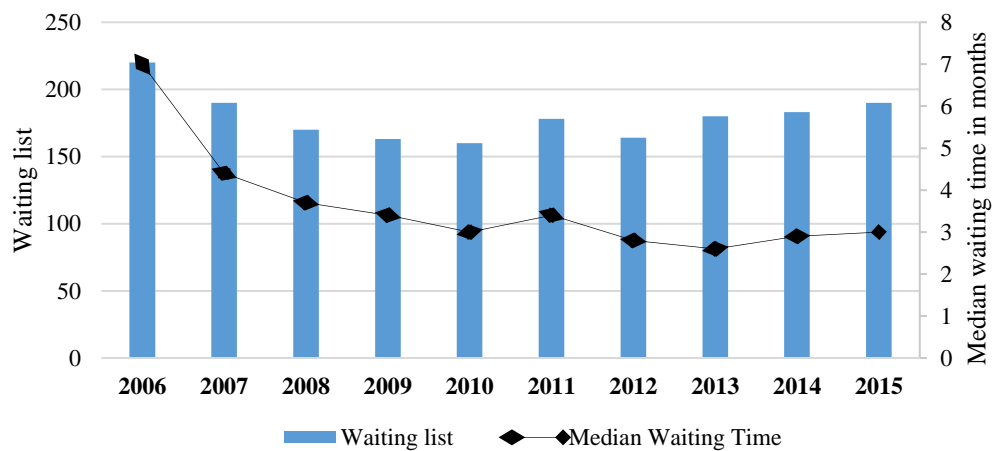
Figure 2.2.1.2 – Portugal in European evaluation of healthcare



Source: Euro Health Consumer Index, 2016

**Waiting lists.** As one of the factors, which stimulates patients to search for treatment outside of their country of residence is faster access to medical services, waiting lists play an important role in the choice of medical country-provider (HOPE, 2015). Waiting time in Portugal has been an issue for many years. Multiple programmes have been applied to reduce waiting lists, but only with implementation of SIGIC, waiting time management system, situation had significantly improved (Barros and Ferreira 2016) (Figure 2.2.1.3)

Figure 2.2.1.3 - Evolution of waiting lists (WL) and its median waiting time in months in Portugal



Source: UCGIC - Central Unit of SIGIC, 2016

SIGIC is mainly focused on resolving two main issues: health system efficiency and equipment capacity, by redistribution of the patients among the hospitals and better scheduling the hospital capacity (Barros, Cristovao, 2013). Although the waiting time had significantly improved, as it was mentioned before, it still continues to be one of the main factors affecting the overall performance of Portuguese healthcare system (*Figure 2.2.1.2*).

***Human and Physical Resources.*** In 2015 Portugal had 225 hospitals, including 208 in Continent, 8 in Azores and 9 in Madeira with total capacity of 34.523 beds (Eurostat, 2017). The biggest share of the hospital beds belongs to the curative care (33.816), while the total amount of rehabilitation care beds is under the average of European countries (588) (*Annex 2*). In total the number of public hospitals decreased due to the merges between public and private sector and public-private partnerships. Currently, the tendency of the government is to involve the private sector in building and maintenance of the health infrastructure with a purpose to enhance the overall capacity (Marcos, 2016).

The situation with human resources capacity is different, because Portugal is placed among the countries with the highest number of doctors per 1000 inhabitants (*Annex 2*). Apart from it, the country is distinguished with the renowned doctors and medical researchers. This fact is acknowledged by the prestigious positions occupied by Portuguese medical professionals in different countries (Relatório do Grupo, 2014).

The caring physicians are also known for delivering high-quality care, though, the total number of the specialists per 1000 inhabitants is much lower than in most of the countries (*Annex 4*).

***Research and Development*** Portugal is rightly seen as a country with the international recognition in the field of R&D in the healthcare (Carvalho, 2017: 67). Its position is reinforced by the activities of such health groups as LUZ Saúde, Espírito Santo Saúde, HPP Health (Lusíadas Saúde) and Grupo Mello Saúde, which are responsible for investment in the medical technology and training. Additionally, it is enhanced by the tight cooperation between universities, research centres, hospitals, private units and foundations such as Fundação Champallimaud (Augusto Mateus & Associados, 2017).

Total R&D expenditures in 2016 amounted to 1.29% of national GDP, from where 46% is executed by private sector, 46% - higher Education sector, 8% - government (Pordata, 2018b).

Strong competitiveness of Portugal in the R&D of healthcare sector is characterized by the presence of the leading researchers and scientists in the fields of cancer, nanomedicine, neurosciences and ophthalmology (Medical tourism in Portugal, 2017). The reputation of the country is enhanced by the utilization of modern medical equipment, which underlines the intention of Portugal to correspond to the highest standards and to provide quality health care (Caderno Caraterização Nacional, 2014).

OECD review (2015) highlights that among countries, Portugal is distinguished with a high-technology information infrastructure, which collects all the data about electronic patient records, disease-specific registers and provides the information about medical professionals, including the statistics. Additionally, Portugal had recently joined the catalogues of the quality ranking in healthcare, which demonstrate to the public the results of the work of medical units. This fact increases the transparency in the medical sector that is crucially important during promotion of the country as a destination of medical tourism (Caderno Caraterização Nacional, 2014).

### **2.2.2 Reputation of Portugal as a medical destination**

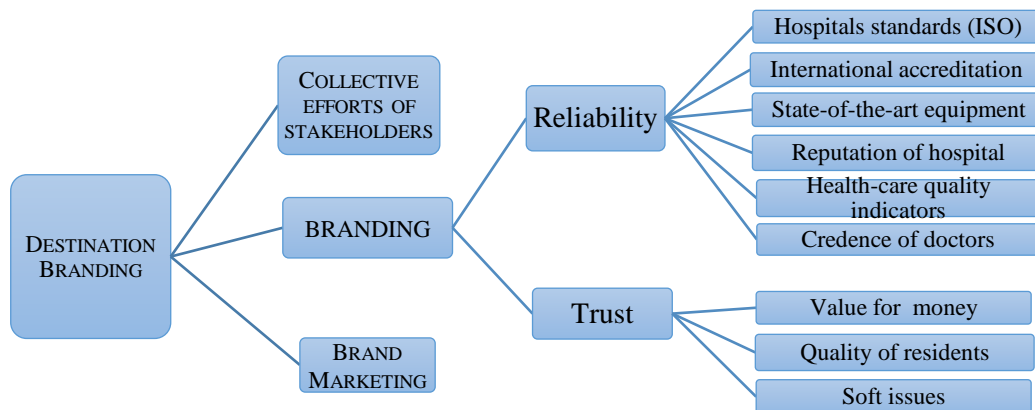
In extremely competitive environment of medical tourism industry the importance of destination branding gains momentum. Healthy'n Portugal research concluded that currently cross-border patients has limited association of Portugal with healthcare industry (Relatório do Grupo, 2014). The literature resources determine that the value of service brand is measured through the customer's perception (Keller, 1993: 19). It signifies that without reputation of medical destination both digital and traditional marketing activities only direct the patients to research more information about the promoted services and, as a result build their own perception about the medical facilities in relation to other providers, instead of evaluating already established image (Shaw, 2017).

There is extensive discussion across the literature regarding branding of the medical destination. However, most of the authors share the same point of view about the first level of international reputation, which is related to the region in which the service provider operates (Caderno Caraterização Nacional, 2014). In case of Portugal, the belonging to European community alongside with the legal and political stability can bring added value to the international reputation of the country. Such factors as the security, low crime level and high R&D investment to the research can also positively influence on the strengthening of the country's image. However, the

process of branding is very complexed, and the only international image of the region is not enough to increase the patients flows.

While the reputation of the country is determined in the lenses of the customer’s perception, Figure 2.2.2.1 demonstrates the dimensions which are mainly involved in the destination branding (Gopal & Mukherjee, 2016). Among the key attributes the authors distinguished “reliability” and “trust”, which greatly influence on the customer-based brand equity (Lunardo and Mbengue, 2013; Liu et al., 2013). Under “reliability” Medical tourism literature indicates such important factors of destination authenticity as ISO hospital standards (Smith and Forgione, 2007), international accreditation (Gill and Singh, 2011: 295) and most advanced equipment of the hospitals (Connell, 2006). Also reliability of the hospitals is generated under the influence of credence to medical staff and the indicators, which characterize the health quality performance of hospitals and its reputation (Heung et al., 2011: 998). Regarding another attribute of destination branding, “trust”, Hudson and Shephard (1998) emphasized value for money as a crucial element which measures if the prices for medical services are charged reasonably. Additionally, among the elements, which influence the medical tourism experience of the patients and, effectively, enhance the trust from the customers were mentioned quality of residents and soft issues, meaning in the first case responsiveness from the local populations and their attitude to the foreigners and, in the second case the medical staff behaviour (Guiry and Vequist, 2011:262).

**Figure 2.2.2.1 – Branding of the medical tourism destination**



Source: Gopal & Mukherjee, 2016

Destination branding is a continuous process, which involves the efforts of different stakeholders. Hence, the collaborative work between the government representatives and private health sector,



the same as the partnerships with the tourism entities and approved facilitators, is essential for successful development of the industry. The collaborative efforts are especially crucial during the next stage of branding – marketing. While effective marketing activities are the key to the establishment of the reputation, the extended network of brand ambassadors such as government offices, travel agencies, facilitators can enhance the sales forces of Medical tourism industry (Medical tourism Magazine, 2018).

During effective combination of the above-mentioned attributes, the leading medical destinations build the strong brands choosing their differentiation strategy by either creating ground-breaking innovations or expertizing in the specific medical areas, providing outstanding solutions. So that in the result foreign patients can recognize, for instance, Germany as oncology destination, Poland, as a country for dentistry or Turkey, as a place of cosmetic surgery (Medmonks, 2017).

Therefore, considering that the reputation is generally based on the association of the country with the certain specialities and characteristics, Portugal is rather seen as a tourism provider than a healthcare destination. And with the fact that the stereotypes are hardly changed, the strategy for building reputation is strongly needed (Vicente, 2014). While previously it was determined that Portugal has high healthcare performance indicators, innovative technologies as well as the renowned doctors, further research will be directed on assessing cooperation efforts of the stakeholders, price level of the medical services (value for money), marketing activities and specialization of Portuguese medical providers in specific medical services.

### **2.2.3. Price comparison for medical services among the European countries**

The Chapter 2.1.2. indicated that price is not assumed as the primary factor during the choice of the country-provider for medical treatment among European patients (Eurobarometer 425). However, some leading medical tourism destination leverage this factor to enhance the competitiveness in the market by offering high quality services at attractive price.

In accordance with the research, conducted by Eurostat the price level for hospital services ranges greatly from country to country (*Annex 5*). The difference in the price level, for instance, between Switzerland and Bulgaria accounts for 229%, while Portugal is placed medially with price level of 102%. It was determined that the price levels, principally, correspond to income levels, creating more expensive offer for medical services in the wealthier countries (Koyuncu, 2016: 231).

Therewith, the countries with lower medical cost, such as Hungary, Bulgaria, Poland, etc., can use the price strategy for leveraging their position in the international market of medical tourism. It allows them to create the medical offer with the prices, which are not comparable to the average price level of medical services in Portugal.

In order to analyse the price level more in details, the cost for the most popular medical services was compared between Portugal and the leading European countries in medical tourism (*Table 2.2.3.1*). From the table it is visible that Portugal is not sufficiently competitive in prices, being positioned among the countries with the medium cost level.

**Table 2.2.3.1 – Price comparison for medical services between countries**

Type of surgery	Germany	UK	Poland	Portugal	Hungary	Spain	Turkey
Knee replacement	11.600	11.500	6.900	7.241	5.950	11.670	6.475
Knee arthroscopy	1.300	6.400	1.350	2.110	1.940	2.156	2.020
Hip replacement	10.500	11.800	4.500	11.000	9.985	11.060	6.200
Dental Implants	800	1.120	729	750	628	954	570
Glaucoma surgery	1.574	n/a	1.440	2.260	n/a	2.790	1.317
Cataract	1.500	1.940	1.070	1.630	1.030	1.722	1.675
Breast Augmentation	5.200	5150	2.880	4250	2.630	4.375	2.400
Rhinoplasty	4.200	4.500	1.339	1.432	1.300	2.689	3.279
Labiaplasty	1.400	n/a	956	910	900	894	1.290
Coronary Angioplasty	14.960	18.900	6.419	6.600	n/a	10.800	3400
Hair transplantation	n/a	2.100	1.400	2.750	2.044	2.950	1.645
In-vitro fertilization	3.000	4.500	2.280	2.959	1.799	4.240	3.160
Breast Tumor Removal	3.024	n/a	1.255	3.210	n/a	4.500	1.262

Source: Author elaboration

Even given the fact that when the high risk is involved in the medical procedure, the price fades into insignificance, at any rate, the information about the medical prices must be easily accessible by the potential clients (Pena, 2003). In this instance, it was observed, that data about Portugal is rarely presented in the specialized sites, which provide price comparison for medical services. The information about the prices is hardly accessible and must be practically always enquired from the hospitals and clinics.

#### **2.2.4 Rehabilitation: potential niche for Portugal**

Considering that concept “value for money” is seen as one of the most important factors contributing to establishment of reputation (Chapter 2.2.2), some leading medical destinations apply it in parallel with another strategy – specialization on particular medical areas. In this

instance it is very important that the country focuses on its competitive advantages in order to define the area of medical expertise (Todd, 2013: 82).

The previous research conducted by the Working Group of Portugal with the purpose to identify the top medical services was based on segmentation of the treatments in accordance with the medical conditions, dividing them into two main subgroups (Relatório do Grupo, 2014):

- *Reactive medical tourism* (a relocation of the individual outside a place of residence to receive medical treatment due to situation of need, usually diagnosed by a health professional);
- *Proactive medical tourism* (a relocation of the individual outside a place of residence to receive medical treatment due to a personal choice, whether or not they have a medical diagnosis).

Following the segmentation, the Working Group identified the list of the top services, classified under reactive medical tourism and corresponding target markets. (Figure 2.2.4.1)

**Figure 2.2.4.1 – Reactive medical tourism 7 types of treatment/ 7 countries**



Source: Relatório do Grupo, 2014

Regarding the proactive medical tourism there were also identified the most popular services among the European markets such as rehabilitation, infertility, cosmetic surgery, check-ups and dentistry. (Relatório do Grupo, 2014). The following research will mainly focus on rehabilitation medicine as one of the potential areas of expertise for Portuguese medical tourism providers.

Rehabilitation or as it was presented in Chapter 2.1.1. therapeutic tourism can be defined as a process which involves treatment of physical disabilities and long-term illnesses. The main focus of the medical procedures is directed on the stabilization of physical, intellectual and physiological condition of the patient (Smith and Puczkó, 2008). The successful development of rehabilitation tourism is based on simultaneous existence of two distinguished offers: medical (high-

technological equipment, qualified staff) and hospitality (accommodation, transportation, leisure activity). Several researchers defined that the hospital services consist of about 75 percent of hotel and hospitality-related services. Therefore, the country, that was elected as a World's Best Tourism Destination in 2017, with its favourable geographic position, mild climate and well-developed offer in hospitality can target people with medical issues who are interested in treatment and travelling at the same time (DeMicco, 2017: 29).

Taken into consideration that Portugal is well-positioned regarding above-mentioned characteristics, the rehabilitation tourism can present a potential niche. Moreover, on the level of sport rehabilitation Portugal has already showed a high performance due to the orthopaedic treatments performed to the famous football players (Healthn'n, 2014). The strong reputation of the country in tourism could also add value to promotion of preventive and recovery services. The knowledge obtained in the area of wellness tourism and the existence of the hotels with the SPA facilities can only reinforce the offer of Portugal in rehabilitation tourism (Joukes, 2011).

Due to the combination of medical and tourism by-products, development of offer in rehabilitation tourism requires tight cooperation between key players in private health sector with tourism entities, mainly hotels. Such type of cooperation could lead to the mutual benefits and creation of more competitive position by reason of price reduction of the final offer and exchange of industry-specific knowledge. In accordance with the statistics about 83% of cross-border patients were accompanied during their trip (MTA, 2017). Therefore, with corresponding marketing mix the offer in rehabilitation tourism could be directed to the individuals and the families, who are searching for leisure experience combined with the medical treatment (Luka, 2012).

Although, the rehabilitation tourism is still in its initial stage of development, some European countries, like Greece, Hungary, Switzerland, have already made a focus on it as it represents the advantage for country not only in increasing the export of medical services but also creating the opportunity for medical facilities and hotels to differentiate its offer from the competitors.

#### **2.2.5. Cooperation of the main stakeholders of medical tourism in Portugal.**

As it can be clearly observed, medical tourism should be distinguished as an independent Sector with the specific regulations and the promotion strategy. Within this sector the successful

performance is possible only if it works as a common mechanism, where all the stakeholders are cooperating and working together to achieve mutual benefits (Bookman and Bookman, 2007)

Until recently, Portuguese stakeholders in medical tourism struggled to join their forces, which is expressed in the lack of the common strategy. Although, the attention to the importance of the cooperation was already drawn, the work for defining the strategies still needs to be performed (Pires, 2015). The recent project Health'n Portugal has specified the course of actions for the private and the public entities. Being more precise, the *public health units* should be responsible for enhancing the image of Portugal as healthcare destination, while *private health entities* should focus more on popularization of its healthcare units and creation of the attractive medical packages, adapted to the specific customer. Working Group in medical tourism determined that the private health sector should be main power in internalization process of healthcare (Healthy'n Portugal, 2014).

The practice shows that in certain leading medical destinations, the *government* is actively involved in the development of the medical tourism (Pocock and Phua, 2011). Whereby, in Portugal it was recently determined that the government is required to promote the country as an exporter of the medical services, collect and distribute the statistic data among the stakeholders and to develop the incentives for the international patients (f.e. long-term visas with the simplified process of application) (Estratégia Turismo 2027, 2017). Nevertheless, the Portuguese government doesn't carry responsibility for coordination of medical tourism industry (Pires, 2015), and most of its actions depend on the cooperation and involvement of the various stakeholders, especially, private health companies (Ormond, 2012).

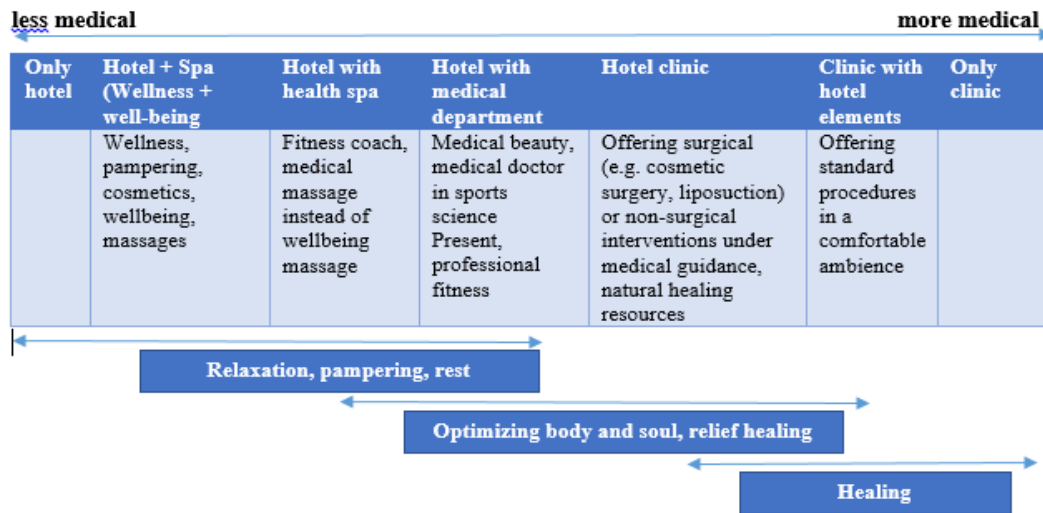
From the value chain in medical tourism, AEP/HCP (2014b) also emphasized the importance of collaboration between two industries, *healthcare and hospitality*. During the medical trip the patients are expected to satisfy certain needs, which can be categorized as tangible (transportation, facility, tourism activities) and intangible (pre- and post-treatment experience, hotel culture) (Menvielle, 2011: 54). By focusing on the clients' needs and covering them in the offer the medical destinations increase the chances to succeed in improving overall patients experience (Pereira, 2014).

There are several models applied during the inegration of the operations between two industries (Medical tourism Magazine, 2013):

- Provision of services under memorandum of understanding (MoUs);
- Integrated facility (the hotel provides one floor of its building for the medical services or, on the contrary, the hospital separates one department for the family members and relatives, who accompany the patient);
- Common project between the hotel and the hospital (Rehabilitation center).

One of the most utilized models of cooperation is MoUs, which allows the hospitals supply the supplementary services in a short period of time and at reduced price rate. Although, among other authors Simon Hudson (2011) especially makes focus on integrated facility as the most effective form of bridging the healthcare and hospitality services. Depending on the range of the services provided by the facility and the extent of the involvement to the medical services the Medical facilities can be classified from hotel, that includes SPA services, to the clinic with hotel elements. (Table 2.2.5.1).

**Table 2.2.5.1 – Integration of hotel and hospital**



Source: Smith and László Puczkó, 2016

Considering that medical tourism is focused mainly on the healing rather than on relaxation, the above-mentioned concept can be adapted in the forms of hotel clinic or clinic with hotel elements. Given the fact, that nowadays the patients pay significant attention to the accommodation, they are staying during the treatment, and the quality of the supplementary services, the concept of **“Hotel to Healthcare”** (H2H) can present emerging niche in medical tourism of Portugal.

The joint cooperation represents the lucrative business opportunities for hotels and hospitals. Due to the high costs of the hospitalization, the construction of the hotels nearby the healthcare facilities can increase the capacity of the hospitals and significantly reduce the overall cost of the medical offer, in such a way, enhancing the competitiveness of the medical destination (Smith and Puczko, 2017: 45).

By reason of shared experience the providers can elevate the quality of the medical package and target not only the potential patients but also the families and the friends, who can accompany them (Docrates, 2012). The patients, apart from enjoying comfortable facilities, can feel secure due to the proximity of the hospital with continuous post-care treatment and supervision by the medical staff (Hume & DeMicco, 2007).

The beneficial side of such cooperation is also represented in the marketing of the services. The hotel chains, which have developed network around the world and have experience in brand development and customer loyalty, can enhance the reputation of the medical facility, by attracting the customers, which had the opportunity to experience this hotel before. Considering that, it is difficult to establish the international reputation for the healthcare unit, the joint forces between hospitals and hotels can reinforce the confidence of the customer during the choice of the medical provider (DeMicco, 2017).

The tourism industry is distinguished by seasonality, fluctuation of the demand throughout the year, that is why, with medical services, included to the initial package, there is opportunity to increase the flow of the customers during the weakest months of the year (Youngman, 2011). Also, the hotels receive the access to additional target markets, which lead to a significant number of the rooms to be sold in the package with the medical services. Consequently, H2H can allow the hospitals to distribute the patients from the hospital facilities to medical hotels that diminishes the waiting time and increases the capacity of the medical units (Wendt, 2012: 30).

Up to the present day, Portugal has the facilities, which combine the characteristics of the hotel and medical unit only in the area of wellness. One of the hotels, which partially involves the concept of medical unit is H2otel Congress & Medical Spa. It is located in Serra da Estrela Natural Park, and represents the mountain resort with the additional services of wellness center. Although, the main focus is made on beauty and wellness therapy, the hotel also involves post and pre-operation care by providing the treatment of respiratory diseases, physical therapy and

hydrotherapy. The development of the integrated packages was possible due to the close cooperation of Grupo Natura IMB with University Hospital of Covilhã, which has resulted in creation of medical hotel with high quality services and professional medical team (Inácio, 2012).

Portugal, with the “sun and beach” component, developed infrastructure in tourism and high quality of medical treatment can take advantage from the integrated offer in medical tourism. Up to the present, the hotels diversified its offer just with wellness services, while medical treatment was more associated with the sickness rather than well-being. Nevertheless, there is an emerging tendency to join two segments in one offer (DeMicco, 2017).

### **2.2.6. Marketing of the medical services abroad**

The intangible features of medical tourism product create considerable difficulties in the international promotion. The lack of face-to-face contact with the potential clients pushes forward the necessity of communication, which enhances confidence of patients in medical provider (Menvielle, 2011). The patients must be strongly convinced in the quality of the services while choosing certain medical destination that is why proper promotion and well-developed marketing strategy must be one of the main focus of the providers (Medical tourism Magazine, 2014).

In accordance with the recent research, Eurobarometer 425, the majority of the Europeans would search for the information regarding the rights for receiving the medical treatment abroad mainly from three sources: National Health Service (44%), medical practitioner (40%) and Internet (34%) (Annex 6). As per the cross-border healthcare Directive 2011/24/EU each Member State is obliged to provide the information about the healthcare within European Union. In such a manner ***National Healthcare Point*** can serve as another trusted vendor of the medical offers. From Annex 7 it is visible that the information regarding which the patients would like to consult is the rights for receiving the healthcare in EU, the standards of quality applied in the healthcare, level of reimbursement and reputation of the healthcare provider (Eurobarometer, 28).

Based on the results, presented in Figure 2.2.6.1 the GHR research (2017) concluded that promotion activities of the medical tourism providers should be directed not only on the final patients, but also on the establishment of the connections with international entities, such as embassies, facilitators, insurance companies and physicians from specific hospitals.



**Figure 2.2.6.1 – Results regarding how the patients choose medical tourism provider**



Source: GHR research, 2017

It is connected to the fact that large amount of the patients approaches these trusted ambassadors to get the advice regarding the medical providers. Additionally, the research emphasized the importance of **word-of-mouth (WOM) promotion** that is defined as informal communication between several people about the same product or services (Dichter, 1966). Campbell (2012) specifically stated that WOM should be considered as one of the most effective marketing strategies in medical tourism. However, there is an opposite side of WOM which resides in difficulty to control the content, which people are posting regarding their experience. But even so the medical tourism providers should try to the maximum extent review the feedback from the customers to diminish the negative WOM (Ko & Kim, 2011).

**Traditional marketing**, such as advertising on television, radio or magazines, also finds application in medical tourism industry (Todd, 2017: 83), though, **digital marketing** takes up special position in the promotion of medical services (Rex, 2016: 47). The study conducted among Americans has shown that the research for the healthcare services is placed on the third position for popularity. It means that digital marketing is a crucial component for any healthcare provider. And the key for success is the development and implementation of innovative strategies which will be directed to approach new and existing customers (Shukla, 2009).

Connell (2011) among other authors determined that the biggest challenge, which the companies face during promotion of medical offer, is to **convince the patients about the quality and safety of provided services**. Unfortunately, there are cases when in the search of bigger number of clients, the companies provide unreliable information on their websites. The research conducted by the Canadian company has shown that from 130 reviewed sites 34% of the provided information was false or did not correspond to reality. Given the fact that the patients take high risk while travelling abroad for obtaining the treatment, the fundamental rule for the companies is to establish the trust through the transparent and certain information, which will be sufficient for concluding the decision-making process in the choice of healthcare provider (OECD, 2011).

Lunt and Carrera (2011: 58) have also conducted research among 50 European companies, which was aimed to estimate the quality of information provided on the medical tourism websites. The results indicated that most of the sites contained visual demonstration (photographs, videos, etc.), data about technical equipment and information about the techniques for the clean audit. Apart from that, information about the capacity of facility and the medical staff was partially presented on the websites.

In such a manner in order to analyse the information presented on the Portuguese medical websites five hospitals have been randomly chosen (Table 2.2.6.1).

**Table 2.2.6.1. – Information presented on the healthcare sites**

Type of information	CUF Group	Hospital da Luz Arrabida	Lusíadas Group	Clínica Espregueira Mendes	CNS Campus
Types of treatment	+	+	+	+	+
Information about staff	+	+	+	+	+
Facility capacity	+	+	+	+	+
Prices	+	+/-	-	-	-
Photographs	+	+	+	+	+
Videos	+	+	+	+	+
Virtual tours in facility	-	-	-	-	-
Hi-tech features	+	+	-	+	+
Infection control technique	+	+	+	-	-
Testimonials	+	-	-	+	-
Certification	+	+	+	+	-
App for customers	+	+	+	-	-
Terms for obtaining treatment	+	+	+	-	-
Social networks presence	+	+	+	+	+

Source: Author elaboration

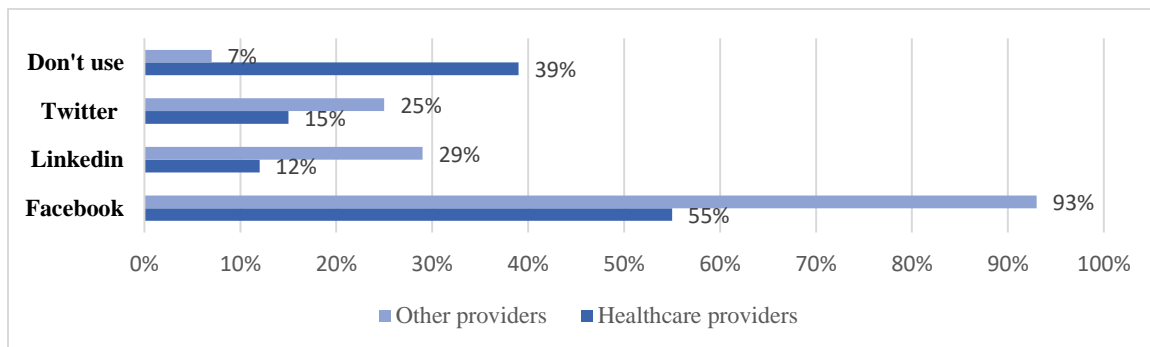
In the result it was observed that most of the sites had sufficient information about the types of treatment and services provided for the patients. The images and videos were used as means of demonstration of the services, but none of the website contained virtual tours which could give more detailed view of the facility. The information about the staff and facility capacity was displayed in every site. Several websites offered free customer application which provides the opportunity of the simplified access to the website data. Despite of the fact that video testimonials of the patients represent effective strategy in creation of quality perception about organization and, accordingly, fundamentally important for gaining the confidence of the customers, only two websites applied it (Medical Tourism Magazine, 2014)

Among other marketing tools *social networks* have been characterized by different authors as one of the most effective and powerful strategies in medical tourism. It allows not only reach larger

audience but also define the metrics of the advertising campaigns, constricting it to specific age, nationality and other distinguished characteristics. Apart from it the research has showed that the patients more likely will share their opinion about experience on the social networks rather than with the medical provider directly. Consequently, it creates WOM communication either with positive or negative feedback (Youngman, 2009). In this instance, development of blogs, which are linked to the official websites of the medical providers, can provide additional information to the patients and stimulate them to share their opinions about the obtained services (Todd, 2011).

After analysing the marketing promotion in the social networks, the research, conducted by Health'n Portugal (2014), established that most of the Portuguese companies use the Facebook more often than other sources. (Figure 2.2.6.2) And still there is quite big amount of the companies which avoid using the social networks in their promotion activity (39% - healthcare providers/ 7% other providers).

**Figure 2.2.6.2 – Social network advertising of Medical tourism by Portuguese companies**



Source: Health'n Portugal, 2014

Generally, while admitting the fact that Portugal is unexperienced in promotion of healthcare services abroad and doesn't have the image of medical destination, the project, medical tourism in Portugal (COMPETE 2020) was launched. The promotion strategy includes stimulating companies in creation of websites, distribution of advertising videos, participation in international fairs and demonstration of hi-tech equipment, quality healthcare and highly professional staff. The project is promoted and controlled by the Health Cluster of Portugal. The existence of the centralized association in medical tourism should also potentially increase the effectiveness of Portugal in the promotion of medical services in the international marketplace (Pinto, 2016).

### **3. METHODOLOGY AND RESEARCH DESIGN**

#### **3.1. Introduction**

In accordance with the literature review and the insight to the recent studies it can be supposed that market changes stimulate the interest of the patients to look for medical services outside of their residence area. In that context more and more private health companies in Portugal concern about the diversification of their services. Portugal possesses set of the characteristics which can be applied for the creation of the specialized offer, combining the successful results of the country's performance in the tourism industry and the high-quality offer in the healthcare. However, the current strategies applied by the companies can be mainly seen as separate and individual rather than cooperative (Pires, 2015: 25). It creates the gap and the limitation in the formation of the conjoint strategy for the establishment of the country's reputation in the sector of medical tourism. Therefore, the further research will analyse the current performance of the medical tourism providers in Portugal and, based on it, review the attributes for development of the sustainable medical tourism facilities with the strong potential to increase the reputation of the country abroad.

The credibility of the results widely relies on the quality of the research design, data collection form and the applied method of data analysis (Leung, 2015: 326). For that reason, the second chapter was devoted to providing the description of the methods utilized to gather the data, analyse and as a result to draw the inferences. This part of the work is to verify the tools with the help of which the research was conducted. Particularly, the chapter will specify the following areas: the method of the research, the profile of the respondents, structure of the research tool and the applied data analysis.

#### **3.2. Methodology**

The first part of the dissertation was carried out with the purpose to build the theoretical framework of the research and to identify the tendencies in the development of medical tourism in Portugal and the impact on the effectiveness of the country's presence in the international marketplace.

On the base of the literature review, the conceptual framework has been developed. It was directed to support the research, which leads to the definition of the problem-questions, the objectives and as a result the recommendations of the study.

In spite of the growing tendency in medical tourism, it still faces multiple challenges, which have an impact on overall number of patients crossing the borders with the purpose to obtain treatment. For that reason, it is very important for each medical destination to define the strategy which would be followed by the leading stakeholders of the industry in order to sustain the development of the medical tourism (Garrod and Fyall, 1998). In this context the following research will be directed to develop the framework for the Portuguese health providers which is grounded on four pillars, namely, quality as the main factors of attractiveness; stimulation of reputation through the stakeholders' cooperation; effective marketing activities; and sustainability due to the follow-up and post-operation services. In the course of the work after determining the research questions and reviewing the literature, the following objectives have been set:

- ***Identify the factors which can be considered as a competitive advantage of the country*** in the international market of the healthcare. Taking into account that the central product in medical tourism is a medical treatment, the customers get through difficult decision-making process in regards to the ***quality of the services***. That's why the analysis of the most efficient ways to deliver the transparent and clear information to the customer is one of the main focuses of the following research;
- Specify criteria which should be applied during ***development of medical offer for international patients***. In order to add value to medical product the research gives consideration to the extension of the offer to the ***post-care treatment*** and additional tourism services;
- ***Analyse the effectiveness of cooperation among the leading stakeholders and its impact on the reputation*** of Portugal as a medical destination. With the purpose to build the strategy, which can be effectively applied during the export of the healthcare services, it was additionally determined to ***assess the involvement of the private sector to the internalization process*** and identify the potential areas of the collaboration with other stakeholders, particularly, with the ***government and the tourism industry***;

On the base of the framework, in order to conduct the deeper analysis of the research-problem two types of data were applied: *primary and secondary*.

***Primary data.*** In the course of the work it was identified that for the further research it is most useful to apply the *qualitative method*, which is widely utilized to interpret an existing research

problem from the view of the local sample (Sutton, 2015: 229). This type of the research is especially appropriate for the study as it uses the approach to collect the information about the opinions and the values of the respondents that can be associated with a whole population (Beaton and Clark, 2009).

Considering that the interview is a very useful instrument in formulation of the generalization, it was chosen to conduct the *semi-structured interviews*, which also allow to gather a large amount of the information based on a comparatively small sample (Bryman, 1988). Hereby, the work was performed to *identify some of the key specialists* from the area of the medical tourism, who could share their knowledge based on the professional experience.

In accordance with the research the *interview guide* was constructed to make the process of the data collection more systematic and structured (Dicicco-Bloom, 2006: 317), and, consequently, to make the interview more focused on the main research-problem (*Annex 8*). Firstly, the questions were built in such a way as to get the information answering to the core question. Secondly, the additional questions were used to construct the general understanding about the development of medical tourism in Portugal.

In spite of using the interview guide, the process of the data collection could be described as flexible due to the fact, that certain questions were asked in the way to follow the respondents' answers (Neves & Ferreira, 2015).

For the purpose of enriching the research with the complementary primary data, additionally to the interviews, the **Workshop in medical tourism** was visited on the 21<sup>st</sup> of September 2017, which took place in the Escola de Hotelaria e Turismo de Lisboa (*Annex 9*). The Workshop was organized within the framework of the project "MT Portugal - Medical Tourism in Portugal - Health, Wellness and Tourism in Portugal" and was aimed at arising the awareness about the development of medical tourism in Portugal. The information, which was presented during the discussion among the renowned specialists in the area of medical tourism in Portugal was used for analysing the main questions of the following study.

**Secondary data.** In order to strengthen confidence of the research the secondary data was retrieved from the published documents, reports and the news. Consequently, the opinions of some of the

key specialists in the sector of medical tourism, specified in the following sources, were used to reinforce the findings from the primary study (Jamshed, 2014). (*Annex 10*)

Secondary data evaluation was performed prior to the selection of the sources for the research. During the extraction of the information special attention was paid to the reliability of data and the time of publication. With the purpose of checking the consistency of the provided data, multiple sources have been utilized in the research (Joselyn, 1977: 21).

### **3.3. Interview Participants**

In order to validate the practical part of the research and to complete the data collection from the interview the identification of the entities in the area of medical tourism in Portugal was carried out. Given the fact that the main focus was to understand the perception of the stakeholders about the current development of MT in Portugal, the main limitations and the necessity to create the specialized offer, it was defined to reach the entities representing: *I. Private hospitals, II. Public hospitals, III. Facilitators, IV. State entities involved in the Medical tourism and V. Representatives of the Tourism industry*. Several criteria were applied to the respondents:

- Holding a managing position in the target organization or entity;
- Being acknowledged with the current situation on the market of the healthcare export or involved in the development of the medical tourism on the level of specific entity or national level.

The primary contact to the entities was established through the email (*Annex 11*). The request contained the information about the objective of the study, the suggested form of the interview and the enquiry about the availability to schedule the meeting. The email-request was forwarded to 31 different entities. As a part of the follow-up process several emails were sent afterwards. Eventually, after receiving certain amount of rejections for the request, it was possible to schedule 8 interviews.

Although, the primary request for the interview was initially distributed in the beginning of the July 2017, as it can be seen from the *Table 3.3.1.*, the main part of the interviews took place in September 2017. The interviews were held in the forms corresponding to the availability of the respondents (Skype, personal interview, email interview) with maximum duration of 1 hour 26 minutes and the minimum time of 45 minutes.

**Table 3.3.1 – Interview Schedule**

Interview coding	Date	Form of the interview	Duration
INTW 1	03-09-2017	Skype	00:57:37
INTW 2	22-09-2017	Personal Interview	00:46:00
INTW 3	27-09-2017	Personal Interview	00:45:00
INTW 4	09-09-2017	Email Interview	n/a
INTW 5	05-10-2017	Personal Interview	1:26:00
INTW 6	26-09-2017	Skype Interview	00:49:00
INTW 7	n/a	Secondary data	n/a
INTW 8	24-11-2017	Personal Interview	00:52:00

Source: Author elaboration

During the interaction with one of the main representatives of Malo Clinic Dental Care, the recommendation has been received to use the material of the interview, which was previously taken for the magazine *Hotelaria & Saúde*. Inasmuch as the provided interview contained the information answering the main questions of the research, the material has been applied in the way of secondary data. In addition, the respondent provided the article and the extra materials which were used for the further research.

So as to keep the names of the respondents confidential each interview was associated with the specific number (Kaiser, 2010: 163). In order to present more detailed information about the entities, which took part in the interview and, subsequently, in the further study, the *Table 3.3.2.* was elaborated, concluding the data regarding the type and the year of the entity foundation.

**Table 3.3.2. – The company's profile**

No	Company	The type of the company	Foundation
INTW1	GlamHealth Medical services	Cross-Border Healthcare Consultancy	2011
INTW2	LUZ Saúde	Health Care Group	2000
INTW3	Hospital of Santo André	Public Hospital Center of Leiria	n/a
INTW4	Oporto Health Tour	Medical tourism operator	2011
INTW5	Health Cluster Portugal	Private non-profit organization, uniting 170 members for the purpose of increasing the competitiveness of Portugal in health services and products	2008
INTW6	Travel Health Experience	Medical tourism facilitator	2013
INTW7	Malo Clinic Dental Care	Center for Implantology and Dental Aesthetics	1995
INTW8	Turismo de Portugal	Public Entity responsible for promotion, enhancement and sustainability of the Tourism activities	n/a

Source: Author elaboration

From the *Table 3.3.2.* it is visible that the opinion regarding the development of medical tourism in Portugal from the point of view of State entity was presented by the respondent from the Health Cluster Portugal. The Private Healthcare units, which took part in the research, were represented by the Luz Saúde and Malo Clinic Dental Care. While the professional vision from the private



hospital was delivered by one of the respondents from the Hospital Santo André. Apart from it, the study also includes the review of the opinions of the representatives from the Cross-Border Consultancy, GlamHealth medical services, and also the facilitators, Oporto Health Tour and Travel Health Experience. The opinion from the tourism industry was represented by an expert from Turismo de Portugal, IP. Most of the entities were founded in the recent years that is explained with the growing interest to the development of medical tourism in Portugal.

For a closer insight to the profiles of the respondents the information regarding the education level, the job position and the working experience of the respondents was organized in the *Table 3.3.3*.

**Table 3.3.3. – The profile of the respondents**

Education of the respondents	Job position	Work experience in the company
Bachelor Degree in International Business and Marketing	CEO – Strategy and Marketing/ Founder	7 years
Master Degree in Medicine	Director Intensive Care Unit	7 years
Master of Public Health	International Patients Service Director	8 years
N/A	Project Manager	14 years
MBA in Tourism Management	Tourism Manager	5 years
International Executive Master Business Administration, Bachelor in Nursing	CEO/ Founder	6 years
Bachelor in IT Systems Engineering	Executive Director	10 years
Master Degree in Marketing	Executive Director	9 years

Source: Author elaboration

Thus, due to the obtained information it was possible to characterize the sample of the research. Based on the Table, it can be concluded that 3 respondents have the degree in the area of the healthcare, 1 respondent has the educational background in the tourism industry, 2 respondents have the marketing educational profile and 1 respondent has the degree in IT engineering. All the respondents hold the managing positions in the companies. Therefore, due to result of the interviews it was possible to obtain more general opinions about the current situation on the exportation of the healthcare services in Portugal.

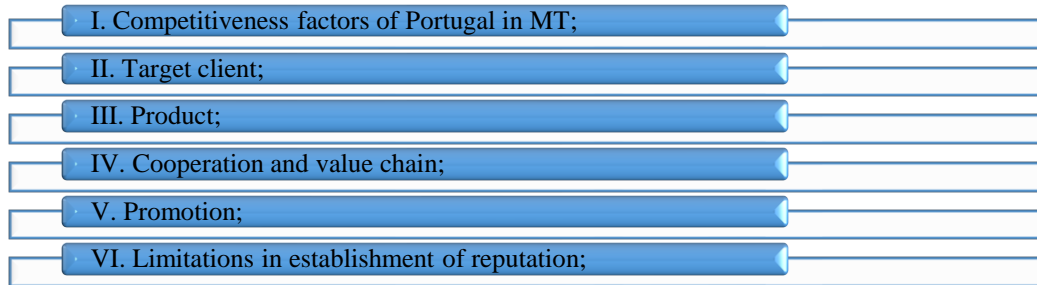
### 3.4. Interview Structure

Interview is a frequently applied tool to collect information regarding respondents’ opinions, perceptions and attitudes (Gill, 2008: 291). Considering that before proceeding with obtaining of the information from the respondents, the interview guide was developed, the chosen method of the following research is classified as a *semi-structured interview* (Alshenqeeti, 2014: 44). The

developed interview guide was aimed to create consistency in the process of data collection. Although, despite usage of the guide, the applied method is characterized as flexible due to the fact that in the course of the interviews, the followed questions were adapted to the answers of the respondents (Silverman, 2000: 291).

The interview guide contained open-ended questions as well as close-ended ones. All the questions were sorted out to the groups with certain objectives in order to obtain the opinions of the respondents regarding development of medical tourism from different aspects, and to create general picture of current situation in the industry. (Table 3.4.1.)

**Figure 3.4.1 - Groups of questions in accordance with the interview guide**



Source: Author elaboration

The questions under the *Group I* were directed at specification of principal motivation factors which could be applied for companies in promotion of Portugal in medical tourism. The *Group II* was intended to get the opinions of the respondents about clients which should be considered as target ones during development of the offer and its promotion. The *Group III* was applied in order to identify types of the services which could present the biggest value in attraction of potential patients and also to determine necessity of creation conjoint offer within healthcare units and the tourism entities. Evaluation of the current cooperation among the leading stakeholders in medical tourism was reached on base of the questions from the *Group IV*. The *Group V* was aimed at identification of the most effective ways to promote medical offer abroad. The final questions from the *Group VI* were directed at drawing the conclusion from the respondents regarding the barriers which Portugal faces during the export of medical services abroad.

Considering that the respondents, who participated in the research, represented the healthcare units as well as the tourism entities, the applied questions have been adapted in the course of the interview in accordance with the type of the companies.

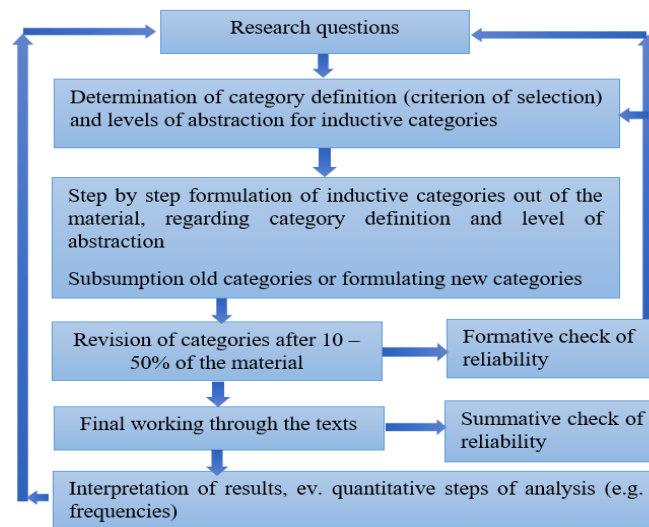
### 3.5. Data analysis process

Data analysis is a method of transforming raw material of interviews to fact-based explanations, which can serve for answering specific questions and applied for building a framework of problem resolution (Patton, 2002). By means of distinguishing, sorting and comparing primary data, disclosed pattern can be applied for constructing answers to research questions (Savenye and Robinson, 2004).

The process of data analysis often starts on initial phases of data collection (Miles & Huberman, 1994). Hence, it was determined to apply *qualitative content analysis* as a technique of evaluation information that was obtained in the course of the interviews and on the base of secondary data.

In the literature the qualitative content analysis is defined as a research method, which applies a set of techniques for drawing the conclusions from text (Weber, 1990). In comparison with other tools the applied method is distinguished with specific feature to diminish the amount of the material. It is achieved by formulation of criterion based on literature review and research questions, which will further determine parts of the text taken into account by the researcher. (Corbin and Strauss, 2008). Following close text review and comparison of the material *themes* and *categories* are generated. Accordingly, the qualitative content analysis involves the process of inductive reasoning. Inductive analysis is mainly used for studies, which are aimed to construct a theory instead of explaining a certain phenomenon.

**Figure 3.5.1 - Model of inductive category development**



Source: Kohlbacher, 2006

For the purpose of conducting the inductive category development in the following study, it was determined to utilize the model of MAYRING (*Table 3.5.1.*). Hereafter, the detailed steps of the data analysis process presented within the framework of the applied model.

**Step I.** During the first phase of the analysis, following the collection of the data, the *transcriptions of the interviews* were prepared. Given the fact that several interviews were provided in Portuguese, the same as all the collected secondary data, the translation to English was performed with the help of a dictionary.

**Step II.** For the purpose of the further analysis the *sentence was determined as a coding unit*. The following step of the process is very important as the choice of linguistic unit (word, sentence, paragraph) can affect the outcomes of the study.

**Step III.** Based on the review of the literature and the research questions, the main themes and the concepts have been developed inductively. In order to extract the information including the opinions of the respondents on the identified themes, the data was coded. *Coding* is a process of the consistent labelling of the themes and the concepts for extracting all the data that belongs to the similar subject throughout the interviews (Rubin & Rubin, 1995).

**Step IV.** In the course of the process the review of the codes was applied to avoid the “drifting into an idiosyncratic sense of what the codes mean” (Schilling, 2006). After completing the coding of the entire collected material, the consistency of the codes was verified due to the fact that during the coding of the individual parts of data, the new themes and categories could be generated and, consequently, adapted to the text analyses performed before.

**Step V.** On the last stage of the data analyses the conclusions were drawn from the previously established themes and the categories, upon which the obtained results of the study were recorded accordingly and presented in the next following chapters.

## **4. RESEARCH FINDINGS**

### **4.1. Introduction**

Recent years were distinguished with significant growth of Portugal in the economic sector. Due to this fact increased attention arises to the strategies, which are directed to enhance its further economic development. One of such strategies is a growth of involvement of Portugal in exportation of the medical services.

Medical tourism represents the lucrative opportunities for the country-provider, but from the other hand, it also creates several challenges during the process of the internalization. That's why the previous chapters were directed to provide the review of corresponding literature, define the objectives and build the framework of the study.

With the purpose to conduct more profound analysis of the central objective, building the framework, the following research questions were developed:

1. What are the main attributes which can mainly characterize the occurrence of travel patterns to Portuguese medical tourism facilities?
2. To which extent the lack of involvement and cooperation between private health providers, Portuguese government and hotel groups influence on international performance of medical tourism facilities?
3. What practical steps can Portuguese medical facilities undertake to enhance the effectiveness during international promotion?

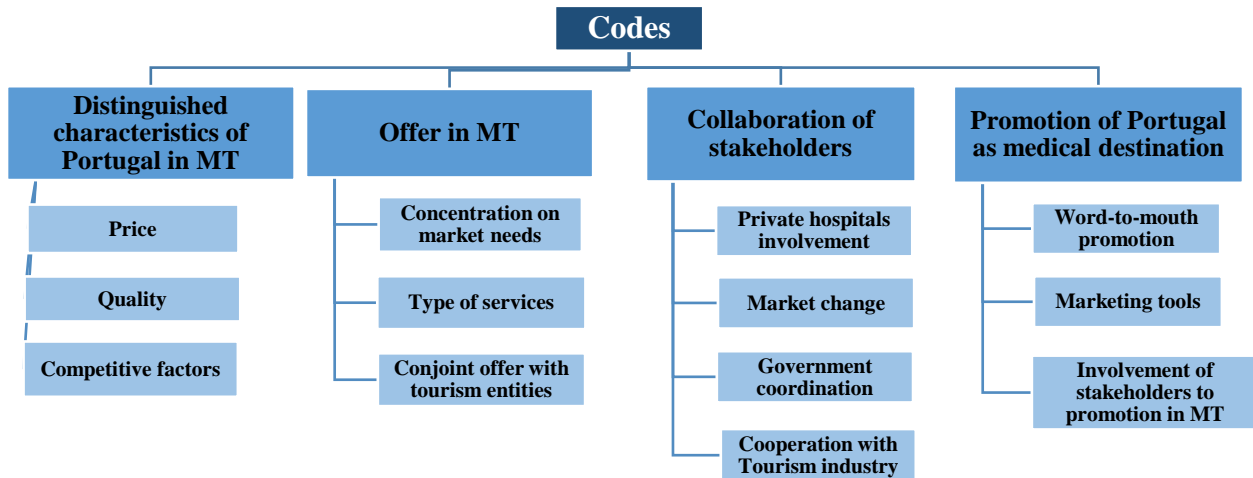
Hereby, following the previously developed framework, this chapter represents one of the main parts of the research paper as it is focused on the demonstration of the final results of the study. It is based on the analysis of the data, obtained from the secondary sources (Annex 10) and in the course of the semi-structured interviews with the representatives from the Portuguese companies in medical tourism.

Data analysis is defined as the process of gathering together, structuring and explanation to the mass of obtained data (Marshall & Rossman, 1999). Considering that this process is contingent and time consuming it is important to identify the structure of the analysis (Patton, 2002). By these

means, it was determined to apply the MAYRING model, which involves the inductive category development.

During the initial stage, which is also called an open coding (Strauss & Corbin, 1998) the transcripts of the interviews were examined to determine the similar meaning units in order to connect them into the categories (Berg, 1989: 615). The second stage comprised the establishment of the relationship between the categories through their constant comparison. The main goal of this process was to divide the categories into the themes and the sub-themes by applying the revealed patterns in the data (Table 4.2.1).

**Figure 4.1.1 – Results of the open coding**



Source: Author elaboration

Table 4.2.1 demonstrates the results of the coding process in accordance with which it was possible to identify the following themes: *I. Distinguished characteristics of Portugal in medical tourism; II. Offer in medical tourism; III. Collaboration of the stakeholders; VI. Promotion of Portugal as a medical destination.*

In order to present the results of the data analysis in more transparent form, the findings have been organized into four subchapters under each theme. The verbatim quotes from the analysed sources have been used to demonstrate the reliability of the conclusions (Corden & Roy Sainsbury, 2006).

## **4.2. Analysis of research findings**

### **4.2.1. Distinguished characteristics of Portugal in medical tourism**

Medical tourism destination, which aims to gain the competitiveness in the international marketplace, should carefully estimate its comparative and competitive advantages. While the comparative advantages refer to the inherited resources such as climate or country geographical position, the competitive advantages include quality of the healthcare services, medical facilities, regulation policy and the skilled medical staff (Crouch & Ritchie, 1994: 84). Due to the fact that it is crucially important to acknowledge the above-mentioned advantages in the model of the competitiveness of the country, the first group of the questions was directed to identify the perception of the respondents about the advantages of Portugal as a medical destination.

In accordance with several studies one of the primary motivation factors for the patients to go abroad under the condition of the comparable quality is *price* (Deloitte Center for Health Solutions, 2007). However, the qualitative research has shown the contradictory results, indicating that the price differentiation is not seen by the respondents as the main strategy for attracting foreign patients to medical destination. (*Table 4.2.1.1*) “**Few people go to the other country just to save money on the medical services if they have affordable quality options at home (Interview 3)**”. The respondent from the *Interview 1* explains this fact by saying that “**in terms of decision making process, the price is always 4 or position 5**”, showing that such factors as reputation of doctor, prestige of hospital and quality of proposed treatment are always coming ahead.

Moreover, the results of the price comparison, demonstrated in the *Chapter 2.2.3*, were confirmed by the interview participants, defining Portugal as a country with the medium-level prices on the medical services. Several respondents explain that the elevated prices are connected to high cost of treatment components, intensive care bed cost and labour cost (*Interview 2, Interview 3*). The *Interview 1* demonstrates different opinion, emphasizing that the main factor the high cost of treatment is margins generated by the private hospitals which are very high even in comparison with the Nordic countries. And one of the options to control the margins with the fixation of the prices on medical treatment is to have price regulations provided by the Portuguese government.

“This makes the comparison of our prices with Europe completely different, because the prices don’t reflect our cost they represent a margin which if you compare with German or Holland healthcare system, is enormous here.” (*Interview 1*)

In spite of elevated cost of treatment the respondents admit that, depending on target clients, Portugal still can represent the destination with competitive prices in medical tourism, specifically taking into consideration the Nordic countries and the USA. As a way to reinforce price level the *Interview 8* suggests tight cooperation between the tourism and the healthcare sector, in the result of which it would be possible to create special offers in medical tourism adjusted in accordance with demand and allowing to lower overall price of the offer. The respondent from the *Interview 2* also sees such type of cooperation as an opportunity to diminish average bed-cost price. Considering that patient can have recovery process in a facility located near a hospital, for instance a hotel, under supervision of medical staff, healthcare companies can offer not only attractive prices but also high-quality services.

“We could arrange inside a special offer with combination of the health and tourism product, and based on it we would be able to produce the special price of the whole offer.” (*Interview 8*)

“May be it would be possible if you would create the package, for example, 2 days in hospital and the recovery in the other facility. If you stay one week post-operation in hospital it will be expensive in any case. But if you diminish the cost by moving the patient to the smaller facility, just to sleep over with a daily visit of the doctor we can, probably, create attractive price” (*Interview 2*)

The *quality of the medical services* merits special consideration due to the fact that in accordance with all the analysed sources this competence should be the main reference to Portugal during the promotion in medical tourism (*Table 4.2.1.1*). It is seen as the most important element for the competitive medical facility, which is confirmed by the following statements:

“The attractiveness of medical supply must be based, necessarily, on presentation, quality, safety, modern conditions and the excellence of medical professionals” (*Interview 4*)

“Our assets and strong points must be the quality and the stability of the offer and the trust.” (*Interview 6*)

Furthermore, it is worth to mention, that all the interview participants perceive the existence of the high quality medical offer in Portugal. “**We can admit that we have quality offer**” (**Article 8**). Relatively speaking, the overall satisfaction of the Portuguese population with the Healthcare system is growing. It is confirmed by the OECD 2015 survey, revealing that 54% of the Portuguese think that the health system should be fundamentally changed. It is a significant improvement while considering 80% of dissatisfied population in 2002. Although, there is still space for improvement,



comparing the results with the average percentage across the EU, which has reached 51% (Economist Intelligence Unit report, 2016). As well as the number of claims, which have increased for 24% (59 224 complaints) in 2016 in comparison with 2015. As it is visible from the *Table 4.2.1.2.* most of the claims were submitted regarding “waiting time” and “access to healthcare”<sup>1</sup> in public health sector, while in private sector main dissatisfaction came from “administrative procedures”<sup>2</sup> (Entidade Reguladora da Saude, 2017).

**Table 4.2.1.2 – Issues addressed in the complaints submitted to the Entidade Reguladora de Saúde in 2016, by type of provider**

Themes	Private hospitals with hospitalization	Private hospitals without hospitalization	Public hospital with hospitalization	Public hospitals without hospitalization
Waiting time	1650	1032	<b>7918</b>	1696
Administrative procedures	<b>1729</b>	<b>1354</b>	3618	5978
Focus on client	1031	563	5708	2933
Access to healthcare	188	233	3522	<b>6762</b>
Healthcare and patients' safety	1068	1030	5278	2339
Financial questions	1109	557	1507	589
Facilities and additional services	274	197	1551	862
Other areas	1737	1005	1207	890
<b>Overall score</b>	<b>8786</b>	<b>5971</b>	<b>30309</b>	<b>22049</b>

Source: Entidade Reguladora de Saúde, 2017

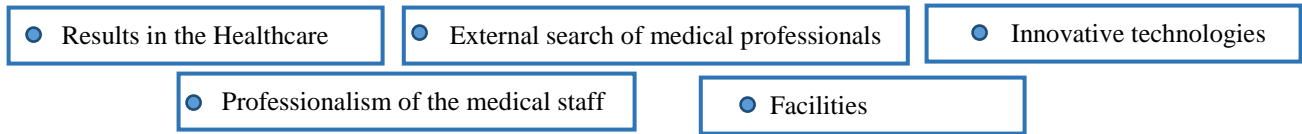
The involvement of patients to the process of providing the feedback can sufficiently increase the service quality. And from the other side, the perception of the residents about their healthcare system is very important because the destination can be competitive only if it has effectively created sustainable well-being for its residents (Gan & Frederick, 2011).

Some countries attempt to determine the international quality standards of the health services in medical tourism, though, there is no universal definition. That is why on the base of the primary and secondary data it was identified the five main attributes which should be principally indicated under the value of the “quality” during the international diversification strategy of Portugal (*Table 4.2.1.3.*).

<sup>1</sup> issues related to difficulties in obtaining health care services, ranging from enrollment in a family doctor to scheduling of care or waiting lists for surgery, discrimination in the care or even rejection of users.

<sup>2</sup> issues related to how facilities are organized (opening hours, prior scheduling, or compliance with legal obligations), and how the organization responds to certain situations (handling complaints, or options of attending the customer in case of reasonable situation).

**Figure 4.2.1.3 - Attributes of the “quality” in Medical Tourism**



Source: Author elaboration based on the interviews

### ***Results in the Healthcare***

Under several analysis on the international and national level the results of the Portuguese health system are distinguished with high performance. The OECD report, especially, emphasizes that effectiveness of the Portuguese healthcare companies is growing due to the application of the quality monitoring and improvement initiatives. The quality architecture allows to influence on the whole health system by providing the exchange of the information about the medical outcomes, patients records and the other data driving general improvement of the system. (*Article 13*)

In spite of the constant rationalization of the healthcare system one of the weak points of Portugal is dependency on the hospital sector. The OECD review indicates the long average stay in the hospital that can signalize about the low capacity of the community to provide the rehabilitation and post-treatment services. Therefore, the report suggests creating “intermediate health facilities” which can provide the post-treatment care. It will lead to the increase of the treatment quality and the effective use of the workforces, because the broad number of nurses will be shifted to assist the patients in the additional facilities.

“These new facilities have a key responsibility in taking care of patients upon discharge from hospital, or where there is a risk of admission to hospitals when the condition could be appropriately managed at a lower intensity care setting.” (*Article 13*)

#### ▪ ***Facilities and innovation***

Generally speaking, the country disposes sufficient amount of facilities either recently built or renovated and equipped with the state-of-art technologies. (*Article 12*)

Portuguese private hospitals are modern, well-equipped units that focus customer care. Their market culture obliges them to be innovative, to have quality, to practice economic rationality and their present and future are intrinsically linked to the free opinion and choice of customers (*Article 3*)

Moreover, the respondent of the *Interview 6* states that the development of the facilities and the healthcare infrastructure is constantly in progress: **“all the major private hospitals are involved in big investments. For example, CUF is building a big hospital in Lisbon and enlarging already existing one in Descobertas. Luz Saúde is also about to start to double the capacity of several hospitals”** (*Interview 6*). Consequently, with the corresponding promotion the reference to the existing infrastructure with the high technological equipment can be used to enhance the reputation of Portugal abroad.

The differentiation is presented by the quality of the infrastructure, the comfort of the integrated hotel service, the provision of diversified offer (*Interview 7*)

- ***Professionalism of the medical staff***

Alongside with it during the promotion a special focus should be made on the Portuguese healthcare professionals because one of the leading preoccupations of the customers in the decision-making process is the curriculum of the doctor and the opinions of the patients about the doctor's performance. The report of the Interministerial group confirms that the Portuguese professionals have already gained the recognition among such countries as the UK, Spain, Germany and Belgium. Additionally, this conclusion was emphasized by the respondent from the *Interview 1*, having mentioned that **“When we talk with our partners all over the world and we speak about Portugal, we realize that we have very famous doctors in some specific specialities”** (*Interview 1*).

- ***External search of medical professionals***

As per *Article 13* professional preparation of the specialists in the health sector is a critical aspect of Portuguese educational system that contributes to service quality and value-based outcomes which often deserve wider publicity. The *Interview 1* indicates that the problem comes from the lack of structured promotion, giving the example of the surgery of Cristiano Ronaldo, which was very successful in a medical aspect but ineffective in terms of promotion: **“and you see the doctor who is making the interview about the situation with knee, from the marketing point of view it is a complete disaster** (*Interview 1*)”. Following this idea, the *Interview 5* confirms that combination of such factors as positive medical outcomes, effective marketing communication activities and famous person involved in medical procedure is a merit of enhanced reputation in medical tourism. **“The doctor who makes surgery to the football players. He already made the operations to Ronaldo and Falcão (Monaco FC and Colombia player). Therefore, you have to use in the promotion one of these persons to advertise Portugal internationally.”** (*Interview 5*) The *Interview 5* also provides the opinion about doctor

exchange between the countries. The given example describes the bi-lateral relationship between the UK and India. Due to the large Indian community in the UK, some part of population returns to India in order to receive the high-quality treatment for reduced price. And, from the other side, a lot of Indians are working in the UK's National Health system, that's why the British population is used to be treated by them. The *Interview 5* suggests such model of exchange as a bright example for the Portuguese health system. The well-known Portuguese doctors, who are currently based in the European countries, could be invited to trade the experience in medical tourism and through promotion consequently build confidence among foreign patients and enhance reputation of Portugal as a medical destination.

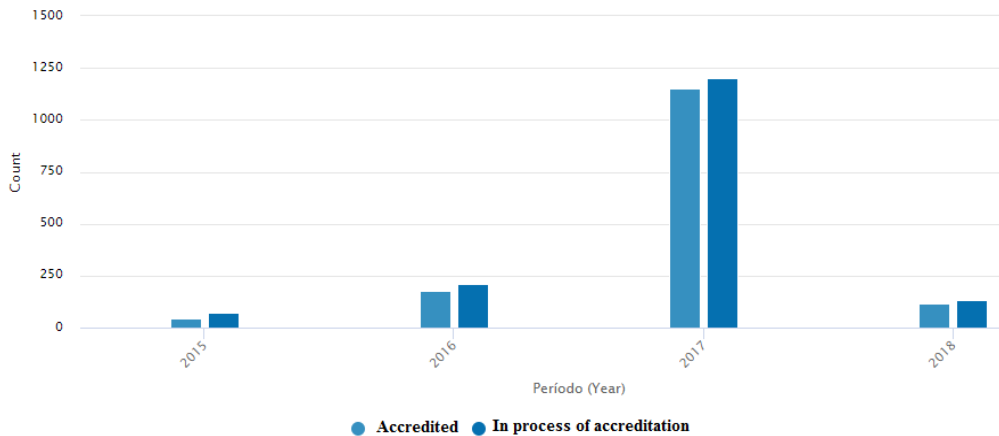
The respondents emphasized that international promotion of medical product is a complexed process, first of all, because, client can evaluate medical service only after experiencing it and, secondly, because of client's fear of medical malpractice, which can have grave impact on health of patient. (*Interview 5*) That is why it is crucially important to build the confidence among he prospective patients through promotion of the medical destination. **“They are afraid to go for a treatment to unknown place, to unknown doctor, they are worried if the place where they are going has the capacity and all the necessary materials for the treatment.”** (*Interview 5*). The *Interview 8* especially highlighted the importance of quality certification, mentioning that the concern about standardization of medical services is growing on international market. **“For example, we see Turkey that is issuing the law for the hospitals to correspond to the certain standards and also to regulate the price of the services. And we have other countries, India or Malaysia which are looking more attentively at the quality”**(*Interview 8*). By way of example the interview respondents mentioned the international accreditation (f. e. Joint Commission International (JCI), International Organization for Standardization (ISO)) as one of the main instruments to gain public recognition. The hospitals confirming safety, qualification of the medical personnel and correspondence to international standards, which are outlined by independent accreditation unit, can easier gain the confidence among foreign patients.

Then after having all the necessary instruments, the private companies should go for the certification. And only after that they can try to sell it. (*Interview 2*)

The respondent from the *Interview 3* has also indicated the third parties' endorsement, national quality programs and the European certification among other ways to declare that facilities and medical services correspond to established criteria for patients' safety.

In the meantime, the results of the national quality program of Portugal show that a number of the certified hospitals has significantly increased in the recent years. As per Serviço Nacional de Saúde (SNS) the number of the accredited healthcare units has grown from 44 units in 2015 to 1150 in 2017 (Figure 4.2.1.4). Additionally, Portugal accounts for 16 Healthcare units which were certified by Joint Commission International.

**Figure 4.2.1.4 – Accreditation of healthcare units in Portugal**



Source: Serviço Nacional de Saúde, Portugal, 2018

In such a way, the results of the interview have shown that the respondents classify Portugal as a country with high competitive advantages, namely indicating the positive results of the Healthcare system, the qualified medical staff, facilities equipped with the state-of-the-art technologies and generally acceptable price for medical treatment. However, the respondents also perceive high competition among the countries with similar type of the competences.

I would say that our main quality is normality. Portugal has a European class offer and we should sell it. We don't need to say we are the best, because in reality we are not the best. We are cheaper, no...because we are not cheaper.” (Interview 6)

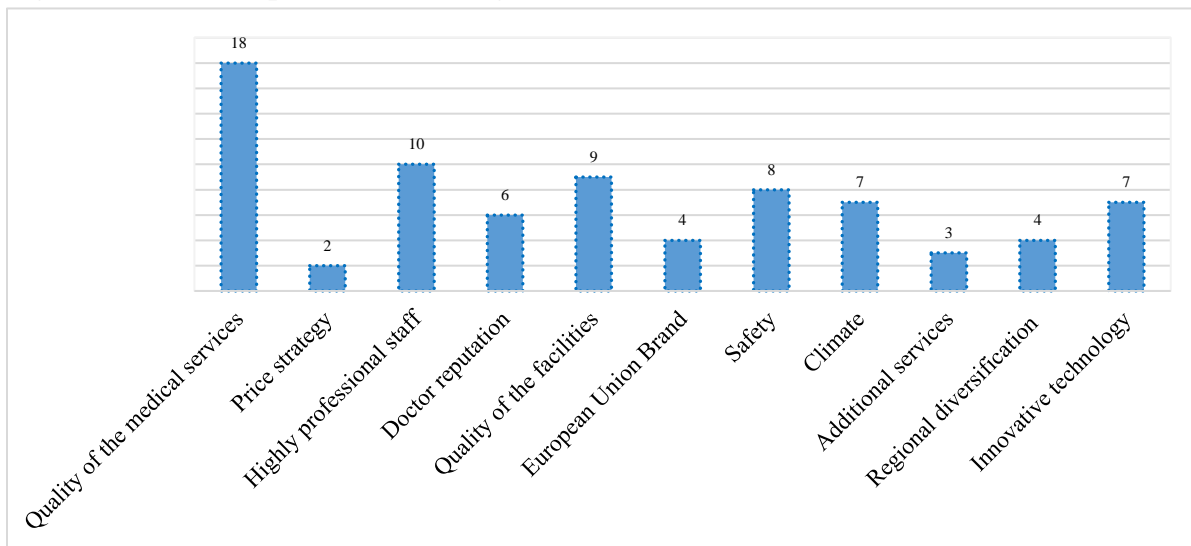
“Neighboring countries have good hospitals, high technology and very demanding patients. We can only catch patients from Europe or from developed countries through innovation, with professionals trained in reference centers and with a good price” (Article 3).

The analysis of the interviews and the secondary data helped to gain a greater insight to: *What makes Portugal different in the medical tourism market* by showing that the differentiation of Portugal as a medical destination can be reached only based on the conjunction of competencies. Initially, it is very important to clearly identify the target markets and analyze the needs of

customers in order to properly structure medical offer. **“The scheme is very easy: if you have the target and you know what the client is searching for, then you have the right proposal”** (Interview 3). After structuring the offer with medical services, it should be enhanced with conjunction of competitive and comparative advantages such as climate, safety, hospitality and geographical position.

By way of example, the recent study has showed that intensive rehabilitation programs after knee replacement surgery can reduce the length of hospital stay from 6 to 4 days, diminishing the general cost of the treatment and leading to advanced recovery of the patients (Bhandari, 2011). For that reason, the medical offer in orthopaedic area could be enhanced with the promotion of the postoperative rehabilitation conditions in Portugal. It should be emphasized that the effectiveness of the rehabilitation programs is reached not only due to the expertise of the Portuguese physiotherapists and modern facilities but also due to the natural weather and geographical conditions, which have positive effect on the recovery process (extensive reserves of iodine by reason of proximity to the ocean; availability of “the sunshine” vitamin D). For example, the Harvard Health research concluded that the vitamin D is a crucial element for the bones. The lack of this vitamin can lead to the osteoporosis, hip and non-spinal fractures (Gordon, 2004). In such a manner, simultaneous usage of the evidences about the quality of medical treatment in Portugal alongside with the post operation rehabilitation plan can increase the opportunities to gain more attention from the foreign customers who are searching for medical help in the orthopaedic area.

**Figure 4.2.1.5 – Competencies of Portugal in medical tourism**



Source: Author elaboration

In order to summarize the main competencies of Portugal in medical tourism, which should be exposed during the promotion of the country abroad, the *Figure 4.2.1.5* was elaborated based on the information from the interviews and the analysed secondary sources. The competitiveness of the country will depend only on the simultaneous application of all the competencies, applied in accordance with the needs of the target customers.

#### **4.2.2. Offer in medical tourism**

“In order to expand its services and target the foreign patients, the hospital has to know the profile of the potential client and what they are searching for” (*Interview 3*)

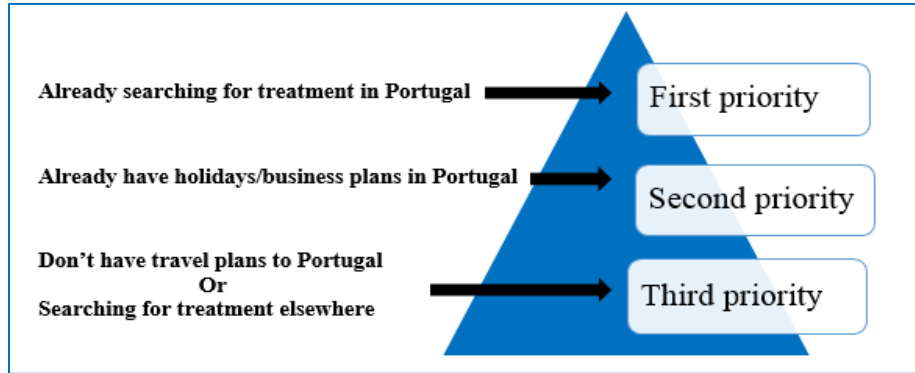
The determination of the competitive advantages of Portugal in medical tourism should be adjusted in accordance with selection of the target markets and identification of international patients’ needs. This approach will help to position medical product in the marketplace, where customers will be ready to buy it and in a manner that will set the competitor’s offers apart (*Interview 3*).

- **Concentration on market needs**

Based on such factors as geographical position, cultural proximity, tourist arrivals and the relative price for medical services, the recent research of the Working Group in medical tourism identified following target markets for Portugal: Europe (Germany, Austria, France, the Netherlands, Spain, the UK, Sweden) and the PALOP (Portuguese Speaking African Countries) countries.

However, there are several opinions stating that the target market list contains too many countries. For example, the respondent from the *Interview 3* considers that internalization process should be more focused and concentrated on the countries which already have connections with Portugal. “Although, 7 countries, determined as the target ones, are still too much. We should start from little, learn and after go further” (*Interview 3*). During the *Workshop in medical tourism* the representor from the German committee has also concluded that the priority during Portuguese medical promotion should be given to the markets from which, the patients have already shown the interest in obtaining the treatment in Portugal or they are already searching for available medical options. (Figure 4.2.2.2)

**Figure 4.2.2.2 - How to prioritize the opportunities**



Source: Workshop in Medical tourism, 2017

Enhancing the same idea, the respondent from the *Interview 6* described the upcoming promotion campaign in medical tourism, which will be applied from one market to another. The planned activity will be directed to market penetration, starting from Germany, which is considered to be one of the most demanding markets. Where after, with obtained knowledge and experience Portuguese healthcare companies will continue internalization process to other markets.

“As I mention we want to start some surgical road show in the next 3-4 month. For instance, going to one or two markets. From the beginning we think that German market is interesting. Although, we think it is one of the most difficult and challenging markets, but if the things work with them, most probably it will work with the others too.” (*Interview 6*)

Although this type of promotion can lead to better understanding of market specifics, it is not possible to generate common strategy for all the markets at once, because “**the strategy will be one when you are targeting, for example, an African country, and it will be completely another one when you are targeting the german market**” (*Interview 6*).

#### ▪ Types of services

Another challenge of the product development strategy, which is a crucial part of internalization process, is to identify top medical services which will serve as a main reference of Portugal during promotion in medical tourism. The results obtained in the course of the interviews have showed that all the respondents solidary agree that the structure of the Portuguese medical offer in the international market should be based on the services, mentioned in the Working Group list (Chapter 2.2.4.1).



“The health products which should be included to the offer should correspond to the list, generated by the Working Group” (*Interview 8*).

Due to the fact that the following work has mainly focused on therapeutic tourism, a subtype of medical tourism, which involves rehabilitation, post-operational care, medical check-ups and diagnosis, special attention was given to the interview results about an opportunity to develop medical offer in this area. Following the opinions of the respondents the conclusion was made that European countries have already identified that preventive health measures are the key to reduction of future health care cost. It is a present topic of interest, especially for the insurance-based healthcare countries (Germany, the Netherlands, France, Luxembourg), because providers are interested in cutting expenses for treatment of illnesses, which can be reached through improvement of residents’ health conditions. It leads to the conclusion that a well-structured medical offer in therapeutic tourism can attract patients to Portugal from the above-mentioned countries.

“They focus on the protection of the members and prevention of the sickness in order to spend as less as possible and to think about the middle term sustainability of the funds.” (*Interview 1*)

“We have the perspectives in post-operative treatment with the patients from Germany. Currently, we already have the Germans, who take this type of treatment in Portugal, because of the insurances.” (*Interview 5*)

Additionally, the results of the analysis have showed that the respondents consider Portugal to be the place with comfortable natural conditions either for post-operation services, rehabilitation care or preventive treatment. Indicating positive impact of mild climate on more effective recovery in combination with such factors as well-developed facilities and experienced professionals, this type of offer can represent the potential niche in medical tourism for Portugal.

“In addition, it has a mild climate for most of the year that allows recovery in conditions that few European countries offer” (*Interview 4*)

“Algarve has got the weather conditions, very good for rehabilitation. Let’s say, if you got the ankle problem and you are on the waiting list to be operated in England, Sweden or Norway, you can easily do the operation in Portugal and do the recovery in much better conditions” (*Interview 2*)

However, the respondent from the *Interview 3* emphasized that in order to be successful in attraction of the patients for obtaining rehabilitation services in Portugal, the companies should

separately promote it. **“Rehabilitation could be the niche with a high potential for development in the future. But for this it would need to be promoted and have the characteristics separated from the other medical services”** (*Interview 3*).

The results of the interviews show that Portugal has the potential to develop medical offers whether in surgical or in therapeutic tourism, based on the services, mentioned in the Working Group list. Nevertheless, the opinions divided regarding the fact if Portugal should concentrate only on 2 or 3 medical areas in order to generate the reputation of the specializing medical hub or promote all above-mentioned medical services simultaneously.

Adhering to the position of specialization, the respondent from the *Interview 3* emphasized that **“the more specific the companies get in their offer, the better chance to succeed”**. Given the description to the current international activities of the private healthcare companies the respondent from the *Interview 3* defined it as an attempt to sell all medical services at once instead of demonstrating its competitive advantages in specific areas. **“The problem is that in most of the cases the private companies are trying to promote everything what they have, without creating the special campaigns”** (*Interview 3*). Supporting the same point of view, the *Interview 5* concluded that offer from private Portuguese companies is seen rather unstructured than focused. The respondent explained that in the search of a greater number of international patients companies tend to demonstrate that they are highly-qualified in multi-disciplinary medical activities and can provide top treatment almost in every area. While different countries are associated to specific medical activities, like for example, India which is highly specialized in cardiothoracic surgery or Morocco which is popular for sex-reassignment surgery, Portugal still should gain the reputation in medical tourism. That’s why some interview respondents consider that until Portuguese companies don’t change the approach of its promotion, making some health providers responsible for one area and other providers concentrated on different one, it will not be effective in gaining the reputation and attracting foreign patients.

While admitting that specialization approach represents effective way of promotion in medical tourism, the respondent from the *Interview 6* demonstrated another opinion on this question, explaining that currently it would be very difficult for Portugal to focus only on two or three specific medical areas. It is connected to the fact that every healthcare private company that is participating in internalization process makes contribution to general promotion of Portugal as a

medical destination. Upon the condition to narrow the list of the advertised services, it would mean to lose several important stakeholders. For that reason, the respondent from the *Interview 6* concluded that narrow-oriented offers would be possible only within the following circumstance: Portugal already established itself as a top medical destination.

- **Conjoint offer with tourism entities**

As for involvement of different stakeholders the previous research conducted by the Working Group established close interconnection between the tourism industry and the healthcare sector in medical tourism (*Article 12*). It was advised that the services from both sides would be aggregated into structured and commercialized package. However, in accordance with the results of the interviews another point of disagreement raised regarding *the relevance of medical travel packages*, which usually include additional services such as transportation, accommodation, translation and tourism sightseeing programs.

Several respondents have expressed their positive view about integrated offers. By way of example, *Article 1* and *Article 9* state that final product in medical tourism doesn't include only medical component, it is also based on such important elements as accommodation, transportation and leisure services. Eventually, the patient will evaluate the impression from the whole medical trip experience. That's why to some extent every component has its impact on success of the offer.

What is intended is not to offer a certain medical procedure, but a package that also involves the trip, the hotel component, the companions, a leisure component, and that all these realities contribute to the success or failure of the final product. (*Article 1*)

“Health tourism and Medical tourism in particular, are an offer composed of diverse motivations, related to component medical and leisure activities.” (*Article 9*)

Contrary to the common agreement of the respondents about the importance of integrated offers in medical tourism, the *Interview 6* provided different opinion. The respondent specified that the potential patients are mainly concentrated on medical treatment while giving less importance to other services. Then prior to the trip patients tend to search for additional services by themselves. **“We thought it was important to bring the initiative together, to bring someone who can design the package. But at this time we don't think it is very important”** (*Interview 7*). It leads to the conclusion that medical travel packages lose its relevance in the process of obtaining medical services in foreign country. From the other side, the respondent indicated that in case when patients need specific assistance

in planning their medical trip, Portuguese private health providers demonstrate lack of the willingness to be involved in it. Because, in accordance with their opinion, their capacity is already fully consumed by the medical services, and they cannot extend their efforts to other areas. **“People from the hospitals want to focus on the health, they think that the other issues should be treated by the partners. They don’t want to be involved because they think it is already too much for them” (Interview 7).**

Taking into consideration both opinions about importance of medical travel packages the respondent from the *Interview 8* explained in which form packages can be effective. In such a manner in accordance with the *Interview 8* there is no need to create the packages in advance and after search for client to sell it. Instead of this model it was suggested to prepare packages only when the Healthcare provider has already the clients interested in the medical offer and based on the clients’ needs structure the package with correspondent services.

Confirming the effectiveness of the proposed model, the *Interview 7* showed that some healthcare providers already apply this concept. **“We try to make the patient feel fully supported by providing transfer, translation, hotel and some more specific services when required. The protocols established with the hotels and the location, side by side, constitute an advantage and great convenience for the patient.” (Interview 7).** In this case it is important to establish a close cooperation between the tourism entities, such as hotels, transportation companies, travel agencies and destination management companies, in order to be able to respond to the clients’ needs in a timely manner. Consequently, it will help to reduce general price of medical trip and also to create comfortable conditions for the patients.

#### **4.2.3. Collaboration of stakeholders**

In accordance with the following research it was established that one of areas which deserves special attention is interconnection among different stakeholders across medical tourism industry. Medical tourism facility encounters several difficulties in the process of internalization, and collaboration efforts of the stakeholders represent main solution to overcome these challenges. The involvement of different counterparts within medical tourism industry should bring together not only the capital and resources but also knowledge and forces of the specialists expertizing in different areas. (Kotler, 1984). Therefore, medical tourism facility should consider that stakeholders take part in financial solutions, as well as in decision-making process. (Joppe, 2013)

Based on the results obtained from the analysed sources it was distinguished that most of the existing challenges in internalization process of healthcare in Portugal are coming from the lack

of cooperation and commitment from the side of the stakeholders. **“One of the main problems which has a huge impact on the final results of the project for development of medical tourism is the cooperation between different stakeholders”** (Interview 3). In the course of the interviews the respondents concluded that without proper involvement and tight cooperation between such stakeholders as the private healthcare companies, the government and the tourism entities, it will be almost impossible to establish an image of medical destination.

“On my opinion, the key for a success in this initiative is great commitment of the players. I think at this time we have a commitment, but not a great commitment. Without cooperation it will not work” (Interview 6)

- **Private hospitals**

Since the main component in medical tourism is a medical product, the strong commitment from the side of the healthcare entities is the only condition under which Portugal will be able to continue development of the international healthcare offer. **“In the Tourism industry we have the knowledge how to promote outside of Portugal, we also have the delegations from the Turismo de Portugal in the markets, but to do it we need the medical product.. And the problem is how to convince the private and the Health industry to have the products”** (Interview 8). Taking it into account, the following study was focused on obtaining the opinions of the respondents regarding the effectiveness of the healthcare entities in the internalization process.

For me it is clear that it is not possible to go on with the Medical tourism operation without them.

If they say we are not interesting, there is no sense to continue. (Interview 6)

Previous research, conducted by the Interministerial Working Group in medical tourism, determined that the *international medical facilities in Portugal could exist only in a model of private entity*. In the course of the interviews the respondents expressed their positive view regarding this decision, having supported it with such arguments as high internal demand from the Portuguese population in public health sector and, consequently, long waiting time for treatment and high occupancy of public hospitals, as well as reduced capacity of facilities. Based on the obtained information the focus of the study was made on private hospitals.

“The private providers should be the drivers of the whole process. Because these are the private hospitals which can prepare the high quality product” (Interview 3).

“The public hospitals have certain points to resolve inside the country: waiting lists, for example. It will be difficult for them to cope with this reality.” (*Interview 6*)

From the reviewed literature it was established that the private health sector plays very important role in national entrepreneurial market of Portugal, especially in respect of inpatient care. As per the National Statistical Institute the internal demand for the services of the private hospitals has significantly increased in the recent years. Although, in parallel with activity on national market several private hospital groups take part in the development of international offer, in accordance with the opinions of the respondents ***their involvement to internalization process is not sufficient***. Most of the respondents referred to the fact that the private hospitals have their ***capacity fully consumed*** with demand in the national market. It results in the ***lack of the incentives*** to attract foreign patients, because it would imply additional financial investment alongside with other resources.

“the majority have the hospitals with 90-95% of their capacity. When you ask someone who have 90-95% capacity fulfilled if they are satisfied and some of them they have the difficulties to answer to demand, they don’t feel the need to look forward for the new markets because they are comfortable with actual situation” (*Interview 1*)

The respondent from the *Interview 8* indicated another reason that affects the initiative of the private health groups to participate in massive medical tourism – ***profitability***. From one side the private providers are the hospitals, but from the other side, they represent commercial companies. And as any other company the private hospitals are interested in making their activity profitable. Due to competitive environment on international market of medical tourism, the companies would face limitations to practise elevated prices for exported services. **“And because the capacity is full, what they want is the rentability. And if they work in the massive tourism, the price is very low, therefore, they are not interested in that”** (*Interview 8*). Therefore, the respondent from the *Interview 5* concluded that the Portuguese health companies adhere to the position of providing more expensive medical services to less patients, rather than treat bigger amount of the patients with reduced prices. Even in spite of the fact that in case of efficient organization of the work the second approach could be more profitable. **“Also we still didn’t understand the following: it is more beneficial to operate 20 people and to gain the profit of million euros, than to make surgery for 5 people and to earn 500.000.”** (*Interview 5*)

As it was mentioned before the private hospitals currently do not consider medical tourism as their prior activity, although, the respondents think that situation can be dramatically changed within

the time. **“The companies react to the market changes and the stimulus. As long as they feel the trigger happens, we will get their strong commitment”** (*Interview 6*). In the course of the interviews it was admitted that healthcare ***market is constantly changing***. With the development of new technologies, increase of life expectancy rates and availability of new drugs, international demand for medical services can significantly grow. The respondent from the *Interview 1* also highlighted the fact that the situation on the national market can have an impact on activity of the private hospitals as well. Once the public hospitals in Portugal improve their efficiency and productivity, the demand for services in the private health sector will decrease. In view of this, the private hospitals admit the importance of creating the background for involvement of Portugal to medical tourism industry, but with current circumstances, they don't prioritize its activity.

The healthcare is changing, because of the new technologies, so the needs in the future will not be the same like we have now. And we must put it into the considerations what are the needs for the healthcare in the nearest future. (*Interview 8*).

The research revealed that apart from the lack of intention to be involved to medical tourism, there is an existing ***problem on the level of cooperation between the stakeholders***. The respondent from the *Interview 3* mentioned that the private hospital groups, which promote medical services abroad tend to act alone, rather than being collaborative with other groups. Given that the process in medical tourism seen as a chain reaction, while planning and working together, the hospital groups can more effectively get the final result – generate the image of Portugal as a medical destination – which, consequently, will benefit all stakeholders. Supporting this point of view, *Article 8* confirms that the individual initiatives in the form of projects can lead to additional understanding of foreign markets. Although, in order to guarantee continuous flows of patients to Portugal, the work should be cooperative and represented by multiple stakeholders.

The companies should express their ideas and advice on the meetings. Then, all together the companies have to go to the markets, on which they decide to focus. It is very difficult to achieve anything in terms of creating recognition for Portugal as a destination for health care services alone (*Interview 3*)

The private sector has had some individual initiatives that face the difficulties inherent in the lack of scale of small individual projects. Punctual projects may serve as generators of experience and learning but will be insufficient to guarantee continuous demand flows directed to Portugal. (*Article 8*)

While some respondents consider that the main problem affecting the outcome of international activity in medical tourism is the lack of involvement and collaboration, the representatives from the health sector also think that without the government support it will be difficult to change the current situation.

▪ **Government**

The practice in medical tourism has showed that government involvement plays a crucial role in coordinating, marketing and promotional activities of destination (Horowitz, 2007: 33). While in several medical destinations government appears as a main coordinator of medical tourism industry, the other countries benefit from market legislation, which provides stimulus for healthcare private companies, for example, in the form of tax relief for building facilities, using medical hardware and offer promotion (deduction on the expenses incurred) (Pocock and Phua, 2011).

Having analyzed primary and secondary data regarding the current situation on the Portuguese market, it was concluded that currently the government is not directly involved into development of medical tourism industry. Also, its participation in the process is characterized as scarce. Although, the respondents mentioned that involvement of the government to the process could be a key to success in promotional activity of Portugal. **“We realized that if the government doesn’t decide to contribute to this specific type of the Medical tourism, there will be no chances for success”** (Interview 5)

**Table 4.2.3.1 – Roles of the Portuguese government in medical tourism industry**

Coordination activity in Medical tourism	Promotional endorsement	Legislation regulation of Medical tourism activity in Portugal
<ul style="list-style-type: none"> <li>• Participation in definition of the offer in Medical tourism and target markets;</li> <li>• Framing the potential investment to the projects in Medical tourism;</li> <li>• Acting as a facilitator of the private health care activities in Medical tourism.</li> <li>• Representation of the integrated offer from different Portuguese health providers on international fairs;</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of the network of established contacts on the international level;</li> <li>• Controlling the promotional activity while private hospitals opening the new target markets;</li> <li>• Development and application of established international agreements with other countries in the Medical tourism industry, f.e., memorandums of understanding</li> </ul>	<ul style="list-style-type: none"> <li>• Development of regulation for issuing special type of medical tourism visas;</li> <li>• Coordination of the processes in accreditation and development of facilities;</li> <li>• Implementation of medical tourism regulatory framework laws.</li> </ul>

Source: Author elaboration based on the primary and secondary data



For the purpose to summarize the opinions regarding potential roles of the government in medical tourism the *Table 4.2.3.1* was elaborated based on secondary and primary data. The respondents, referring to an example of certain destinations such as Poland or the United Arab Emirates, expect that the Portuguese government will develop **legislative framework strategy** (*Table 4.2.3.1*). It could establish terms in medical tourism industry, which will be followed by all stakeholders. In accordance with the framework it will be possible to set the regulatory standards, assess the integrity of Portugal as a medical destination and also determine procedure for statistical collection of data that will analyze patient flows and outcomes of the industry.

Due to the fact that accreditation is a must for the hospitals involved to medical tourism the common standards could be drafted and regulated by the government. It is important because of the diversity of accreditation channels on national and international levels, which can lead to the unequal standards of quality. Hence, the regulatory framework of accreditation could ensure that foreign patients as well as local ones have the same quality standards.

Apart from it, the study has showed that the respondents see the **government endorsement in the international promotion** of Portugal as an essential part in medical tourism. The *Interview 3* highlights that “**The biggest help that can be provided by the government is established network of contacts**”, meaning that the government can be the linchpin between the Portuguese health companies and a group of state officials, ministers of health and the main decision-making figures from the leading companies, involved to this industry. Furthermore, the government should be committed in development of trade agreements with other countries in medical tourism industry, as well as using already existing agreements for liberalization of trade of medical services. “**For example, Portugal has the memorandum of understanding signed with the United Arab Emirates from 2008 and we never took advantage of it.**” (*Interview 5*). The *Interview 8* also provides the idea that participation of the government representatives during opening of new markets in medical tourism can ensure quality guaranty of medical offer. “**They must open the markets conjointly with the government through the negotiations**” (*Interview 8*).

Additionally, the interviews have showed that it is expected that the government will perform **coordination role in medical tourism industry**. It can be expressed in defining offer in medical tourism as well as indicating target markets and supervising framing of potential investment to the projects. “**We understand that it is the State's role to frame the possibility of investments in this matter, but**

**it is not up to the State to make that investment,"** (*Article 4*). The role of the government as a coordinator of the whole process is seen by the respondents as an essential, as it will help to structure the separated offers from the private health providers and integrate it to the single proposal, which can represent Portugal as a medical destination. **"Portugal is represented by Hospital X, Clinical Y and Hotel Z individually, and each one is trying to make their own promotion"** (*Interview 4*).

Based on the results, obtained in the course of the study, it was possible to define that the problem which slows down the development of medical tourism industry in Portugal is connected to the fact that roles of the leading stakeholders are still underdefined. While the private health groups are expecting for initiative from the government to take the role of coordinator, the Portuguese State is not prepared to be a leader of the whole process in medical tourism. **"I know that the Ministry of Health from the actual government and the previous government would not accept to be the leader of this kind of the initiative."** (*Interview 6*). The *Interview 6* indicated that **"the authorities are available to form the initiative from the civil society, from the market, from the operators. And if it is done then the government will go with them and support them"**, meaning that the private health providers should be the pushing power in medical tourism. Alternatively, the respondents have proposed to announce ***Health Cluster as a central coordinator in medical tourism of Portugal.***

"The companies need the coordinating centre presented by Health'n Portugal that can manage the plans, collaborate with the government and the other providers." (*Interview 3*)

The current activity of the organization is directed to promotion and support of cooperation between the entities involved to health care industry in order to increase business volume and exports of the services. In the course of the interview the representative from the Health Cluster could express positive attitude to take coordination responsibilities in medical tourism. **"Health Cluster is available to be the leader but in a form of coordinator, to be the link of different parts."** (*Interview 6*). More importantly, the Health Cluster has already made significant efforts in integration of the stakeholders in medical tourism, although the final results are seen by the respondents as not efficient, which is mainly connected to the lack of involvement and collaboration between the private health groups. Therefore, the main problem seems like a despair circle, for resolution of which there should be great commitment of the stakeholders to the process, well-defined roles and tight cooperation.

Health'n Portugal cannot act alone in building the plans for medical tourism development. The work must be collaborative. The companies should express their ideas and advice on the meetings (Interview 3)

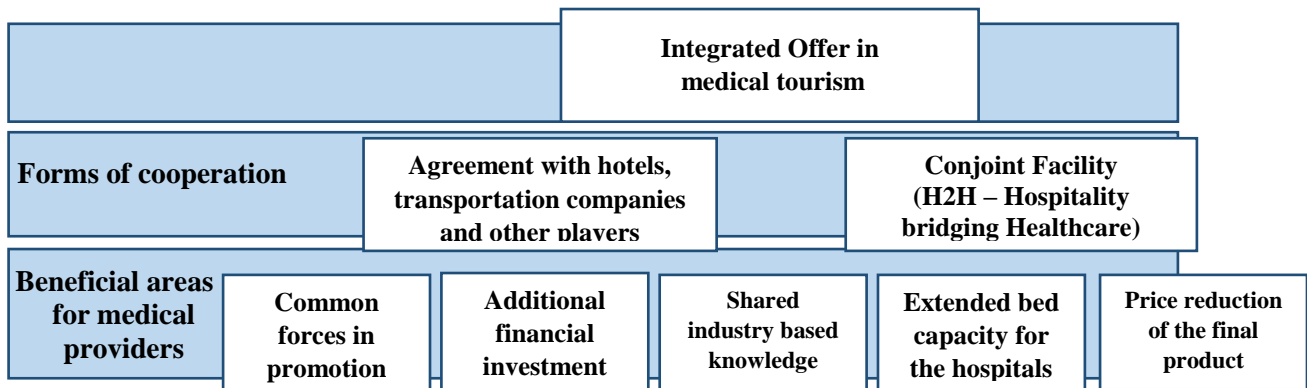
- **Cooperation with tourism industry players**

In the course of the interviews the respondents indicated hospitality as another key sector, which has interconnection with healthcare in medical tourism.

Under the condition of tight cooperation, development of medical tourism industry within the destination can bring advantages for both sides. Thus, tourism companies can benefit from reduction of seasonality, tourism product diversification, additional revenue across the industry and inversion of “brain-drain”. Additionally, strong reputation of the country in the healthcare will reinforce general image of the tourism destination. **“When you associate the healthcare, you associate the good quality destination. So, it is very important that government institutions will try to push this image very hard and they will improve this type of tourism a lot”**

From the other side, through tight cooperation with hotels and transportation companies the private hospitals can enhance development of medical tourism. **The biggest values represent the cooperation between hotels, airlines and hospitals. If we achieve cooperation between these three agents, Portugal's representativeness at international level increases immediately.** (Interview 4). In order to demonstrate the results obtained in the process of analysis regarding the areas of cooperation and the potential advantages resulting from it, the *Figure 4.2.3.2* was elaborated.

**Figure 4.2.3.2 - The beneficial areas of cooperation between healthcare and tourism industries**



Source: Author elaboration based on the primary and secondary data

The analyzed data indicated that potential cooperation between hotel groups and the healthcare providers can be performed based on following models: ***agreements (memorandum of understanding) for provision of services*** and ***conjoint projects***, which exist either in the form of the hotel, built with high proximity to hospital and separated department for medical services, or in a form of single facility under the same ownership (*Interview 8*).

Depending on the established model of partnership the interview respondents expressed their opinion about the potential advantages which can be gained in the process of such cooperation. As it was previously mentioned in the *Chapter 2.2.1* the health system of Portugal is currently focused on resolving two main issues: health system efficiency and equipment capacity. The additional flow of foreign patients to the private health sector would increase pressure on the hospitals by raising occupancy rate of beds, which in its turn would also effects price of inpatient hospitalization. Therefore, several respondents suggested to ***perform post-operation and rehabilitation treatment in the hotel facilities*** under supervision of medical staff. “Besides of that there is one thing that Portugal should be doing especially in Algarve – cooperation between the healthcare facilities and the hotels. Let’s say the operation – 1 day in the hospital, 3 days in the hotel for recovering, visited by the doctors.” (*Interview 2*). The respondent from the *Interview 2* explained that while moving patients for rehabilitation to hotel facilities, bed cost per day goes significantly down. It provides an opportunity to ***diminish overall price*** of medical package, making it more competitive in comparison with other offers on the market. Besides that the *Article 2* highlighted that while patients stay in hotel facility after operation, recovery process is accelerated and risk to get infection is much lower.

“If you stay one week post-operation in hospital it will be expensive in any case. But if you diminish the cost by moving the patient to the smaller facility, just to sleep over with a daily visit of the doctor we can, probably, create attractive price”. (*Interview 2*)

“When the postoperative takes place in hotel developments, with medical supervision, there is a lower risk for the users to contract infections. Rehabilitation is accelerated, hospitalization costs are reduced and seasonality in the hotel industry is reduced.” (*Article 2*)

Another advantage resulting from cooperation between two industries is related to ***conjoint forces in promotion of final medical product***. From one side, cost sharing during the promotion can diminish investment contributed by each stakeholder to marketing campaign. And, from the other side, due to the diversified network of the marketers, the promotion of medical offer can reach

wider range of customers. **“In the Tourism industry we have the knowledge how to promote outside of Portugal, we also have the delegations from Turismo de Portugal in the markets, but to do it we need the medical product” (Interview 8).**

The industry-based knowledge can also have positive effect on creation of structured promotion campaigns. The respondent from the *Interview 5* explained that currently while creating promotional materials the specialists comprehend tourism industry but don't have a notion about medical tourism or on the contrary. Consequently, the promotion culminated only in loss of invested money. Accordingly, exchange of knowledge would result in creation of effective promotion material.

Additionally, the marketers from the tourism industry, while making a focus on safe and affordable medical product will simultaneously help to overcome psychological barrier, which patients face during decision-making process. Apart from it, experience of the tourism industry in brand development and customer loyalty strategies can result in broader amount of satisfied customers sharing their experience in the media.

The results of the research established that cooperation between two industries already exists, mainly, in the form of agreements, which allow to provide tourism services in a timely manner and at reduced price. Although, *the Interview 8* highlighted that it has been adapted only by several private groups while the healthcare industry as a whole is not prepared for it. Considering that medical tourism includes two components, medical procedure and tourism product, cooperation can be productive only in case of high dedication from both sides: the private hospitals and the hotel groups. The results of the interviews has showed that this fact serves as a main problem which restrains development of new projects in medical tourism. **“From the tourism side we are open and flexible to receive the clients, make the projects and sell it. But we need first of all the medical product. That's why we are talking about this so many years and nothing happens” (Interview 8)** Because while tourism industry is completely open for collaboration, the private hospital groups do not demonstrate the same initiative. Inasmuch as it is not possible to operate without medical product, currently the tourism industry can only work on the reinforcement of general image of Portugal as a destination with well-developed healthcare system.

The example provided by the respondent from the *Interview 8* confirms above-mentioned conclusion by explaining that the attempt to create the medical hotel facility was already made by

one of the hotel groups. The initial idea has implied the development of a separate facility, which would be dedicated to rehabilitation of patients transferred from hospital after medical procedure. Although, in the result the hotel group had to construct the wellness facility which was due to difficulty to ensure the private hospitals to move their services to the hotel.

The research signified that sceptical attitude of the private hospitals to create the conjoint facility with hotel groups can be connected to association of the tourism industry with leisure and relaxation. Thus, the private hospitals see wellness tourism as more conceivable area of cooperation with hotels rather than medical tourism.

**“Considering that the tourism industry has its specifics and represents more relaxation rather than surgery, the potential of the cooperation with healthcare sector lies mostly in wellness tourism.”** *(Interview 3)*

In such a manner the research has showed that current level of cooperation between healthcare and tourism industries still has a room for improvement. The tourism industry is flexible for new initiatives, that is why the final result will mainly depend on involvement of the healthcare private sector. The private hospitals need to admit that such type of partnership can only make patient experience more satisfactory and, consequently, enhance the position of Portugal in the international market of healthcare.

#### **4.2.4 Promotion of Portugal as a medical destination**

The previous research, conducted by the Working Group, has determined that the Portuguese health companies face with a major difficulty to promote competitive advantages of Portugal in medical tourism. The literature review identified that this problem is connected to lack of reputation in the healthcare, foundation of which depends on association of the country with certain specialities and characteristics. While Portugal is rather seen as a tourism destination, the health companies need to apply well-structured promotion strategies for changing stereotypes and building a solid image in the healthcare. Accordingly, several questions of the following research have been directed to comprehend the current marketing activities of the Portuguese health companies and their effectiveness in the process of establishment of reputation.

- **Word-of-mouth promotion**

The research established that due to tangible qualities of medical product, marketing activities of medical providers should be concentrated on development of “word-of-mouth” communication. The respondents explained that during a search of medical providers patients firstly tend to approach their network of references, in particular, their doctors, friends or family members, and in case of their unavailability, the patients address to online reviews in the crowd-sourced system. The *Article 1* highlighted that an objective of marketing efforts should be directed not on communication of message that the country is the best, but on establishment of trust and recognition of healthcare among the target markets. That is why “word-of-mouth” promotion is considered to be one of the most convincing marketing strategies, applied in medical tourism.

“And to finalize the promotion, it is essential - and it is not worth it to be saying that we are the best, but the final recipients, the markets where we want to act, to recognize it” (*Article 1*)

The following research has showed that the private health companies are engaged in both digital and traditional marketing activities. The *Table 4.2.4.1* demonstrates the sources, mentioned by the respondents, as the tools which are currently applied by the Portuguese companies in promotion of medical services.

**Table 4.2.4.1 – Promotion sources applied by Portuguese companies in Medical tourism**

	Type of promotion	Citation from the interviews
Digital marketing	National portal / websites of the companies/blogs/social media	“If we look at the results of the project and what was achieved, we can see that, basically, it was possible only to finish the Portal.”( <i>Interview 3</i> )
	Promotion video	“Another support, we are working on and by the end of the next month it will be finished, is a small video of about 2-3 minutes. This could be useful for our network of the salesmen, which we were talking about”( <i>Interview 6</i> )
	Google advertising	“We have some contacts with Google, as you know it is normally, very expensive options. But I think, at the end of the day we should do it. Because if you are not on the web you are not known”( <i>Interview 6</i> )
Traditional marketing	Advertising in the airport of Lisbon	“Portugal needs to invest money into the promotion. The advertising should be done in the airport, TAP” ( <i>Interview 5</i> )
	Brochure	“The brochure should help the reader to create some trust. And this is important not only to the customer, but mainly to those kinds of word-to-mouth prescribers. The idea is that we can distribute it, for example, by our diplomatic network”( <i>Interview 6</i> )
	Advertising in the specialized magazines and journals together with opinion leaders	“In this kind of the initiative we also attempt to apply the strategy, that was successful with normal tourism, it is to find specialized journalists and key opinion leaders” ( <i>Interview 6</i> )
	International fairs	<i>Interview 2</i>

Source: Author elaboration based on the primary and the secondary data

In order to enhance word-of-mouth network, the marketing resources mentioned in the *Table 4.2.4.1* are distributed by the private health companies through B2B (Business to Business) and

B2C (Business to Consumer) communication channels. Thus, the materials are targeting not only final clients, but also word-of-mouth prescribers, such as travel agencies, insurance companies, International Health Service boards, key opinion leaders and specialized journalists. Although the interviews stressed the importance of both communication channels, several respondents indicated that B2B model is more effective and more promising in return on investment.

“And also, whether we want to offer B2B relation or B2C relation. The answer, in my opinion, we want both. But it is a difficult strategy according to this option.” (*Interview 6*)

“Considering that B2C is very expensive, and the chance to get the results is very low, the companies should be very careful about choosing the target markets. If the company has the established connection with the foreign units from where they can get the client, this is what gives the real results” (*Interview 3*)

Apart from it the respondents signified role of the government in the promotional activity in medical tourism (B2G – Business to Government). As it was mentioned in the *Chapter 4.2.3.* of the following paper the government endorsement can serve both for enlargement of reference network and as a stamp of quality guarantee of advertised medical services. The respondent from the *Interview 5* suggested ratification of a ***memorandum of understanding (MoU)*** between the Portuguese government and the target markets as a means of strengthening collaboration between Parties based on similar rights. **You need to have the memorandum of understanding with which the State receiving the patients has to proof that they have the quality facilities, the highly specialized professionals, provide the security which allow them to confident people in case of some accident** (*Interview 5*). Having analysed the current involvement of the government on this level, the respondent from the *Interview 5* drew the conclusion that certain bi-lateral agreements, which have been previously signed with target destinations, have never been brought into requisition in the process of medical tourism. Thus, the respondents admit that there is a plenty of room for improvement in relation to the Portuguese government endorsement for marketing activities in medical tourism.

The majority of the respondents agreed that leading destinations in medical tourism are not the ones which have the best doctors or technologies, but the ones which can effectively communicate the information about the quality. Consequently, the interviews outlined another area that needs improvement from the side of the Portuguese private hospitals, namely – information exposed on the websites about ***doctor’s curriculum and successful stories of medical procedures***. The *Interview 1* and *Interview 5* introduced the example, of ineffective marketing campaign that has



publicized successfully performed operation to famous football player Cristiano Ronaldo. **We don't know how to promote ourselves. We need to make a very strong work on this level. The doctor who has the excellent hands, which operated Ronaldo, obviously, is not a marketing professional. But we need to make his image as best as possible** (*Interview 1*). The respondents highlighted that the **information about famous person involved into well-performed medical act can serve as the best way of building** medical destination reputation but only under the condition of effective marketing strategy. Confirming this conclusion, the *Article 7* demonstrates an example of MALO clinic that achieved its success mainly through “word-of-mouth” promotion based on reputation of renowned doctor Paulo Malo in dental treatment, who regular **participated in international congresses and publications of specialized articles**.

As a promotional approach, that has worked more consistently has been the medical referral for more complex cases, due to the notoriety achieved by Dr. Paulo Malo worldwide, with regular participation in specialty congresses, the flow innovation and published scientific articles. This approach has been at the genesis, as a promotional factor, giving way to the most consistent way of promoting our services, which is the “Word-of-mouth” (*Article 9*).

Considering that the information presented on the internet stands as a bargaining chip between potential clients and medical providers, the respondent from the *Interview 5* suggested the development of a **booking platform** as a new marketing tool in medical tourism. The concept of the booking platform would allow potential patients to review existing offers from different providers and select the most suitable program by their own. The platform could help the providers to build confidence among clients by providing transparent information about prices, medical staff, program details, reviews from other patients and additional services which can be included to the package.

We have other reality, like booking platforms; it is an international reality which we should apply. It functions like Booking.com for the hotels but for medical services (*Interview 8*).

- **Involvement of stakeholders to promotion in medical tourism**

During the *Interview 5* the respondent stated that Portuguese facilitator has already previously made an effort to create a platform which would serve as a Google for medical services, but it didn't produce any results, which was due to the **lack of dedication from the side of the private health groups**. Therefore, it leads to the idea that apart from well-developed marketing strategies and tools, there must be high devotion and cooperation among the health groups. The *Article 3*

emphasizes that “**in this triangular relationship there is no place, as in the SNS, for passive users to whom an administrative machine assigns a hospital, a doctor or a destination**”, which means that without high dedication to the process all efforts of the providers will result only in loss of investment.

“The idea was to create the Google of the surgery. We wanted to put all the hospitals which provide the surgery and to demonstrate everything what hospitals have, and as a result for people to have easier search. But what has happened is that everyone did it independently, no one wanted to aggregate it”

*(Interview 5)*

Having analyzed, the obtained information about marketing activities in medical tourism, it was determined that there is no profound devotion from the side of the private health groups (*Chapter 4.2.3*). This conclusion refers to the private healthcare sector as a whole, which doesn't mean that some private hospitals are not actively involved in the internalization process of the medical services. Additionally, the majority of the respondents consider that the companies tend to carry on individual projects, rather than trying to collaborate with each other. Consequently, it restrains establishment of regular patient flows.

“On my opinion, the key for a success in this initiative is great commitment of the players. I think at this time we have a commitment, but not a great commitment. Without cooperation it will not work”

*(Interview 6)*

“Several companies have the ideas, but, unfortunately, they are afraid or don't want to share it, trying to go ahead alone” *(Interview 3)*

As it was previously mentioned in the *Chapter 4.2.3*, the lack of cooperation is also related to ***the fact that the roles of the stakeholders in medical tourism*** are underdefined. Along these lines, the private health companies are expecting for coordination initiatives from the Portuguese Government or its official delegates. And, on the contrary, while endeavoring to unify forces of different stakeholders to a single project Health Cluster faces with a major challenge, which is all over again associated with the lack of involvement of the private health groups to the process. Thus, there is essentiality to determine a leading organization in medical tourism, which in cooperation with several private health groups, will open target markets and sell national product in medical tourism. Accordingly, this strategy will permit to reinforce the position of Portugal in the international market of healthcare, and from then onward each medical provider can carry on individual projects.

“The Health cluster should be the partner to scout the markets. The markets should be opened initially, so we need someone to sell.” (*Interview 8*)

“Firstly, we make the promotion to tag Portugal in the map, when Portugal will start to be recognised, each provider should do their work. The network between providers and the cooperation is something that is scarce in Portugal.” (*Interview 5*)

Apart from it the research distinguished another problem on the level of structuring the final medical offer. Although, the respondents underlined that effective proposal should integrate components based on the needs of target markets, the current research demonstrates that health groups attempt to promote all services at once instead of creating concentrated campaigns. In light of this, the national support would be valuable so as to organize presentations from various medical providers in more structured way.

“The problem is that in most of the cases the private companies are trying to promote everything what they have, without creating the special campaigns. And as a result, no steps to action. The more specific the companies get in their offer, the better chance to succeed” (*Interview 3*)

“Because when we came to this exhibition and we see that Turkey, for example, has the large amount of the pavilions with the presentation, represented in a very organized way. Looking at this we understand that this is done with the national support” (*Interview 5*)

While analyzing the obtained results regarding the marketing activities of the Portuguese health providers, the conclusion was developed that apart from the promotion strategies the measurements should be taken on the organizational level. Each medical tourism provider needs to understand if the involvement to the industry of medical tourism is essential for its activity or not. Then while deciding to participate, the provider should be prepared to combine its projects with the strategies of the other players in the national market. Likewise, for any destination to guarantee consistent international demand, it is important to set up promotion activities which rely upon profound knowledge of the dynamics in the target markets.

## **5. DISCUSSION OF THE RESULTS**

### **5.1. Introduction**

The main objective of the following study is to generate the conclusions which could serve as a foundation for development of competitive medical tourism facilities in Portugal. These conclusions are assumed to be obtained predicated on the simultaneous analysis of emerging trends in the medical tourism industry and current activities of the Portuguese healthcare providers in the process of internalization of medical services.

The section of discussion represents the results, obtained in the light of crosschecking the data from empirical part of the research and the reviewed literature, which are directed to make the judgments and enrich knowledge about the subject under the consideration. The study results are presented in conjunction with the research questions with the purpose to analyze the main problem-question from different perspectives.

### **5.2. Answering research question #1**

*What are the main attributes which can mainly characterize the occurrence of travel patterns to Portuguese medical tourism facilities?*

The following study determined that each country that exports medical services should clearly comprehend factors, which define the patients' choice of medical destination. Additionally, in order to be competitive in the international market, the medical destination should estimate its potential and strengths in the industry. Considering this fact, the first research question was focused on underlying the characteristics of Portuguese medical facilities in medical tourism, which could be subsequently used in the promotion.

Within literature different authors determine variety of primary factors which drive the patients to choose medical treatment in specific country. Thus, in conjunction of the results from the literature and the empirical part of the research it was defined that Portugal should mainly make reference to the following factors: quality of medical services, certification, well-developed facilities and professionalism of medical staff. Contrary to the opinions of the respondents, the literature sources also underline price as another factor which plays an important role in the choice of the destination (Smith and Forgione, 2007).

Although, the following research indicates that the relevance of the service quality and physician training predominates price importance, the literature review showed that patients tend to estimate all factors simultaneously (Smith and Forgione, 2007). It leads to the idea that apart from high-quality services medical tourism facilities should be ready to provide the competitive prices. Namely, overall cost of medical package should be reduced at minimum by 10% to 25% in comparison with the corresponding services in the target country. Both literature review and empirical part of the research established that the prices, which are practised by the private health groups in Portugal, are considered to be medium as opposed to European standards. The interview respondents indicated that price level for medical services is elevated due to expensive components such as bed charge and labour cost. Thus, it was highlighted that it is hard to influence on price reduction. However, several respondents also mentioned that margins generated by the private health sector are exaggerated (Chapter 4.2.1). This factor could be adjusted by the facilities themselves, but in accordance with the interviews the hospitals have different philosophy regarding this situation. Instead of being the part of massive medical tourism, what means reducing the margins and treating larger number of patients, the Portuguese private medical facilities choose to gain profit by doing the opposite: increasing the margins and providing the services to less number of clients (Chapter 4.2.3).

Having analyzed more precisely this issue, it was established that although excessive concentration on price in the marketing campaigns can create the perception of lower quality, likewise, the medical facilities should not overcharge price either, because the patients have the expectations of “base level” of treatment (Youngman, 2011). Therefore, in order to stay competitive, medical facilities should transmit a proper message to patients, emphasizing fair cost for better service quality than patients can receive at their residence-countries (Youngman, 2011).

Both literature review and empirical part of the research highlighted the importance of quality demonstration. One of the main tools applied for this purpose and simultaneously for attraction of foreign patients is accreditation of medical units. The transparent data about the accredited medical facility serves as a measure of quality, which, consequently, can be reviewed either by patients, or by insurance companies and facilitators. (Ratner, 2012). The interviews highlighted that while trying to obtain the accreditation medical facilities should aim at hiring qualified medical staff and providing the reasonable prices for the high-quality services. Although, the previous studies have

showed that some leaders from the health care sector question whether the accreditation is worth of the incurred expenditures and efforts (Øvretveit, 2001). During the following research the interview respondents, on the contrary, stated that the process of accreditation significantly increases the chances of the Portuguese facilities to compete in the international market of healthcare (Chapter 4.2.1).

The research identified that the accreditation can be also seen as another factor which results the price boost, because the hospital groups bear high expenses involved to this process. The conclusion about the increase in price arising from accreditation should not mislead to the fact that improvement of quality is correlated with price escalation. The reviewed literature defines contrary: the medical facilities, which regularly work on development of its efficiency, can reduce the total expenditures (Lighter and Fair, 2000).

The following research confirmed that quality of the services is considered to be the main factor that should be promoted by the Portuguese medical facilities in medical tourism. The reviewed sources established that Portuguese Health system has satisfactory performance indicators, resulting in medium position among the European countries. However, the research has showed that public perception of quality in Portuguese health sector is still not sufficient (Chapter 4.2.1).

Since the perception of the residents is one of the main elements which generates quality, the private hospital groups should work towards improvement of the reputation among the Portuguese. The research defined that most of the claims in private health sector refer to the “administrative procedures”, meaning that the locals are not satisfied with the current level of organization responses (prior scheduling, compliance to ERS, etc.), for this reason, the hospitals should direct its forces to increase its efficiency in this area (Chapter 4.2.1). Improvement of performance will lead to increase of reputation among the public, which in its turn, will result in satisfied patients who will be ready to pay extra for perception of quality (Lighter and Fair, 2000). From one side, it is important due to the strategy of the Portuguese private health groups, which tend to compete for higher income market in health sector, namely, charge higher margins for medical services. From the other side, it would be very difficult to assure the foreign patients to come for medical treatment while the locals cannot clearly respond to the question “Why to select Portugal as a medical provider?”

The analyzed data identified another factor which can serve as a pillar for building the reputation—professionalism of medical staff. It was also established that position of Portugal in relation to the human resources capacity in the healthcare is high in comparison with other European countries. The Portuguese medical professionals hold prestigious positions in different countries (Chapter 2.2.1). Moreover, medical training programs and facilities are renowned for wide-ranging results in various research fields. Chapter 4.2.1 of the following research emphasizes that labour mobility through agreements and hospital affiliations can enhance the reputation of medical tourism facilities. In one respect, the exchange of specialists can bring professional knowledge transfer. From another aspect, it can create more international image of the hospital, additionally, reducing cultural shock of foreign patients by demonstrating tolerance to other cultures (Harvey, Hartnell, & Novicevic, 2004).

In parallel with other motivation factors the interview participants also gave significant attention to the well-developed infrastructure and medical equipment, which, in accordance with their opinions, should be promoted internationally. Although, the interview respondents mentioned the continuous development of the facilities, the literature review indicated that there is a high dependency on the hospital sector in Portugal. It means that long stay in hospitals can lead to reduced capacity of hospitals to provide rehabilitation services. By way of alternative the analysed data provides the option of moving post-treatment services to hotel facilities. From one side, it can increase overall quality of rehabilitation programs, and, from the other side, patients can have an opportunity to stay after treatment in more comfortable conditions with people who accompany them. Furthermore, provision of hotel facilities for post-operation procedures can bring advantages to the hotel groups, resulting in reduction of overall cost of medical package as well as increasing bed capacity, which is currently considered to be one of the major problems in healthcare sector.

While the results of literature review defined that patients do not assess the motivation factors separately but rather do it simultaneously, the medical tourism facilities should focus on improvement of its performance in all above-mentioned directions, including quality of services, price rate, training of the medical staff and demonstration of the competence in the healthcare. But even though the competition on the medical tourism market is so high that only the destinations, which can successfully leverage existing strengths to enhance the reputation, are listed as top performers. Therefore, Portuguese providers should estimate its strengths and foster medical offer.

Thus, such comparative factors as climate, rehabilitation conditions, safe environment, affiliation to the European quality brand and reputation in tourism industry could be applied during the international promotion, depending on needs of patients from the target markets.

### **5.3. Answering research question #2**

*To which extent the lack of involvement and cooperation between private health providers, Portuguese government and hotel groups influence on international performance of medical tourism facilities?*

Based on the findings from the empirical part of the study and literature review, the second research question was designed to analyse the effectiveness of cooperation among the leading stakeholders and estimate its impact on establishment of reputation in medical tourism. Additionally, it was aimed to identify potential areas of collaboration of private health groups with Portuguese government and tourism providers.

In such a manner, the empirical part of the research defined several problems on the level of collaboration and devotion to the process of medical tourism. The initial issue lies in attitude of the private health groups to the internalization of medical services. Since the private hospitals have highly consumed capacity which is due to internal satisfactory demand, there has been observed the lack of motivation to invest extra capital to the promotion of medical services abroad.

Aiming to explain it, the respondents underlined that private health groups act as hospitals, likewise, as private companies. The public health sector in Portugal has high performance but it is also associated with long waiting time for obtaining services, that is why Portuguese patients tend to approach the private health sector for receiving treatment. It creates comfortable conditions in terms of demand in the private sector. Additionally, as it was previously mentioned, the business model of the Portuguese private companies is focused on gaining profit with higher margins, which means, avoiding increase in service production quantity. Massive medical tourism would lead to necessity to diminish prices, augment quantity of treated patients and maximize investment to the international promotion. Having unified these factors, the empirical part of the research enclosed that while the initiatives in medical tourism exist in the form of individual efforts from several private health groups, the Portuguese private healthcare sector integrally is not ready for internationalization of services.



Moreover, the private hospitals involved into medical tourism, keep following independent projects with limited collaboration among each other. By comparison, both literature and interview sources highlighted that sustainable development of medical tourism is possible only upon the condition of integration of the efforts from different stakeholders (Jagyasi, 2009). It leads to the conclusion that without tight cooperation and unifying projects from different health groups towards single target, the current activities will only generate experience and knowledge, but will not initiate the continuous flows of patients to Portugal. Because only conjoint actions can increase the opportunities to establish the reputation of the country as a medical destination.

The second issue, which was identified in relation to the private hospitals, is shuffling off the responsibilities for initiatives in medical tourism to other stakeholders. By way of example, the private hospitals explain that if government members do not deal at stake in development of medical tourism industry and will not be involved into its coordination, progress will be hardly seen. Meanwhile, as it was previously mentioned in Chapter 4.2.3 the representatives from the Portuguese government have already demonstrated willingness to support the initiatives from the private hospitals, although it fails to agree being a leader and generator of the projects in medical tourism. The previous studies conducted regarding the roles in medical tourism clearly determine more prominent function of private health companies in comparison with government and tourism providers contribution (Rezaee, 2016). Moreover, the literature resources state that it is not government responsibility to initiate or to lead such activities as development of strategic plans, formation of the responsible bodies or marketing actions in medical tourism. All of these initiatives have to be undertaken by the private health sector and tourism private companies.

Accordingly, the results of the research show that it is important to clearly identify the roles of the players across the industry in order to make the process more efficient. Although the functions of government in support of healthcare export significantly vary across the countries, it was possible to make the comparison of the provided opinions from the interviews with the published sources regarding this issue. Thus, across the literature the reference is actively made on support of government in commercial diplomacy, namely, endorsement in international promotion of destination, which confirms the expectations of the respondents. Due to well-developed network, the government agencies can establish connections between the Portuguese businesses and foreign markets. It can be reached either by invitation of the representatives from the private health sector

to official meetings with foreign delegations or allocation of commercial attaches in the Portuguese embassies. Although government doesn't need to act as entrepreneur, it can encourage the promotion with stamping it as "state-guaranteed".

Regarding the legislative role of the government there is a discussion across the reviewed literature resources. While several interview respondents mentioned that special legislation framework could generate regulatory standards in medical tourism, some authors across literature argue that it could lead to initiation of additional barriers. Generally, export of services in medical tourism includes health and tourism products, development and promotion of which should undergo in accordance with the national legislation, that in its turn doesn't demand additional industry-specific regulations. However, the authors mention that government endorsement can involve removal of barriers, which obstruct development of medical tourism, rather than introducing additional regulations. One of such regulations was previously published in the reports by Portuguese Working Group, concluding that the government can ease entry of patients and people who accompany them to Portugal by issuing special types of medical visas with simplified procedure of obtainment. Apart from it, the endorsement of government can be also presented in collection of reliable data. Because without having the reliable data about the current situation, it is extremely difficult to build strategies and assure accurate understanding about medical tourism market in Portugal.

Both literature and interview sources state that Portuguese government could also provide incentives in the medical tourism industry, which would create favourable conditions for attraction of foreign direct investment. For example, the incentives in the form of reduced taxes can be introduced for development of infrastructure (which can vary depending on providers' location, regional GDP, income per capita, etc.). Additionally, the government can subsidize the "re-purposing" of the facilities. While bed-capacity in Portuguese health sector is one of the critical problems, re-purposing of hotel accommodations for prevention, rehabilitation and post-operation use could change the current situation. In such a manner, the support of government would be essential in establishing a legacy framework under the facilities could be utilized for health services.

Having analysed literature and empirical data, the conclusion was made about the limited endorsement of government in development of Portugal as a medical destination. However,

additionally the research determined that it can be linked to specific reason. While majority of the respondents consider that government does not implement sufficient measures for promotion and coordination of the stakeholder's activities in medical tourism. The research ascertained that Health Cluster, private non-profit organization, has previously become proactive in collaboration of the stakeholders' actions in medical tourism value chain and the major problem that caused the progress slowdown in establishment of reputation was a lack of devotion from the side of the private hospitals. It leads to the idea that without intense involvement of hospitals to the process, neither support from the government nor cooperation efforts from Health Cluster will not be able to enhance the position of Portugal in international market of medical tourism.

This conclusion can be confirmed while reviewing the third issue, which comes out as another consequence of insufficient participation of the hospitals (Simpson and Bretherton, 2009). Chapter 4.2.3 of the following study demonstrated important benefits which can potentially flow from close partnership between private hospitals, hotels and other tourism providers. However, the results of the interview analysis have indicated that the previous initiatives from hotel groups to create the conjoint facilities with hospitals were not crowned with success. Supposedly, it is connected to the fact that the private health groups do not perceive hotels as the potential places for delivery of medical services. Apart from it, the respondents stated that only several hospitals have agreements for provision of the tourism services, just as the whole private health industry isn't mature for that.

During involvement to medical tourism central focus is always made on patients, their needs and design of the offers in accordance to those needs. The Portuguese private health providers are related to the group that gives the preference to treat less number of clients but with higher price rate. It means targeting the upper middle class with higher expectations. With the purpose to build the long-term relationships with this type of patients and come-up to their expectations, medical providers need to offer high-quality differentiate services (Han, 2014). In this instance, considering, that medical hotels are not extensively found in diverse destinations, development of new business models and partnerships between private health providers and hotels could be eventually well-compensated in the form of satisfied and returning clients. Consequently, distinctive advantages perceived by medical patients will increase possibility for country-provider to create solid reputation in international market.

#### **5.4. Answering research question #3**

*What practical steps can Portuguese medical facilities undertake to enhance the effectiveness of international promotion?*

As it was previously mentioned across the following research paper promotion in medical tourism industry has its specifics due to intangible qualities of the services and potential risk of medical procedure. Considering that fear of malpractices creates barriers in decision-making process of patients, by all means medical destinations endeavour to establish strong reputation, which will diminish perceived risk of medical services (Gurviez, 1999). From the perspective of Portugal as being the medical destination, the previous research conducted by the Working Group concluded that a major problem in attraction of the foreign patients particularly resides in the lack of reputation and perception of the country as a healthcare provider. Accordingly, the third research question was focused on comprehending the opinions of the respondents about the marketing activities of Portuguese private medical facilities and draw bottom-line about their effectiveness.

The empirical part of the study confirmed previously made conclusion, drawn from the literature review, about relevance of the detailed research of the target market specifics prior to structuring final product and creating marketing strategies (Chapter 2.1.3). In this regard, Chapter 4.2.2. of the following paper reviewed the information about previously identified target markets for Portuguese providers and signifies that main concentration should be made on the markets, patients from which have already demonstrated the interest in obtaining treatment in Portugal. Because it is more effective and productive to grow on existing demand rather than build everything from scratch.

Additionally, the specialists across different literature sources suggest concentrating on the customer perception of value while creating the products and marketing strategies. It means that medical tourism facilities should to the maximum degree emphasise benefits, which patients receive when choosing their services (Cook, 2012). Especially, this approach is valuable for Portuguese private health sector, inasmuch as in some instances the prices for medical offers exceed the average cost for similar offers from other European countries. Therefore, alongside with demonstration of competitive advantages of offer, the medical tourism facilities should underscore the value for the prices which clients are paying for in order to stay competitive on the market.

It is also important to take into consideration that the most frequent question which patients ask before starting the search of medical destination is “Where can I get the best treatment?”. Accordingly, the medical tourism facilities should know the most effective ways how to communicate a message about quality (Cook, 2012). Because in accordance with the following research the leading destinations in medical tourism are not the ones which have the best doctors, equipment or facilities but the ones, which can successfully convince the patients about it. On this stage the medical providers should ensure that patients have access to transparent and clear information about the entire process.

Different authors claim that another condition that medical tourism facilities should comply with towards building the reputation is treating patients as customers. Recent studies emphasized that medical tourists evaluate an experienced medical trip by simultaneously assessing both the core medical product and complementary services. It means that facilities are supposed to be prepared to deliver compelling services and supply the patients with additional services. In light of this, the following paper reviewed the relevance of the medical packages in promotion. It was established, that it is not obligatory to create packages prior to selling, but it is compulsory to be ready to provide additional services under requests of clients, who would like to supplement their medical trips. However, several respondents mentioned that in some instances the Portuguese private health providers do not demonstrate excessive willingness to have additional work with supplementary services, expecting that it will be done either by patients themselves or by other stakeholders.

Apart from it the research identified another area which deserves attention – structure of promoted offers. Despite the literature sources stating that the easiest way to structure and differentiate medical offers from the competitors is to choose specialization in particular medical service lines, the respondents determined that Portuguese providers should promote all services mentioned in the Working Group list, instead of choosing only one or two of them (Table 4.2.2.3). It is considered that a wider spectrum of services, firstly, will involve a bigger amount of Portuguese private health providers in the process and, secondly, it will increase opportunities to attract more patients.

The literature review didn't discharge this approach, confirming that some leading medical tourism destinations also offer a rich spectrum of services. However, in order to be effective, they carefully structure promoted services, which, subsequently, have separately distinguished characteristics from other offers on the market. Precisely on this level the research identified a problem, which

resides in lack of organized way during promotion of Portuguese medical offers. The interview respondents mentioned that it becomes especially visible during group campaigns, such as international fairs, when instead of specifying the areas, which every private health provider is responsible for, the representatives try to sell everything. Having analysed it, the major efforts must be invested on structuring offers, because when Portugal will generate the medical destination reputation through national promotion strategy, only then each provider can compete for patients, suggesting multidisciplinary services under individual projects.

Regarding types of services, which should be the main focus during promotion, Chapter 2.2.4 of the literature review has proposed prevention, rehabilitation and post-operative procedures, which can be either promoted separately or in conjunction with other medical treatments from the Working Group list. In the course of the interviews the respondents had the opportunity to confirm this idea. Accordingly, these services can be promoted as follow-up systems and provided in the specific facilities such as medical hotels, resorts or special rehabilitation centres or in the form of consultations about the patient's condition. The main objective of the rehabilitation centres would be to offer physiotherapy services or any type of treatment which requires recovery. After reviewing competitive advantages, it was established that one of the strongest points of Portugal lies in the rehabilitation area due to the diversified network of the hotels, natural and climate conditions, which can accelerate recovery of patients, increase customers' satisfaction from overall experience and, consequently, enhance word-of-mouth promotion.

Generally, the research established that the most effective way to merchandise the medical tourism services is through word-of-mouth communication. For this purpose, both traditional and digital marketing channels should be used with focus to reach directly not only final clients (B2C) but also word-of-mouth prescribers, such as travel agencies, insurance companies, International Health Service boards, key opinion leaders and specialized journalists (B2B). In this respect, the empirical part of the research emphasized relevance of participation of the government and the tourism industry in promotion of medical offers due to the diversified network of official contacts, credibility among the customers and experience in branding of the services. Thus, as it was outlined across the literature tight cooperation with various stakeholders can sustain level of competitiveness in the international healthcare market by involving financial and human resources in parallel with industry-specific knowledge (Kotler, 1984). The partnership on the national level

can more effectively contribute in development of the contacts with international entities, which in its turn will help to seed the confidence among foreign patients about Portuguese health providers.

The analysed data also emphasised the necessity to determine the roles across stakeholder's network. It was indicated that the Portuguese market needs to announce specialized "scouter", meaning, organization which will be responsible for opening new markets and serving as a selling point of national offers. While Portuguese government clearly denied taking this position, the respondents suggested Health Cluster organization to take charge for it. However, the success of its operations will depend only from involvement and devotion of medical tourism facilities (private health providers) to the process.

In the capacity of the supplement marketing tool for presenting offers from various Portuguese providers it was proposed to create booking platform, which would allow patients to choose their own medical program and to review any details regarding it. In parallel with that each private health company would need to provide transparent information on their websites, such as qualification of the medical staff, specializations, prices, testimonials from other patients and any other visual data, which will enhance the confidence of the foreign clients.

## **6. CONCLUSIONS**

### **6.1. Conclusions and study implications**

The scoping review determined the fast-growing interest of destinations to adapt strategies in internalization of medical services, that is connected with a high influence of medical tourism on the countries of departure and medical destinations, alongside with increasing number of patients crossing the borders. Portuguese medical providers have also recently demonstrated concernment about provision of their services to foreign clients. However, the lack of reputation and association of the country with Healthcare created significant barriers in the promotion activities.

The following study was focused on analyzing the performance of Portuguese medical providers in the international market of healthcare with the purpose to develop the framework which could serve as a basis for development of competitive medical tourism facility. Four attributes have been set as the pillars of the framework, namely: quality as the main factors of attractiveness; stimulation of reputation through the stakeholders' cooperation; effective marketing activities; and sustainability due to the follow-up and post-operation services.

The fourth Chapter of the following paper presented detailed analysis and discussion of the results regarding the activities of the Portuguese medical providers in the context of the mentioned attributes. The findings of the research have showed that such factors as quality of the provided services, well-equipped facilities and medical specialist training in parallel with reasonable prices should be the main reference to Portugal in medical tourism. From the managerial perspective it means that these factors should find the reflection in structuring of the marketing campaigns as well as in general functions of the medical tourism facilities, including the process of accreditation, quality evaluation systems and constant work directed on the improve of satisfaction of the Portuguese population with National Healthcare system.

The literature review with the obtained results from the interviews concluded that prevention, rehabilitation and post-operative services could represent another attribute that reinforces the position of Portugal in medical tourism. While this type of offer engages comparative advantages of the country, which refer to inherited resources, it could create an opportunity for the Portuguese health providers to diversify their “medical product” on the international market. In this context new emerging concept of H2H (Hotels to Healthcare) facilities could be applied. The findings of



the following research displayed multiple benefits, resulting from the partnership between hotels and hospitals. Moreover, the representatives from the hotel industry in Portugal demonstrated the interest in development of new projects or “re-purposing” of already existing facilities for different market segment. However, the research also revealed that in current situation openness of the tourism entities for new projects in Portugal is limited with “skeptical attitude” of the hospitals to the fact of transferring medical services to hotel facilities.

Generally, while private health providers are considered to be central figures of internalization process of medical services, the results, generated in medical tourism industry, specifically depend on them and their ability to cooperate with other stakeholders. Medical tourism is an industry, in which it is highly questionable that independent and isolated activities can stimulate continuous flows of foreign patients to the country. Thus, in addition to relevance of commitment of private health providers to cooperation between each other, the research highlighted crucial importance of establishment the common National strategy and roles of each stakeholder under it.

Despite the fact that network of stakeholders in medical tourism is highly diversified, the data obtained from literature resources and the interviews specifically emphasized importance of the the Portuguese government, Health'n Portugal and the tourism entities in the value chain. Due to the lack of the reputation in medical tourism industry the endorsement of the government is exceptionally required on the level of promotion to create the linchpin between the international units and the Portuguese health providers. With the clear distinction of the roles in the process, the coordination functions should be delegated on specific organization, such as, Health Cluster Portugal. In conjunction with some leading private health groups the coordination unit should “scout” the markets to demonstrate the national healthcare speciality and medical products and, consequently, sell it. In this instance the involvement of the Portuguese government could make a contribution by implementing the specific indicators for measuring the development of the medical tourism industry based on the statistical data.

Medical tourism is industry where there is no place for passive providers, for that reason dynamic and strategic marketing is expected from each stakeholder. Under the current circumstances in the National Healthcare industry of Portugal, precisely, high internal demand for medical services from local population, from the managerial perspective it would mean to identify the medical area of specialization, which would be the main explosion during the internalization. Rather than

endeavouring to sell all spectre of services, the Portuguese medical providers could take opportunity to gain the reputation of expertise in the chosen medical field.

Generally, the Portuguese private health providers need to come to a conclusion if involvement to medical tourism is important for their further activity and they are prepared to high devotion to the process and tight collaboration between each other. As the concept of “build it and they will come” doesn’t function in medical tourism industry, the lack of the strategic approach and dedication will only raise the probability of the uncertain outcomes of large investment.

### **6.1. Limitations of the study**

Although the objectives of the research have been achieved, the following study has several limitations, which are hardly avoidable. With the purpose to better comprehend the research findings and the potential impact of the errors on them, it is essential to acknowledge the following limitations, identified in the course of the work:

- Insufficient empirical and statistical data about medical tourism industry creates the obstacles in conduction of country’s performance analysis in relation to the other medical destinations. In this context consistent data collection, validated on the international or local levels, could improve the reliability and accuracy of the findings;
- Concentration of the research on a single-nation, namely Portugal, should be considered as another limitation while generalizing the findings to other medical tourism destinations.
- Qualitative method, chosen as a most appropriate one for the following study, implies some limitations which are represented in difficulty to objectively verify the results due to the nature of the collected data. In this instance the simultaneous application of the quantitative method could make the research more systematic by involving the statistical results.
- Although during the research it became possible to obtain the opinions of the respondents regarding the problem-questions from different perspectives, the larger size of the sample could enhance the accuracy of the findings.

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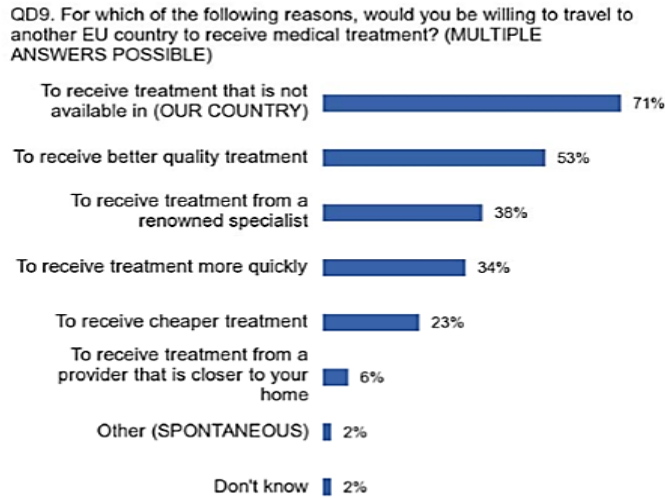
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ANNEXES

Annex 1 – Reasons to seek treatment abroad



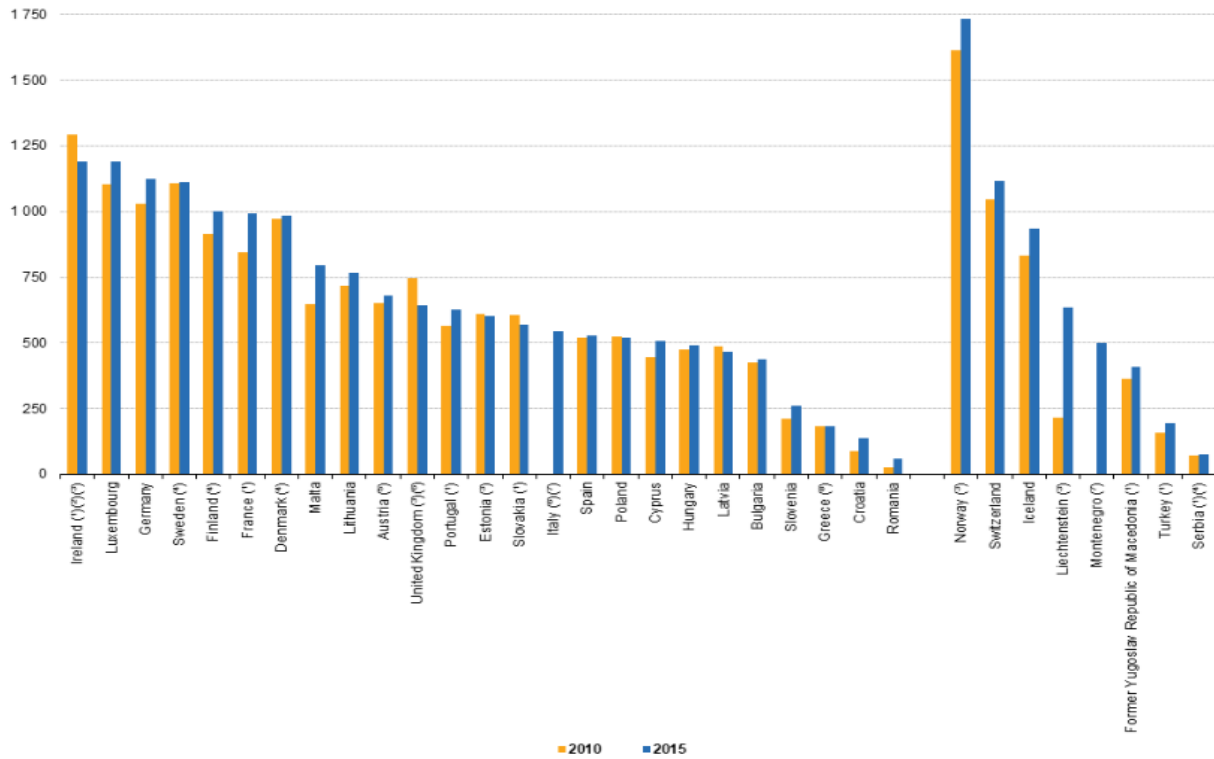
Source: Eurostat ([hlth\\_rs\\_bds](#))

Annex 2 - Hospital beds by type of care, 2015

	of which:					Psychiatric care beds	of which:					Psychiatric care beds
	Available hospital beds	Curative care beds	Rehabilitative care beds	Long-term care beds (except psychiatric)	Other beds		Available hospital beds	Curative care beds	Rehabilitative care beds	Long-term care beds (except psychiatric)	Other beds	
	(number of beds)										(number of beds per 100 000 inhabitants)	
<b>EU-28</b>	<b>2 621 039</b>					<b>366 536</b>	<b>514.5</b>					<b>72.0</b>
Belgium	69 730	63 692		1 499	4 539	19 595	618.5			13.3	40.3	173.8
Bulgaria	51 933	43 136	6 196	1 526	1 075	4 929	723.5	601.0	86.3	21.3	15.0	68.7
Czech Republic	68 392	44 842	4 746	16 510	2 294	10 207	648.5	425.2	45.0	156.6	21.8	96.8
Denmark	14 380	13 962	172	246	0		253.0	245.7	3.0	4.3	0.0	
Germany	664 364	499 351	165 013	0	0	103 992	813.3	611.3	202.0	0.0	0.0	127.3
Estonia	6 524	4 841	349	1 210	124	730	496.0	368.0	26.5	92.0	9.4	55.5
Ireland (*)	12 169	11 370	159	640	0	1 629	260.2	243.1	3.4	13.7	0.0	34.8
Greece	45 945	38 999	376	6 570	0	7 911	424.6	360.4	3.5	60.7	0.0	73.1
Spain	138 368	111 841	1 796	24 731	0	16 668	297.9	240.8	3.9	53.2	0.0	35.9
France	408 245	271 013	105 593	31 639		57 503	612.8	406.8	158.5	47.5		86.3
Croatia	23 409	15 070	4 257	4 082	0	3 959	556.3	358.1	101.2	97.0	0.0	94.1
Italy	194 065	160 085	24 836	9 144	0	5 671	319.6	263.6	40.9	15.1	0.0	9.3
Cyprus	2 895	2 895	0	0	0	186	341.5	341.5	0.0	0.0	0.0	21.9
Latvia	11 261	6 700	793	1 272	2 496	2 496	569.5	338.8	40.1	64.3	126.2	126.2
Lithuania (*)	20 236	17 671	1 642	923	0	2 986	696.6	608.3	56.5	31.8	0.0	102.8
Luxembourg	2 746	2 332	177	0	237	452	482.1	409.4	31.1	0.0	41.6	79.4
Hungary	68 843	42 096	9 133	17 614	0	8 723	699.4	427.7	92.8	179.0	0.0	88.6
Malta	2 041	1 400	436	205	0	569	472.6	324.2	101.0	47.5	0.0	131.8
Netherlands (*)	70 310	60 702	2 022	7 586	0	21 279	418.4	361.2	12.0	45.1	0.0	126.6
Austria	65 138	48 860	10 783	5 495	0	5 294	754.5	566.0	124.9	63.7	0.0	61.3
Poland	252 029	186 617	64 907	505	0	24 813	663.5	491.3	170.9	1.3	0.0	65.3
Portugal	35 223	33 816	588		819	6 584	340.1	326.5	5.7		7.9	63.6
Romania	134 572	99 707	12 035	22 830	0	16 785	679.1	503.2	60.7	115.2	0.0	84.7
Slovenia (*)	9 315	8 698	200	301	116	1 383	451.4	421.5	9.7	14.6	5.6	67.0
Slovakia	31 172	26 441	800	3 931	0	4 383	574.7	487.5	14.8	72.5	0.0	80.8
Finland	23 854	16 732	413	6 552	157	3 408	435.3	305.4	7.5	119.6	2.9	62.2
Sweden	23 885	22 152		1 637	96	4 341	243.7	226.1		16.7	1.0	44.3
United Kingdom (*)	169 995					27 040	261.0					41.5
Iceland	1 030	865	63	102	0	145	311.4	261.5	19.0	30.8	0.0	43.8
Liechtenstein	60	60	0	0	0	0	160.0	160.0	0.0	0.0	0.0	0.0
Norway	19 519	17 433		0	2 086	5 898	376.2	336.0		0.0	40.2	113.7
Switzerland	37 965	30 826	7 139			7 610	458.4	372.2	86.2			91.9
Montenegro	2 446					307	393.2					49.3
Former Yugoslav Republic of Macedonia	9 084	6 169	345	1 728	842	1 043	438.8	298.0	16.7	83.5	40.7	50.4
Albania (*)	8 366					745						
Serbia (*) (*)	39 594	32 805	6 116	652	21	5 372	558.0	462.3	86.2	9.2	0.3	75.7
Turkey	209 648	207 610	2 038	0	0	4 231	268.0	265.4	2.6	0.0	0.0	5.4

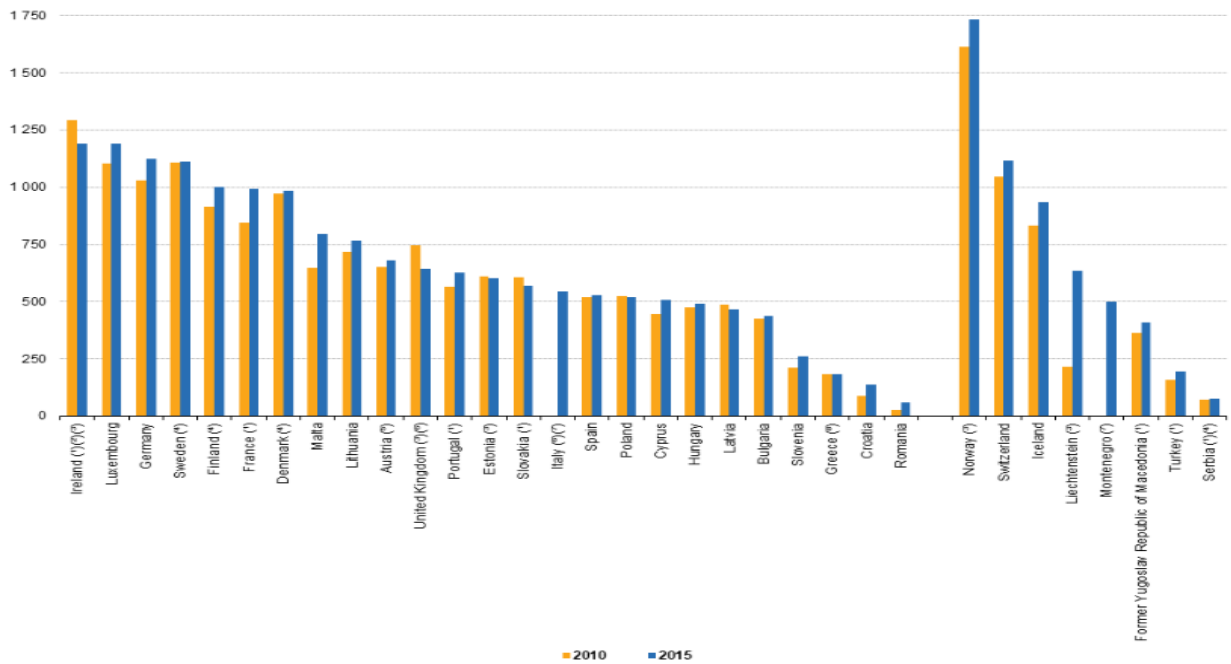
Source: Eurostat ([hlth\\_rs\\_bds](#))

**Annex 3 - Practicing physicians, 2010 and 2015 (per 100 000 inhabitants)**



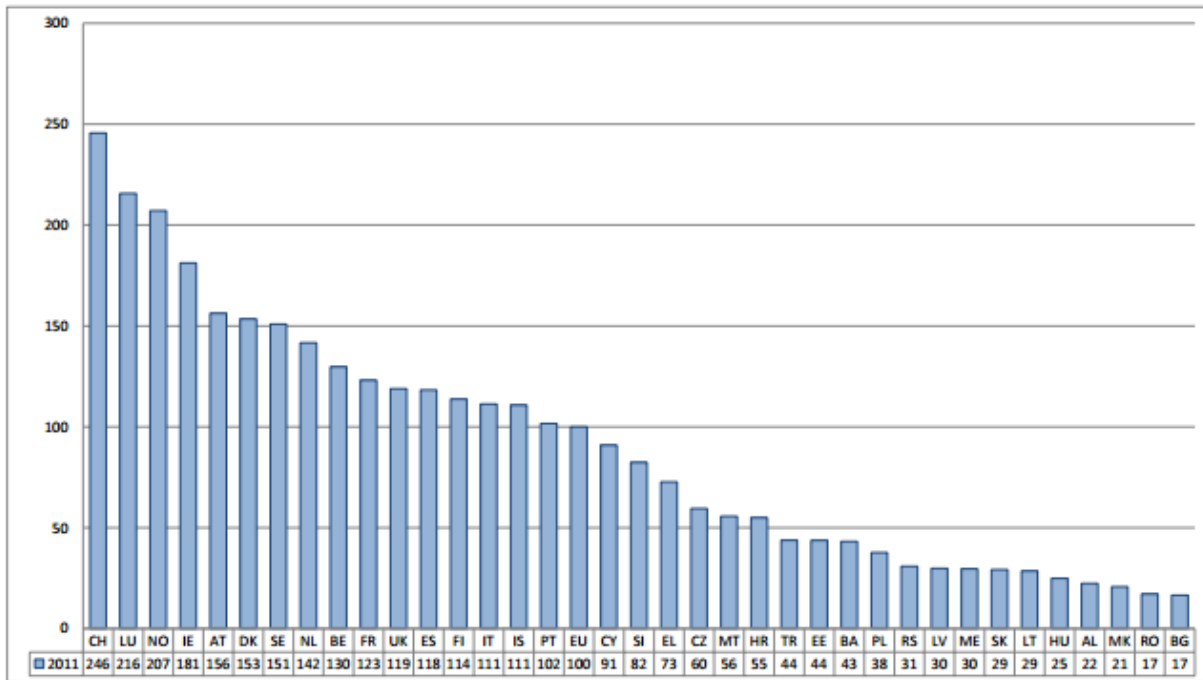
Source: Eurostat (hlth\_rs\_prs1)

**Annex 4 - Practicing nursing professionals, 2010 and 2015 (per 100 000 inhabitants)**



Source: Eurostat (hlth\_rs\_prsns)

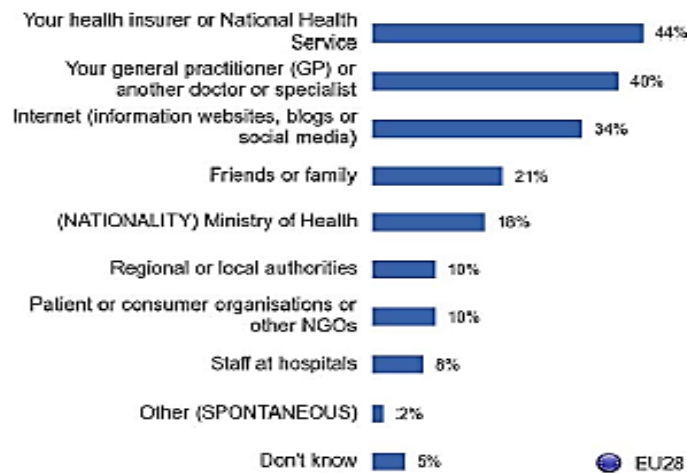
**Annex 5 – Price level indices for hospital services, 2011, EU28=100**



Source: 2013 Eurostat/OECD Hospitals PPPs Survey

**Annex 6 – Information about the rights to obtain the treatment abroad**

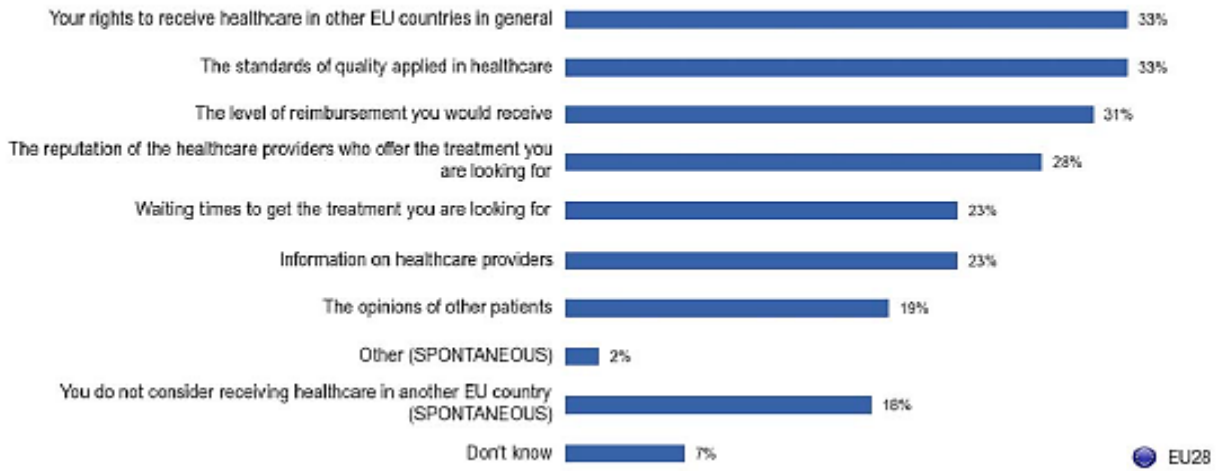
QD2. If you were looking for information regarding what healthcare you have the right to get reimbursed for in another EU country, which of the following sources would you use? (MULTIPLE ANSWERS POSSIBLE)



Source: Eurobarometer 28

## Annex 7 – Information relevant for decision-making process in Medical tourism

QD3. If you were considering receiving healthcare in another EU country, what kind of information would you look for that would help to make your decision?  
Information on... (MULTIPLE ANSWERS POSSIBLE)



Source: Eurobarometer 28



**Annex 8 – Interview Guide**

Group		Objectives	Example of questions
<b>Introduction/ Activity of the company in MT</b>		<ul style="list-style-type: none"> <li>• Represent to the respondents the objectives of the following interview and the study itself;</li> <li>• Obtain the information about the respondents;</li> </ul>	
		<ul style="list-style-type: none"> <li>• Analyzation the involvement of the company to the MT;</li> <li>• Understand the motivation factors to apply the strategy of exportation of medical services;</li> </ul>	<ul style="list-style-type: none"> <li>• With the fact that Portugal is still emerging country in Medical Tourism, why LUZ Saude found it important to attract the foreign clients to have the treatment outside of the residence country?</li> <li>• The project of Medical Tourism has just came to the end, could you say some words about the activity of Health Cluster Portugal?</li> <li>• What is the main concept (strategy) applied in the attraction of the potential patients by your company?</li> </ul>
<b>I</b>	Competitiveness factors of Portugal in MT	<ul style="list-style-type: none"> <li>• Identification of the unique characteristics of Portugal, which can distinguish it as a medical destination;</li> <li>• Specification of the principal motivation factors which could be applied for the companies in the promotion of Portugal in MT;</li> <li>• Definition of the perception of the respondents regarding the quality and the price level in Portugal;</li> </ul>	<ul style="list-style-type: none"> <li>• As there is a huge competition between the countries in Medical Tourism, why the patients would choose Portugal?</li> <li>• Which drivers do you see as principal ones for patients to choose obtaining the treatment in Portugal?</li> <li>• On your opinion which factors can increase the competitiveness of Portugal in Medical Tourism?</li> <li>• Considering that Medical treatment involves high risk for the patient, how the companies could demonstrate its quality in the Healthcare?</li> <li>• Several European countries use the price strategy for enhancing the competitiveness in Medical market, how do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?</li> </ul>
<b>II</b>	Target client	<ul style="list-style-type: none"> <li>• Identification of the target clients which should be the main focus for the companies during development of the offer and its promotion;</li> </ul>	<ul style="list-style-type: none"> <li>• From three groups of the medical patients (tourists, foreigners who have longer stay in Portugal or people who are searching for the treatment abroad), which group presents the greater interest for the Medical Tourism in Portugal?</li> <li>• In your opinion, it is better for the companies to concentrate on the promotion of the medical services directed on the foreigners who are already staying in Portugal?</li> <li>• From your opinion the concentration of Portugal should be made on cross-border healthcare, considering the attraction only of the Europeans, or Medical Tourism as well, trying to attract also the patients outside of Europe?</li> </ul>
<b>III</b>	Product	<ul style="list-style-type: none"> <li>• Definition of the types of the services which could present the biggest value in</li> </ul>	<ul style="list-style-type: none"> <li>• Do you think that Portugal should make a focus on advertising specific medical services or even</li> </ul>

		<p>the attraction of the potential patients;</p> <ul style="list-style-type: none"> <li>• Determine the necessity to create the complexed offer within Healthcare and the Tourism units;</li> </ul>	<p>specific type of Medical Tourism? (If yes, which services?)</p> <ul style="list-style-type: none"> <li>• In which forms the cooperation of healthcare units and Tourism industry could benefit both sides?</li> </ul>
<b>IV</b>	Cooperation and value chain	<ul style="list-style-type: none"> <li>• Evaluation of the current cooperation among the leading stakeholders in MT;</li> <li>• Analysis of the participation of the Tourism companies in the formation of medical offer;</li> <li>• Assessment of the importance of the government involvement in the development of MT;</li> </ul>	<ul style="list-style-type: none"> <li>• From your point of view, cooperation between which stakeholders could represent the biggest value for development of Medical Tourism?</li> <li>• How do you think where the potential of development of Medical Tourism in the private lies or the public healthcare units?</li> <li>• There is a lot spoken about the involvement of the government, how do you think which help from the State would be essential in the development of MT?</li> <li>• From your point of view, why the medical units must be interested in trying to export their services? How is it possible to encourage them doing it, as many hospital units have already a lot of work, and they actually pleased with that, especially this is concerning the state hospitals?</li> </ul>
<b>V</b>	Promotion	<ul style="list-style-type: none"> <li>• Identification the most effective ways to promote the Medical offer abroad;</li> </ul>	<ul style="list-style-type: none"> <li>• Which Marketing tools does LUZ Saude apply for advertising the services internationally?</li> </ul>
<b>VI</b>	Limitations in establishment of reputation	<ul style="list-style-type: none"> <li>• Definition of the barriers limiting Portugal in establishment of reputation as medical destination;</li> </ul>	<ul style="list-style-type: none"> <li>• For the last years Health'n Portugal in cooperation with healthcare units have developed the project which was directed to tackle the problematic areas, which cause the slowdown of Medical Tourism in Portugal. A lot of work has been done, but until nowadays, the problems are still essential and not resolved.</li> <li>• A lot of efforts have been invested to the development of Medical Tourism in Portugal, how do you think why till nowadays there are no visible results?</li> </ul>

Source – Author elaboration

## Annex 9 – Program of the Workshop in Medical tourism, 21<sup>st</sup> September 2017, Portugal

**WORKSHOP**  
SENSIBILIZAÇÃO E DIVULGAÇÃO

**Sensibilização e Divulgação  
Medical Tourism in Portugal – Health, Wellness  
and Tourism in Portugal**

21 SETEMBRO 2017, ESCOLA DE HOTELARIA, LISBOA

**09h15** Receção dos participantes

**09h45** Abertura

- Luís Araújo (Presidente, Turismo de Portugal)
- José Miguel Boquinhas (Coordenador Nacional para projetos inovadores em Saúde)
- Salvador de Mello (Presidente, Health Cluster Portugal)
- Ana Mendes Godinho (Secretária de Estado do Turismo)

**10h30** Plano de Ação para o Turismo de Saúde | Projeto MT Portugal

- Joaquim Cunha (Diretor Executivo, Health Cluster Portugal)

**11h00** Coffee Break

**11h30** Mesa redonda & debate com a audiência: Desafios e oportunidades do Turismo Médico

Moderação: Óscar Gaspar (Presidente, Associação Portuguesa de Hospitalização Privada)

Painel:

- Catarina Garcia de Medeiros (Diretora International Patient Care, Grupo Lusíadas Saúde)
- Eve Jokel (Diretora International Patient Services, Grupo Luz Saúde)
- Gonçalo Rebelo de Almeida (Administrador, Grupo Vila Galé)
- Joaquim Ferreira (Diretor, CNS - Campus Neurológico Sénior)
- Madalena Correia Neves (Diretora Comercial, Grupo José de Mello Saúde)
- Paulo Sousa (Diretor Clínico, Hospital Particular do Algarve)

**13h00** Almoço

**Alemanha: Um mercado estratégico**  
(em colaboração com a Câmara de Comércio e Indústria Luso-Alemã)

**14h30** A Economia de Saúde Alemã

Os Serviços de Saúde Subvencionados e Não-Subvencionados

- Michael Altewischer (CEO, Wellness-Hotels & Resorts GmbH)

**14h55** O Turismo de Saúde na Alemanha

Benchmarking de um Potencial País Emissor

- Andrea Lorenz (Gerente, Tourismus Plan B GmbH)

**15h20** Tendências do Turismo Bem-Estar 2017 na Região Germanófona

Requisitos do Cliente & Expectativas dos Operadores Turísticos Especializados

- Michael Altewischer (CEO, Wellness-Hotels & Resorts GmbH)

**15h45** Portugal: Destino de Turismo Médico – a Promoção na Web

- Pawel Cebula (Co-Fundador e COO da MEDIGO GmbH)

**16h10** Conclusões

- Hans-Joachim Böhmer (Diretor Executivo, Câmara de Comércio e Indústria Luso-Alemã)
- Joaquim Cunha (Diretor Executivo, Health Cluster Portugal)

**16h30** Encerramento

- Adalberto Campos Fernandes (Ministro da Saúde)

Source: Health Cluster Portugal site

## Annex 10 – Articles applied for the research by way of secondary data

	Analyzed article	Type of the article	Access to the article
Art1	Portugal 2030 – TURISMO DE SAÚDE	Debate among the leading specialists in the area of Medical tourism in Portugal	<a href="http://www.revistafrontline.com/em-foco/portugal-2030-turismo-de-saude/">http://www.revistafrontline.com/em-foco/portugal-2030-turismo-de-saude/</a>
Art2	A Importância do Turismo de Saúde e Bem-Estar em Portugal	Opinion of Josep Chias ( <i>Specialist in Tourism Marketing</i> )	<a href="https://www.publituris.pt/2013/08/09/a-importancia-do-turismo-de-saude-e-bem-estar-em-portugal/">https://www.publituris.pt/2013/08/09/a-importancia-do-turismo-de-saude-e-bem-estar-em-portugal/</a>
Art3	O turismo de saúde: entre a realidade e a utopia	Opinion of Artur Osório Araújo ( <i>President of Portuguese Association in Private Hospitality</i> )	<a href="https://www.publico.pt/2014/01/08/sociedade/opiniao/o-turismo-de-saude-entre-a-realidade-e-a-utopia-1618708">https://www.publico.pt/2014/01/08/sociedade/opiniao/o-turismo-de-saude-entre-a-realidade-e-a-utopia-1618708</a>
Art4	Saúde investe um milhão para atrair turistas	Opinion of Erika Nunes ( <i>Journalist</i> )	<a href="https://www.dinheirovivo.pt/economia/saude-investe-um-milhao-para-atrair-turistas/">https://www.dinheirovivo.pt/economia/saude-investe-um-milhao-para-atrair-turistas/</a>
Art5	Turismo de saúde: Governo quer tratar alemães em hospitais portugueses	News review	<a href="http://www.jornaldenegocios.pt/economia/saude/detalhe/turismo-de-saude-governo-quer-tratar-alemaes-em-hospitais-portugueses">http://www.jornaldenegocios.pt/economia/saude/detalhe/turismo-de-saude-governo-quer-tratar-alemaes-em-hospitais-portugueses</a>
Art6	SAÚDE	Interview with João Bacalhau ( <i>President of the Council of Administration of Grupo Hospital Particular do Algarve (HPA)</i> )	<a href="http://villasegolfe.com/pt/articles/info/443/">http://villasegolfe.com/pt/articles/info/443/</a>
Art7	Portugal deve promover o turismo de saúde e científico	News review	<a href="https://www.ond.pt/noticias/2017/08/governo-turismo-saude">https://www.ond.pt/noticias/2017/08/governo-turismo-saude</a>
Art8	Turismo de saúde em fase de desenvolvimento inicial	Interview with Paulo Moreira, ( <i>Director of International Journal of Healthcare Management de Londres</i> )	<a href="http://www.vitalhealth.pt/entrevistas/908-turismo-de-saude-em-fase-de-desenvolvimento-inicial.html">http://www.vitalhealth.pt/entrevistas/908-turismo-de-saude-em-fase-de-desenvolvimento-inicial.html</a>
Art9	Portugal tem de conquistar reputação	Interview with Sérgio Franco ( <i>Executive Manager of Malo Clinic</i> )	<a href="http://www.maloclinics.com/content/pdf/VidaEconomica_sergio.pdf">http://www.maloclinics.com/content/pdf/VidaEconomica_sergio.pdf</a>
Art 10	Vila Galé Sintra abre em 2018 com aposta no Turismo Médico	News review	<a href="https://viajarmagazine.com.pt/vila-gale-sintra-abre-em-2018-com-aposta-no-turismo-medico/">https://viajarmagazine.com.pt/vila-gale-sintra-abre-em-2018-com-aposta-no-turismo-medico/</a>
Art 11	Acesso a cuidados de saúde nos estabelecimentos do SNS e entidades convencionadas 2016	Report	<a href="https://www.sns.gov.pt/wp-content/uploads/2016/07/Relat%C3%B3rio-Acesso-SNS_2016-vf.pdf">https://www.sns.gov.pt/wp-content/uploads/2016/07/Relat%C3%B3rio-Acesso-SNS_2016-vf.pdf</a>
Art 12	Relatório do Grupo de Trabalho Interministerial	Report	<a href="http://www.turismodeportugal.pt/PORTUGU%C3%8AS/TURISMODEPORTUGAL/NEWSLETTER/2015/Documents/RelatGT-InterministerialTurismoSaude-2015.pdf">http://www.turismodeportugal.pt/PORTUGU%C3%8AS/TURISMODEPORTUGAL/NEWSLETTER/2015/Documents/RelatGT-InterministerialTurismoSaude-2015.pdf</a>
Art 13	OECD Reviews of Healthcare Quality: Portugal	Report	<a href="https://www.dgs.pt/departamento-da-qualidade-na-saude/ficheiros-anexos/relatorio-ocde-sobre-a-qualidade-dos-cuidados-de-saude-em-portugal-pdf.aspx">https://www.dgs.pt/departamento-da-qualidade-na-saude/ficheiros-anexos/relatorio-ocde-sobre-a-qualidade-dos-cuidados-de-saude-em-portugal-pdf.aspx</a>

Source – Author elaboration

## Annex 11– Form of the interview request distributed by email

*Dear Mr./Ms. ,*

My name is Volha and I am a Master's student in International Management at ISCTE-Business School in Lisbon (<http://ibs.iscte-iul.pt/en/?pt=master-international-management>).

Currently, I am working on the final dissertation, the main focus of which is the research: **Development of Medical Tourism in Portugal: How the offer of medical services can be reconciled with the industry of hospitality.**

From the performed study it was concluded that your participation in the research would provide valuable first-hand information from your own perspective, which could be applied for the further study.

The information would be collected in the form of the interview. It will be simply directed on capturing your vision and perspectives on development of Medical Tourism in Portugal. The captured information from the interview will be kept confidential. And each interview will be associated with specific number code to help ensure that personal identifiers are not revealed during the analysis and write up of findings.

It should be emphasized, that your participation will be a valuable addition to the research and findings could lead to greater understanding of the ways increasing the reputation of Portugal in international marketplace of Medical Tourism. If you are willing to participate please suggest a day and time that suits you and I'll do my best to be available. If you have any questions please do not hesitate to ask.

Thank you so much for your help.

*Sincerely,*

*Volha Miadzvedzeva  
International Master Student (# 71023)*

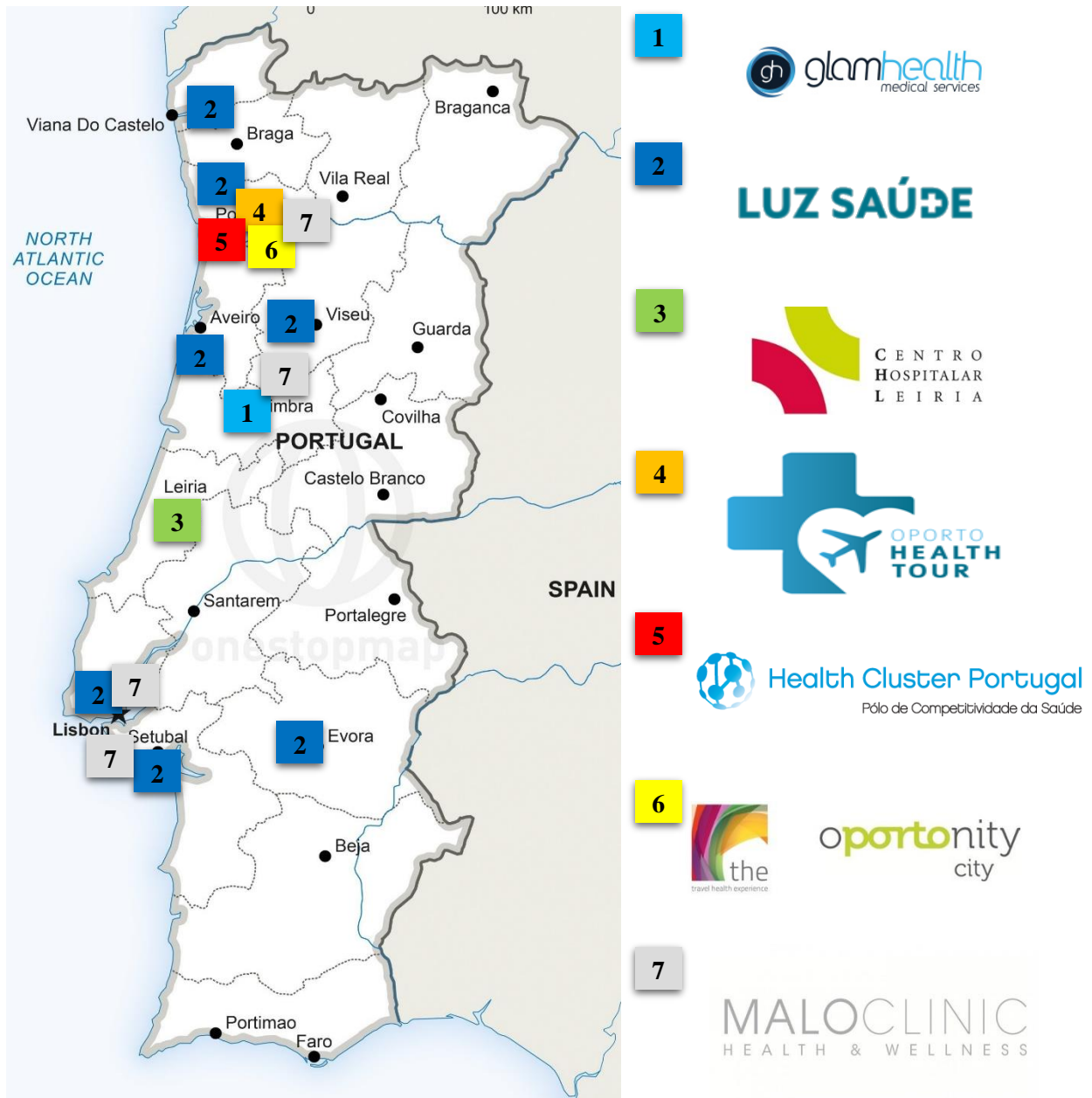


**Instituto Universitário de Lisboa**  
Avenida das Forças Armadas  
1649-026 Lisbon – Portugal

<http://ibs.iscte-iul.pt/>

Source – Author elaboration

**Annex 12 – Location of the companies, which took part in the research**



Source: Author elaboration

### Annex 13 - Transcription of the Interview I

**Researcher:** Medical tourism is a new trend for many countries, although there are already the excellent examples of the performance in this industry. And as we know Portugal is still on its initial stage of the exportation of medical services. I would like to ask you firstly, why in 2011 the company decided to go this direction and to choose the strategy to attract the foreign patients for the treatment in Portugal.

**Respondent:** In my vision of the project there were two very important things, I was from Coimbra, so I wanted to promote Coimbra, as it is a very important city in terms of the University and the school of Medicine. And it has a huge hospital centre, University Hospital centre. I had the vision and the dream that we could promote the Medical tourism of my city, as a destination. And secondly, I didn't want to be linked to any group or any company from Healthcare sector, in order not to depend on this particular group or the company. I wanted to be fully independent. And also because I wanted to select the best hospitals to work with and not to promote the hospitals, which I was not really believing that they will provide the best service for the clients. So this was the initial idea. And, as you know, when we start the project, start up, the road is never straight line. On the beginning we have contracted the multinational company, the consulting company from the Sweden in order to create the business plan. And the main question was: Is this idea of Medical tourism makes sense? And we worked together, they came to Portugal, we also went to Germany, went to the UK, went to Sweden. And the answer was – Yes, but not really the way we thought we should follow. At this particular point we start with the first answers which you going to get for your project from my side. Medical tourism is very different from Cross-border Healthcare. And whatever analyses we make for the Portuguese market, we need to make a clear distinction between Medical tourism, which is more American vision of the market and American reality also. Because we need to see the American Healthcare System, which is based on the insurance groups. And basically, the phenomenon of Medical tourism is because they have a certain amount for the surgery, which cannot cope the cost of the surgery in the United States. And they look forward to the other countries, which can make the surgery at the budget price that they have from the insurance companies. So this is what provokes the Medical tourism reality. We in Europe, as you know, have the social system which is the best thing, our best treasure. We, in Portugal and in many countries in Europe, do not realise the big value, of having a social system, which gives you Healthcare and other types of protection when we get older. And this change completely the approach and the reality of the market. Whatever patient inflow inside the European States, it is very clear that they are affiliated to the specific Health system, or Germany system, or the UK Healthcare system.. They are always discounting one Health System. And

when we have a reality, we need to provide the services more focused on the cross-border Healthcare than on Medical tourism side on the very beginning stage. This is what we have made. This is what made the evolution for the agreements with the institutional funds in Germany. German Health System is very different from Portuguese and the UK Health System. They have three pillars in the system. The government has the regulation function. The hospitals only provide the healthcare. There are also some University hospitals. But the majority of them are private. And there are financial funds, which manage the funds of the members. They focus on the protection of the members and prevention of the sickness in order to spend as less as possible and to think about the middle term sustainability of the funds. Their idea is when we have members outside of the German system, we need to protect them. And if the guy breaks the leg or if the lady has some problems with pregnancy, for example, we need to provide healthcare as fast as possible. Another true point is that people get worse and when they get back to the German Health system it will cost more. So we join European service with the Krankenkasse in Germany. So we make an agreement with them, and for the first time for them they had a concept of a single contact point in one country which is managing all the network of the hospitals inside the country. In Spain, in Italy, in Austria, because of the winter sport. They had the direct agreements with the hospitals and this was requiring a lot of work from their side. So with us they made differently. We contact the hospitals, we manage the healthcare provision and the access, we provide the assistance to the members to get assistant as close to the patient. We also manage all the billing process. The patient doesn't pay anything to the hospital. Hospitals are sending the bills to us and we invoice directly to the Krankenkasse, then we receive the direct payment from Krankenkasse and we pay to the hospital. So this is, obviously, very good for the main touristic areas, mainly in Algarve. This is where we have the most significant activity. Making the flashback, when we started to think promoting one place, now we promote mainly regions in Portugal. And we want to promote even more. We want to promote Lisbon, we want to promote Porto and provide this healthcare. We have different hospitals and different groups inside our network and manage the contact with them. It was very hard job for us because of cost control. This is the work we do for the Krankenkasse. Billing system and the price system in Portugal is very different from the German one. Here the private hospitals basically charge whatever they want from the international patients. They are overpricing as there are no big rules or big regulations on prices in private healthcare area. The market is free to charge whatever they want. And we work for German system, which is very regulated. The prices are extremely regulated. So you can imagine when we have a hospital that wants to charge for simple surgery 10.000 euro and the fair price is 3.000 and the Germans pay 3.500. So there is a very big discussion between us and the hospital. This is the reality where we are so far. The majority of the contest of work we do is the outpatient appointments. So we do around 1.700 appointments and it is growing every year, and mainly it is outpatient. The good thing is that we thought it would be a very



interesting project to develop into our Health system. Because in accordance with information in many presentations and the conferences I do, Europe Health System is changing and we cannot maintain the things like they are today for two reasons: the movement among the citizens in Europe is huge, you can be working in Lisbon for 10 years, but in your mind you want to go work to UK to work another 10 years, and you will probably move to the Denmark for another 10 years. And doing your career you will be making the discount to the different health systems. And at the end of the day, when you get older and you need a treatment, you don't know to what health system ask for payment. Because you made different discounts. So the European system needs to adapt reality of the citizens. And on the other side, the cost of the healthcare is growing every year. Even if we make some containment on the growing cost of the healthcare it is going to grow forever. We can be more efficient in the education, we can be more efficient in the military services, there is only one sector in all the states that we know it is going to increase is Healthcare, for two reasons: the population is getting older and they want to get the healthcare, realizing their rights, and, on the other side the technology and the new drugs from Hepatitis, for example. Which there is in the simple pharma in Europe, but it costs 30.000 euro on treatment. So you realize that there are always the new drugs which will provide you the cure. We should mention that the Healthcare is free and everybody has the right to the Healthcare. So the citizens are always saying I know that there is a new drug, I know that there is a new device and I want to get this treatment to live longer time. So this is going to make the cost rise a lot. Europe must adjust the system and we really believe, that there will be unification of the Health systems all across Europe. We need to have time, but we think that our vision to expand the service to other countries is the new vision what is going to happen in terms of cross-border healthcare. Now I just spoke about the cross-border healthcare. And as I mentioned to you Medical tourism is another area. And we say many times at the meetings with the government that Portugal needs to create a lot of reputation in order to work in terms of Healthcare play in the World. When we talk with our partners all over the world and we speak about Portugal, we realize that we have decent Healthcare system, very famous doctors in some specific specialities. So we need to raise the image in terms of Portugal as a medical destination. You ask me why I thought about it in 2011, sometimes it is bad when we are right but in the wrong moment. Portugal was not prepared in 2011 to make that. And even in the business plan that we have made we said that it was a lot to do in terms of the work to generate this movement to colour the international reputation for Portugal. And this is also the reason why my movement with Coimbra University Hospital and the work that I have done for them in order to put Coimbra University Hospital in the World Health Service. And I worked very hard in order to put Coimbra in Amita Lines. So this puts us into a group of international hospital groups, the best international hospitals in the world that can allow us to create the projects together with them. Generously, it is movement that revealing the improvement of reputation. And at that point, a that time,

when we succeed to conquer this international image, I really believe that Portugal has all the conditions to be the new Florida in Europe and to be very popular destination either for Medical tourism as it is or for another area, which is aging area. The active aging is very strong area, which has a lot of connections with Medical tourism. So let's say if you conquer some market, for example, Canada. If you say to Canadian person that flying distance flying to Florida, to Miami is the same distance as to fly from Toronto to Lisbon, but here the climate is better, here you are more safe, so you sell the product. So this guy when he comes with 70 years old, he is already retired. He is in perfect healthcare condition but he is going to stay 5-8 years and he is going to get worse. And he is in need of healthcare. So the elder tourism is link with Healthcare in this sense. So there is a lot to do but I think we can do positive things if the market will help, because I believe that you talked or at least tried to talk with healthcare from the private groups and they always say that they are really pleased with actual situation in the market. This is very interesting but not for the moment. And in the short or the medium term they will look for that business.

**That is actually what I would like to ask you. Why, from your point of view, the medical units must be interested in trying to export their services? How is it possible to encourage them doing it, because many hospital units have already a lot of work, and they actually pleased with that, especially this is concerning the state hospitals.**

I think you have been in Portugal during the sufficient time to realize that we are staying in a small economy and this strange thing of public health system and private health system. They are walking in parallel line and they never match. And the citizens working on the public job use the private hospitals as well as citizens working in the private companies use the public health services. So there is a situation in terms of market exits, which make the private hospitals to be in a very comfortable situation at the moment. And the majority have the hospitals with 90-95% of their capacity. When you ask someone who have 90-95% capacity fulfilled if they are satisfied and some of them they have the difficulties to answer to demand, they don't feel the need to look forward for the new markets because they are comfortable with actual situation. That's normal, we learn this in the private sector every day. But if the market changes, if the public sector will start to be smaller in the terms of the healthcare activities, the private hospitals will have the problems and at this moment they will have need to go to look for new patients internationally. I think they don't have the reality in 10 years' time, they think it will happen in 20 years' time. The true is that if the health system in Europe will start to combine the activity. The capacity of public hospitals is huge, and they are working only at 40% of their capacity or even 50% in order to be a little bit more optimistic. So if, for example, in Coimbra the public hospitals raise their productivity to 60-70%, all the private sector disappears. You realize that it is not exactly the same

situation in Lisbon, because Lisbon is a big metropolitan area with 3 million people, but within all Portugal, if the health system starts to be efficient, and it is not difficult with all technology and evaluation of the productivity of the hospitals, with new payments to the doctors and nurses to raise the productivity, very easily the system starts getting efficient. And exactly on this particular moment the private sector gets a big problem, so the situation is very delicate, Let's see how it comes.

**You have already mentioned the problem of price formation in the healthcare. There are several European countries which manage to create the medical packages for very attractive price, from your point of view, how Portugal could compete with the price strategies.**

Let me introduce you one thing there is no regulation on the prices in the private sector, this is probably the only sector where there are no regulations at all. This is a simple thing for them to charge whatever they want. If you get sick, and you have the private insurance, you go to the hospital, and they automatically ask you what is your limit in terms of budget and if you mention 20.000 euro, they will charge you 19.999 euro healthcare treatment that costs 5.000. This is in terms of regulations generally it is inflation of prices. So it is very comfortable for them to behave in the market like this. There are some health areas like the public employees fund, which has some regulation of prices, and they like to work with this types of health insurance, because it provides them production quantity, they can cover 50% of their production with this. But on the private insurance they charge whatever they want. This makes the comparison of our prices with Europe completely different, because the prices don't reflect our cost they represent a margin which if you compare it with German or Holland healthcare system, the margins are enormous here. It means that the market is not efficient, it has a lot of space to be more efficient. And the prices will go down in the future, when there is some pressure in the market in terms of offer, because this is going to change, I am quite sure about it. At the end of the day, even with the prices which we have today, it is not the price, creating the delicate situation. You have already made some studies about Medical tourism, you know very well, that in terms of decision making, the price is always 4 or position 5. The patient always wants to know:

- who is a doctor, who is going to open the body, his history, his curriculum, how many surgeries he provided and if the patients are happy with the surgery;
- where is the hospital and the prestige of the hospital;
- where is the destination, if it is a safe country;
- which services are attached to the treatment, which the patient is going to do;

- and only after it comes the price.

And this kind of thinking, it is general thinking wherever you in the world. Our European patients have the link to the health system, and part at least part of the surgery is going to be paid by the health system. This makes the price question quite irrelevant. What people are going to think about if they have Portuguese origin and they work in Germany why not to make a knee replacement in Porto and they will have recovery in the cultural contest or among retired people. And if the surgery is not something very hard, he will combine some relax, some staying to make the recovery after the surgery in the better weather, better climate, this is quite complexed. After this you will get outside European patients. And at this particular point it will come particular levels. One is the elective surgery, like transplant, where all these types of surgeries can be provided only with the public hospitals. I always disagree when these private hospitals say that the public hospitals have asked to do it with this type of business in Medical tourism. Because if you want to improve your image you need to do elective surgery. You need to make the hardest in terms of surgery. And if this can be only made in the public hospitals, you need to make the public hospitals. You are going to attract the patients from countries, where the healthcare is very inefficient, because for example, there is inefficiency in the United States, or they are inefficient because no healthcare at all, in countries like Angola, Mozambique or Libya. There is nothing there. So they need to look outside of the country in order to get the treatment. We realize that we need to see the reality from the different angles. But we also need to be pragmatic, we cannot think that we have the same image, or the same reputation as, for example, London has. People like to go to London to get the treatment. They have an image of medical provider. And some years ago I was at the Hospital in London, which is very small hospital and very specialized in the hard surgery. And I was speaking with an International Director and he was saying to me that some of the Arab people come to London to make the hard surgery but also the wife likes to come because she loves shopping. So while the guy is on the surgery block the lady is making shopping in Oxford street. Lisbon is already getting the attraction. You have the Madonna living in the neighbourhood. But it will take a long time in order for us to have the same type of attraction as Paris, London, Berlin or Munich. We need to play with our tools, we need to succeed with our reality. It is my vision about what I going to happen.

**As you said we should use all the tools in order to develop Medical tourism, so how do you think the cooperation and coordination between which stakeholders could bring the biggest value to development of Portugal as a Medical provider? As it is very complexed process.**

First of all, the private sector is a key element in the process. They need to realize that the situation is more delicate on the market than they think at the moment. They all the time saying that they would like

to have three options in Portugal, that everybody should be free to be treated in a private or a public hospital, and it should be a market decision, so the patient decides. They think that this is the right way for them to even improve their figures. But it is completely opposite. In the day when the government will allow a three-way option, they will implement a fixing price rule. So the prices will be more or less similar in the public and the private sector. So automatically there will be a market situation changing completely. This can happen tomorrow. This is only a political decision. If they realize it, that they need to look for other sources in the market in order to complement their medical package, because the private hospitals are the ones, who need to do it.

For example, you have the Fosun, the biggest investment fund in China. You have China that gets extremely efficient. They don't have our type of healthcare. They don't have state hospitals, or doctors, or nurses in a sufficient quantity to provide the healthcare as we have in Europe or North America. There will be very strong demand from the medium and high class citizens which have the purchasing power in China. So for the private hospital it is not difficult to put the half a million of patients. Critical point here is private sector. When they realize that it is a very important thing for them we will succeed. If they are not active, it is going to be provoked by the market, but it will take much more time.

**And what is about the Tourism Sector. How the reputation of Portugal in Tourism could be applied in the development of Medical tourism. In which form it could be?**

This is a very intelligent question. This is the point which is more on the side of the government institutions. Because you cannot think to promote the senior Tourism market segment without thinking about hospital or healthcare provision. Because you cannot even promote the Golden visa in order to attract retired people from France without thinking on the answer about the healthcare. When we are young and we go to work to another country, the healthcare is something that we are hardly thinking. You saw a lot of Portuguese people who went to work in Angola during the crisis time. They were young and they didn't even think that there are no even hospitals nearby there. Because the people are young and they think differently about the place where they go. When you are older the first thing you think is where the hospital is more nearby and if the doctor speaks my language. So you cannot promote Portugal for older people segment without giving the answer to the first question they make.

The Tourism in Portugal is coming to the stage where they will realize that Healthcare image is very important for the Elder Tourism in Portugal. When you associate the healthcare, you associate the good quality destination. So it is very important that government institutions will try to push this image very

hard and they will improve this type of tourism a lot. You can generate the margin in the Tourism when you associate the quality service to the Tourism.

**There is a high competition on the market of Medical tourism. Would you consider to be more effective for the healthcare units to make a focus on the specific types of the services or even specific types of Medical tourism?**

Absolutely. For example, esthetical surgery, breast implants, plastic surgery are very attractive for our market. You can combine leisure and destination safe reputation to make this type of surgery in an anonymous way in a safe context. This is something very interesting in a medium high segment level. Everybody will get the cheaper prices to get the breast implant in the world. They can go to Brazil and they will get a better price. But it will always take their mind in terms of the decision. They will always combine the price and the safety for the destination. So this particular area – esthetical surgery- is one of the areas where we need to bet. And regarding the other areas we need to concentrate on what we are good at. For example, in Coimbra we are very good on high surgery. And we also need to make the high complexed surgery in order to generate the reputation. So we need to focus. We can do it also by regions. Algarve can be very good destination for plastic surgery, Coimbra can be very good destination for a heart surgery. Sport medicine can be very interesting for Porto. Because there are a lot of doctors who are well-known in the sports medicine. For example, Ronaldo got the injury in the knee and saw the doctor in Porto. So this is the best publicity in the world. But if you go to the internet and you Google, Ronaldo knee surgery, knee problem, and you see the doctor who is making the interview about the situation with knee, from the marketing point of view it is a complete disaster. We don't know how to promote ourselves. We need to make a very strong work on this level. The doctor who has the excellent hands, which operated Ronaldo, obviously, is not a marketing professional. But we need to make his image as best as possible. Because everybody in the world knows that Ronaldo has the problem in the knee and was operated in Porto, all the football players would like to go to Porto to be operated by the same doctor. You can put this as a simple image or example on the way how the things could be different. It was a complete disaster in terms of publicity that we have made.

## Annex 14 – Transcription of the Interview II

**Researcher: From your point of view why the healthcare units should go for the strategy of exporting the medical services abroad?**

*Respondent:* For instance, Algarve has got the weather conditions, very good for rehabilitation. Let's say, if you got the ankle problem and you are on the waiting list to be operated in England, Sweden or Norway, you can easily do the operation in Portugal and do the recovery in much better conditions. For the health, climate here is much better. Besides of that there is one thing that Portugal has been doing especially in Algarve – cooperation between the healthcare facilities and the hotels. Let's say the operation – 1 day in the hospital, 3 days in the hotel for recovering, visited by the doctors. They are doing such a system in America. That is the thing that should be in Portugal – cooperation between the tourism units with hospitals. Because if you are operated, you don't need to stay one week in the hospital. Especially, if you speak about the orthopaedic operations, you can stay one or two days in hospital unit. If everything is stable and you need to recover, then you will go to the hotel, or other facility until the full recovery. This should be done under the supervision of the doctor. This concept is very useful but still was not applied here.

Let's say the hotel group Vila Gale has got the facilities with wine and the other attraction. This can be also used as a Medical tourism facility. It doesn't need to be a building with 400 rooms, it can be simply small facility, which should be connected to the doctors. It should be assured that the doctor can be there during maximum 30 min if there is any problem. Or the patients can be delivered to the hospital in 30 min the most. But this has to be very well organized. Currently, we don't have this organized in Portugal.

**As there is a huge competition between the countries in Medical tourism, why the patients would choose Portugal?**

Firstly, it is cheaper if we compare to several countries. Secondly, and what is more important it is safer as we speak about the European medicine, world class medicine as well. The medical professionals are highly experienced and it makes the procedure safe. Also we should mention that here it is better climate, which has much better effect for recovery, especially in those operations I have mentioned before. And, probably, if you are going to the agreement you don't have to wait so long like, for example, in England or Sweden, they have very long operation waiting lists. I think in the surgery level there is a broad field of cooperation between the countries. You can try the other diseases like the spine conditions wherever in North Europe they are not good at this they can come here for treatment.

**How do you think would it be more effective to concentrate on specific services in the promotion of Medical tourism in Portugal?**

I think they should concentrate on the ankle operation, knee replacement, and esthetical surgery. Not trying to have everything but just small concentration in the market. It should be more orientated to the things they can do here in Portugal. If, for example, they are trying to do the cardio surgery it is not the right place. Because we have got three major cardio centres in Portugal and they are completely fully booked. The waiting list for heart replacement is very long. But for orthopaedic, small surgeries like hernias or spine problems can be good.

**How do you think where lies the potential of development of Medical tourism in the private or the public healthcare units?**

The public hospitals didn't go to this market yet. Because the demand in Portugal for public hospitals is huge. And as healthcare in Portugal is free, that is why they are always full with patients from the normal population. So I think that it should be private facilities in Algarve, the ones which can afford it and the facilities are ready to go to his sector of Health Tourism. May be if one day the new public bigger facility will be built in Algarve, they can sustain the demand. I am speaking specifically about the Algarve as I was working in that area for 25 years, that's why I know the situation there. Probably we can also try the other regions like Porto, Lisbon or even Coimbra. But I know the Algarve and I know that they can do it.

For the public hospital to go to this market they have to fulfil the internal needs of the population. Only after that they could explore the new horizons. If you start to import the patients without solving the problems here there will be a big thing in the media.

**Considering that Medical treatment involves high risk for the patient, how Portugal could demonstrate its quality in the Healthcare?**

Some of the hospitals are already certified by the Joint Commission. So it is the guaranty of quality. Like for instance Leiria hospital is certified by Joint Commission too and it is a public one. The certification of Joint Commission is a stamp of guaranty that is why it is very important for the hospitals involved in promotion of Medical tourism to be certified.

**In which forms the cooperation of healthcare units and Tourism industry could benefit both sides?**

First of all, with booming tourism they convince the population that we are the safe country. Fortunately, we have not have any attack yet. Apparently, we have got the image of the safe country. Not so rich, not



so poor. We have got friendly population, which is also very important. And also, we have received a lot of well-known people who are living currently in Portugal. They made the base here in Portugal. And in their conversation they promote Portugal as a tourism destination. This image can help to build the reputation around the Medical tourism too. But the facilities should be prepared, especially private facilities. Then after having all the necessary instruments, the private companies should go for the certification. And only after that they can try to sell it.

We have got much better conditions to compete with the big players like Thailand, for example. Portugal has much better facilities than Thailand, but it didn't go to that market yet, as in Thailand they, for instance, are using the American concept. Giving the example, the Americans build the hospital in Bangkok. And this hospital is making the check-ups for the Americans, Singaporeans, Chinese, the ones who have money. But this is an American hospital, just going to the details you see that the staff is from Thailand, and that is Thailand which can speak perfectly in English and were educated by the Americans. They say come for doing the check-ups here, operate your eyes here, we are safe and apart from it, this is much cheaper for the American insurance companies. Secondly, they promote the weather and climate conditions. The concept is that: safe facility, good country, cheaper.

**But if we speak about Portugal, the medical service are not so cheap. How do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?**

In this aspect Portugal is not cheap, like Hungary or Poland. Because the labour here is more expensive than in these countries. May be it would be possible if you would create the package, for example, 2 days in hospital and the recovery in the other facility. If you stay one week post-operation in hospital it will be expensive in any case. But if you diminish the cost by moving the patient to the smaller facility, just to sleep over with a daily visit of the doctor we can, probably, create attractive price. Because, just to have an idea, to keep the patient in an intensive care bed costs one thousand or two thousand euro per day. If you go to the hotel, the price immediately goes down to 60 euro plus the doctor's visit, let's say 40 euro, so at the end 100 comparing to 1000 is completely different approach. It has to be the cooperation between the tourist facilities and the hospitals. You cannot stay in the hospital facility just for pleasure. It is very cost-consuming.

To be competitive at that level you have to propose good prices and the good staff. Because if the problem arises and you don't solve it, it is finished already. If you have a Swedish here, who has the operation and things do not go according to the European standards, once he goes back he will transmit it and it will be finished.

**From your opinion the concentration of Portugal should be made on cross-border healthcare, considering the attraction only of the Europeans, or Medical tourism as well, trying to attract also the patients outside of Europe?**

I think it should be both ways direction. I mean if a Swedish person wants to be operated here, I think it is attractive for him, especially if it is covered by the national Swedish Healthcare system or not. Let's imagine the Swedish is choosing the destination(?) for medical treatment, and the choice fall in between Turkey, Dubai or Portugal. If we look objectively and the facilities will be equal, price cheaper, they will chose Portugal. There are no doubts about that. Cheaper, the same price, facilities – they choose Portugal. Three hours airplane, the standards are close to their country. If you think about Portugal... may be they are not so developed, but they belong to the same community. Portugal is currently in fashion, what is lacking and needs to be built for Medical tourism is a reputation of medical destination.

**Which Marketing tools should the companies apply for advertising the services internationally?**

Of course the patient can check the sites. But when the patient chooses the place of operation, the site is not enough. He needs to have the references. They can go to the site to pick up holidays for relaxation, gastronomy or sight-visiting. But for medical treatment they will have much more questions. They look for references: their friends, medical professionals or medical units of their country referring to Portugal

and specific healthcare units as well. The connections and the reference are the key of the success in this area.

### Annex 15 - Transcription of the Interview III

**Researcher: With the fact that Portugal is still emerging country in Medical tourism, why LUZ Saúde found it important to attract the foreign clients to have the treatment outside of the residence country?**

*Respondent:* Initially, Luz Saúde did not have the intention to use the strategy for attraction of the foreign patients from the other countries. It has started from different reasons and one of them was the idea to concentrate on the foreign patients who were already located in Portugal and were searching for the medical treatment. In order to expand its services and target the foreign patients, the hospital has to know the profile of the potential client and what he is searching for. Therefore, the concentration was made on the service support for international clients and the ways to improve it. After several years there was already the awareness for the international channels and the partnerships with the international units. The idea was the following: if Luz Saúde has eventually the offer for the foreign patients who are already in Portugal, there must be the stage to go abroad. It supports the exportation of the medical services.

For this reason, in 2009 Luz Saúde has applied the initial research for understanding the cross-border healthcare, in which area the focus should be done, from which countries the clients are coming from and if there is a sense to go this direction. It was distinguished that there were a lot of clients from Angola and there was no specific approach applied to them in the hospitals. Nothing special was done for that group of clients. Occasionally, if they were searching for the treatment, they would need to make an appointment, and to follow the standard process. This understanding created the need to improve the offer. During the research it was also identified that apart from Angola a lot of clients are coming from PALOPs. The number of the foreign patients was huge, that is why it created the ground for thinking about the special program for them.

**Considering that Medical treatment involves high risk for the patient, how the companies could demonstrate its quality in the Healthcare?**

Demonstration of the quality is one of the means which is crucial for enhancing the client's confidence in the choice of hospital and the medical destination. What helps a lot is the international healthcare accreditation which insures the client in the compliance of the hospital with the standards of quality and

safety. Also the third parties endorsement, national quality program and European certification are the main keys to manage the client's preoccupation about the quality.

**Several European countries use the price strategy for enhancing the competitiveness in Medical market, how do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?**

First of all, it must be emphasized that in Medical tourism the price will never come as a first motivation factor. It can be combined with several factors, but it will never be the primary reason for the patient to choose unknown place for undertaking the treatment. The client travels to another country and the risk is very high. That is why, no one will try to save the money on its health. You can get the cheap treatment but then after receiving the poor result you will have to live with this all your life, either it is a transplantation, cosmetic surgery or just Botox. The client is always anxious about the quality more rather than about the price.

Of course, the other situation when the patient is already desperate, like for example, the American who is waiting for the transplantation and the prices for the treatment are over the limits. Probably, in this case he will be motivated by the price to look for the treatment abroad. Otherwise, few people go to the other country just to save money on the medical services if they have affordable quality options at home.

Being more specific, Portugal will never try to use the price strategy to enhance its attractiveness in comparison with the other countries. The promotion of the quality is always coming ahead. For that reason, to the maximum extent the healthcare units should demonstrate the value for the price, the clients are paying for.

At the same time, speaking in general, the price rate for medical treatment in Portugal is medium in comparison with other European countries. It is not very expensive. It would be almost impossible to lower the price as the main components which are involved in the treatment are cost-consuming (high quality material, man power and equipment). Even so, Portugal can compete by price with most of the Nordic countries, like Denmark, Sweden, Switzerland, the UK. Therefore, Portugal is not out of the chart of the prices.

**Which Marketing tools does LUZ Saúde apply for advertising the services internationally?**

There is no what-so-ever marketing in the Medical tourism. During multiple conversations with the professionals involved in the marketing it is always mentioned that it is hard to find the person who will go abroad for obtaining the treatment, basing his decision just on the advertising. The Medical tourism will be always built on the relationships. The best way to reach the client is to have the international

connections with the local units from other countries, which can refer to the Portuguese healthcare providers and to seed the confidence of the client in the decision-making process.

**From three groups of the medical patients (tourists, foreigners who have longer stay in Portugal or people who are searching for the treatment abroad), which group presents the greater interest for the Medical tourism in Portugal?**

The greater group of concentration: tourists and people, who already stay in Portugal. With closer outlook at the cost, we can see that when the patients are coming from abroad for the purpose of treatment, the communication and the whole process is much more expensive, comparing to the treatment of someone who is already in Portugal.

From the other side, it is important to admit, that to support the flow of the patients who are intentionally coming for the treatment to Portugal is also very important. Because this process supports the image of medical destination and creates the reputation. All the activities, performed by the company, will bring the clients. Although, usually it is achieved not only with the specific focus but through more indirect activities.

**Do you think that Portugal should make a focus on advertising specific medical services or even specific type of Medical tourism? (If yes, which services?)**

Yes, definitely. Being objective, the focus should be made on the specific treatment and the specific type of Medical tourism. Rehabilitation could be the niche with a high potential for development in the future. But for this it would need to be promoted and have the characteristics separated from the other medical services. The problem is that in most of the cases the private companies are trying to promote everything what they have, without creating the special campaigns. And as a result, no steps to action.

The more specific the companies get in their offer, the better chance to succeed. The companies have to concentrate on the existent patients with the purpose to understand their needs and on the type of the services they are searching for. Because it is always much easier to grow with the market you have, rather than to create a completely new niche.

Several years ago, when Portugal has started to speak about Medical tourism, Luz Saude had already have some strategy. At that point most of the companies have been very enthusiastic about Medical tourism but, unfortunately, from the wrong aspect. Everyone was thinking more about the income, forgetting about the improvement of the services they have and the concentration on the specific patients.

On the contrary, Luz Saúde had a completely different approach. What they were looking for was the continual client referrals. They decided that instead of spreading the promotion of the services all around the world, they need to focus on the countries which have already shown the interest in Portugal.

Considering that B2C is very expensive, and the chance to get the results is very low, the companies should be very careful about choosing the target markets. If the company has the established connection with the foreign units from where they can get the client, this is what gives the real results. The scheme is very easy: if you have the target and you know what the client is searching for, then you have the right proposal. Even if in the beginning you start from a couple of clients, there is always high chance to grow if you are using the right tools.

**From your point of view, cooperation between which stakeholders could represent the biggest value for development of Medical tourism?**

The institutional endorsement is very important in the development of Medical tourism. The biggest help that can be provided by the government is established network of contacts.

The example of successful cooperation between government and the private companies can be presented by one of the fast-growing Medical tourism hubs, the United Arab Emirates. The system is presented by different entities, which are responsible for certain coordination of the process: licensing, development of facilities and the market legislation. It is credibility and the seriousness of the offer from the private companies, combined with the continuous regulation of the Ministry of Health that makes the United Arab Emirates so successful in attraction of the foreign patients.

Generally speaking, the visible results in Medical tourism can be achieved only with the tight cooperation between the private healthcare units and the government. The facilitators, unfortunately, are not the greatest partners in Portugal in the area of Medical tourism. As they do not present the big value in the process of selling the medical offer outside Portugal.

**In which forms the cooperation of healthcare units and Tourism industry could benefit both sides?**

Tourism industry in Portugal has established the reputation for the recent years and Healthcare sector could definitely benefit from this fact.

Considering that the tourism industry has its specifics and represents more relaxation rather than surgery, the potential of the cooperation with Healthcare sector lies mostly in Wellness Tourism.

However, if the tourism companies promote the healthy environment, highlighting the existing quality in the medical treatment, great healthcare infrastructure and the highly professional doctors, the overall

image of Portugal as a medical destination will start to grow. Furthermore, the Tourism industry in Portugal has well-developed selling system, presented by large national sales offices and by also the whole structure to promote the tourism internationally

**For the last years Health'n Portugal in cooperation with healthcare units have developed the project which was directed to tackle the problematic areas, which cause the slowdown of Medical tourism in Portugal. A lot of work has been done, but until nowadays, the problems are still essential and not resolved.**

One of the main problems which has a huge impact on the final results of the project for development of Medical tourism is the cooperation between different stakeholders. Initially, when the discussion group was created, it was impossible to manage it politically. It had too many members and all of them followed totally different targets. There was a lot of discussion and no actions coming. More than that, the public hospitals were also taken into account for Medical tourism project, but, afterwards, it was narrowed just to the private hospitals.

The private providers should be the drivers of the whole process. Because these are the private hospitals which can prepare the high-quality product, that will be interesting for the foreign patient. It can be reached, if the private hospitals focus on what they are already doing and what can be done and improved in the future.

Health'n Portugal cannot act alone in building the plans for Medical tourism development. The work must be collaborative. The companies should express their ideas and advice on the meetings. Also, if the companies know the project financial budget, the concrete plans of actions can be developed. Then, all together the companies have to go to the markets, on which they decide to focus. It is very difficult to achieve anything in terms of creating recognition for Portugal as a destination for health care services alone, if we have the funds and collaboration, then it starts to be possible. With the certain focus, the concrete actions can be performed: congresses inside the government, meetings with clinics and invitation of international entities to Portugal.

If we look at the results of the project and what was achieved, we can see that, basically, it was possible only to finish the Portal. Everything other was very difficult to complete. Several companies have the ideas, but, unfortunately, they are afraid or don't want to share it, trying to go ahead alone. The huge investment was done, but without collaboration, the companies cannot gain the reputation internationally and attract more foreign patients to Portugal.

During the last years it was a long learning process. Health'n Portugal group realized that the work with the government is a huge help. Also, there were distinguished the markets where the companies should make the focus on. The countries with which Portugal has connections should be taken into the first attention. Although, 7 countries, determined as the target ones, are still too much. We should start from little, learn and after going further. As it was mentioned before, the private companies should be the driver for the whole process. There must be people, responsible for the object in every area. The companies should be committed to what they are doing. And apart from it, the companies need the coordinating centre presented by Health'n Portugal that can manage the plans, collaborate with the government and the other providers.

Luz Saúde is ready to present its ideas and to be the part of the big team which can help to generate the joint actions and as the result to boost Medical tourism in Portugal.

#### Annex 16 – Transcription of the Interview IV

**Researcher: With the fact that Portugal is still emerging country in Medical tourism, why Oporto health tour found it important to attract the foreign clients to have the treatment outside of the residence country?**

*Respondent:* In Portugal, currently, the offer in the area of medical tourism in the north of the country, in particular, is scarce. Portugal is a country with very rich health resources, both human and equipment. In addition, it has a mild climate for most of the year that allows recovery in conditions that few European countries offer.

**What is the main concept (strategy) of Oporto health tour applied in the attraction of the potential patients?**

The Oporto Health Tour chose to base the offer on the quality of medical-surgical treatment, and the popularity and the relevance of doctors / surgeon's curriculum, rather than on the price, that was different from the usual process.

**Which drivers do you see as principal ones for patients to choose obtaining the treatment in Portugal?**

The first factor, which is the most decisive during the choice of travelling to a medical tourism destination, is unquestionably, the price. We have tried to counter this idea because we believe and



argue that the lowest price usually does not correspond to the best service provided. There will always be some differentiating factor that will make the cost of a particular surgery, performed in the same country under similar conditions, more expensive or cheaper in different hospitals.

After the price, it comes the distance from "home", and usually, the person, who travels to perform a medical-surgical act, chooses a destination about 2 to 3 hours away by plane.

Simultaneously with distance, it comes the research about the surgeon, the international experience and the conditions of the health facilities.

And during this process, the patient who uses the services of a facilitator receives much more because of the speed of responses and the transmitted security.

**On your opinion which factors can increase the competitiveness of Portugal in medical tourism?**

Portugal already has a set of privileged conditions:

- Climate;
- Low crime rate;
- Private hospitals with international accreditation and modern technological conditions;
- Surgeons with international experience;
- Offer of varied accommodation of 3, 4 and 5 \*;
- The typical Portuguese hospitality and friendliness.

**Considering that medical treatment involves high risk for the patient, how the companies could demonstrate its quality in the Healthcare?**

All medical acts, without exception, have risks, although in some they can be quite reduced. In addition to quality, it is important that medical acts be performed safely, complying with a number of rules and conditions previously identified by a clinical team, in order to minimize the associated risks.

Some of our support include:

1) Clinically, an evaluation is done by a medical team that confirms the patient's eligibility to perform the intended medical act, prior to travel. When he / she arrives to Portugal, the evaluation is repeated, in person, with the doctor / surgeon responsible for the act.

2) The accommodation is selected and booked by us. Before receiving any patient, we have assembled and prepared selected hotels with guidelines for the special needs of a tourist who travels for surgery or treatment, according to the medical specialty.

**Several European countries use the price strategy for enhancing the competitiveness in Medical market, how do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?**

Portugal is not competitive at the price level. The price will be only competitive when the involved stakeholders from the areas of health and tourism, work together in order to coordinate favorable prices and conditions in order to increase the volume of business.

The attractiveness of medical supply must be based, necessarily, on presentation, quality, safety, modern conditions and the excellence of medical professionals.

**Which Marketing tools does Oporto health tour apply for advertising the services internationally?**

- Presence at international fairs;
- Digital marketing.

**Do you think that Portugal should make a focus on advertising specific medical services? (If yes, which services?)**

Medical tourism focuses on some specialties. Portugal has to follow the trends to be at the same level of international competitors. Plastic surgery and dental medicine (dental implants) will be primarily responsible for medical tourism directions. In addition to these, orthopedics and reproduction also can be taken into consideration

**From your point of view, cooperation between which stakeholders could represent the biggest value for development of Medical tourism?**

Hotels, airlines and hospitals. If we achieve cooperation between these three agents, Portugal's representativeness at international level increases immediately.

<b>Do you think that the strong reputation of Portugal in Tourism/Hospitality sector could enhance the attractiveness of the offer in Medical tourism?</b>
The reputation and visibility of tourism undoubtedly contribute to the increased attractiveness of medical tourism. This increase, however, does not happen automatically. Reputation does not sell medical tourism alone, without the help of the agents mentioned above.
<b>In which forms the cooperation of healthcare units and Tourism industry could benefit both sides?</b>
The one, who has to be more privileged from the cooperation between health units and the Tourism industry, first of all, should be the patient. If the patient has a good experience, he will recommend, and the business grows for both health and tourism.
<b>Portugal has the 14th position in the world ranking of the Healthcare Services and also the 14<sup>th</sup> place in Tourism Industry, how do you think why with all the necessary components Portugal is still on its initial stage of development in Medical tourism.</b>
In order for the development of medical tourism to take place, in my opinion, state authorities must become involved and commit to the promotion of this tourism component.  For example, in an international medical tourism fair, there are countries represented by the State itself, Ministries of Health or Tourism that make an integrated promotion of all the agents involved (hotels, hospitals, museums, etc.) in one space. On the other hand, Portugal is represented by Hospital X, Clínica Y and Hotel Z individually, and each one is trying to make their own promotion. The integrated promotion model can be a solution for further development of medical tourism in Portugal.

## Annex 17 – Transcription of the Interview V

<b>Researcher: Taking into account that Medical tourism in Portugal is still on its initial step of development, why did you decide that it was important to diversify healthcare services by providing treatment to foreign clients?</b>
<i>Respondent:</i> The idea to start the company came from my work. I was working for 10 years in the primary healthcare, and I saw the people who have the chronic disease, or some type of disability and they cannot go out of home. I was thinking when some kind of the holidays are coming they could not accompany their relatives in the trip. Firstly, I was thinking if it was just because they didn't want to create the addition work for their family, but after a while I have understood that it was just because they

had the fear. They are afraid to go for a treatment to unknown place, to unknown doctor, they are worried if the place where they are going has the capacity and all the necessary materials for the treatment. All of these fears limited the people to travel. And I was also thinking if I am a Portuguese and I am trying to imagine the foreigner willing to come for treatment in Portugal, if I would have this confidence. Therefore, the company started with the intension to create the support system in the Cross-border Healthcare. We have designed the assistance plan for the flight or the trip, that the person felt secure. In accordance with the plan the person, for example, wants to stay 3 days in Lisbon, 4 days in Porto, we are fulfilling the necessities of this person and giving the support if it is necessary. It was our initial point. But, of course, we needed the hospital for cooperation for the medical support. It could not be the public hospital, it had to be the private one. At that time our choice has stopped on Lusíadas. Grupo Lusíadas has the international accreditation of JCI, which guaranties the quality.

After making the partnership with the healthcare unit we thought that we have here everything: the hospital, the city, Porto, which was on the stage of the tourist boom, the airport, which is also distinguished with several premiums. We also have created the website, where the people, could consult about the provided surgeries and treatments, also for the price consultation and the choice of the hotel. It was all the good part, but we didn't think that outside the boarders Portugal doesn't exist like a medical provider in terms of the Medical or Health Tourism. It just didn't exist.

We have been visiting one of the biggest exhibitions in medical tourism, we realized that if the government doesn't decide to contribute to this specific type of the Tourism, there will be no chances for success. Because when we came to this exhibition and we see that Turkey, for example, has the large amount of the pavilions with the presentation, represented in a very organized way. Looking at this we understand that this is done with the national support. In Portugal this is still doesn't exist. In our opinion, the numbers which are generated for Medical tourism are contrived. The foreign people who are taking the services in the private hospitals are mainly doing that because they have their insurance, and currently either studying or working in Portugal. But they don't travel to Portugal intentionally for this reason.

**In your opinion, it is better for the companies to concentrate on the promotion of the medical services directed on the foreigners who are already staying in Portugal?**

Yes, of course, it is much easier, but then it is not directly Medical tourism. Medical tourism is when we promote the services for the clients to come to Portugal for treatment. Let's imagine you are staying in Portugal, and by some reason you need to go to the hospital. You have your health insurance and you,

for example, go to CUF. You will be seen as a foreigner, but we, fairly, understand that you didn't come to Portugal just for a treatment.

For example, in the North the clinic Espregueira-Mendes has someone in the United Arab Emirates, who was already practicing in Portugal, and now will direct patients from Emirates to Dragão clinic for the sport surgery. The patients will be directed straight to the clinic. But it must be someone who has the relation of proximity. For instance, we have the protocol with one partner in Qatar for sending the patients to us. But for a moment we still are waiting that the protocol will start to function as there were still certain interruptions due to the crisis. We are already working in the United Arab Emirates. Also, we are trying to establish some contacts in Angola, but now with the crisis it is not so successful, as well as Saudi Arabia, which is also not so easy.

**From your point of view is it more effective for the companies to concentrate on the promotion of the specific services or, probably, specific type of Medical tourism?**

I think we should, firstly, divide the promotion of the Medical tourism and Health Tourism. For example, in the European level regarding the Medical tourism we have the opportunities with England. There are the CGIC (Clinical Global Impression of Change) lists in England. We have a long CGIC list, which is sometimes contracted with the foreign hospitals. Therefore, we have opportunities there. Also, we have the perspectives in post-operative treatment with the patients from Germany. Currently, we already have the Germans, who take this type of treatment in Portugal, because of the insurances. It was a period when the insurance companies understood that the treatment would cost, let's say, 10.000 euro less in Portugal, that's why they started to send the clients here for the treatment. But it is still in a very early stage, that's why there are still little people. There are also the great opportunities in the dental area. In Switzerland, as well as in Germany, the treatment is very expensive. And after this, for the Scandinavian countries in the North it is all subsidized by the government, therefore, little patients go out of the country.

We should also think about China which has now the partnerships with Lisbon, that's why, China can be one of the target markets. The Arab market, which is currently travelling to England for treatment, and also take the medical services in Germany, as Germans understood that if they go to England, they can also stop in Germany as well.

But even so we managed to have well competitiveness in terms of quality and we have things that distinguish Portugal. We are country without violence, a safe country. We cultivate the privacy, we treat very well foreign people. The costs are not very high. The gastronomy is good. So, all of those components present the quality that can differentiate the country.

Going back, Arab market can be good perspectives. We also can remember about the United States. You look at the map and you realize that if the Americans are going to India, why they cannot come to Portugal. Exactly for this Portugal should appear on the map.

**What are the main limitations Portugal faces with the establishment of the reputation as a medical destination?**

Portugal needs to invest money into the promotion. The advertising should be done in the airport, TAP. From the level of Tourism, how I understand. The things are developing in the natural form, when don't need to invest anything. In Lisbon, for example, which is completely packed or Porto, where it is the same. You don't need to do anything, no need to invest. So, you look at this type of the tourism, and you understand that investment is not needed. But Portugal will go out of fashion, it will happen like it happens with everything in life. And then we probably will look at what has happened and understand that the reason of that is that there was no promotion.

One thing is when you are trying to commercialize the product and another promotion of Medical tourism. Let's imagine you are trying to sell some product to me. And you contact me and say that I have the following type of product which has high quality, and then you show me the product. And I can make the conclusion after trying. This is quite easy to do. And imagine, I tell you that I have here fantastic hospitals, and highly professionals. Your answer will be ok, but then if I try and something will go wrong, then what.

For example, you know Dr. Espregueira Mendes, the doctor who makes surgery to the football players. He already made the operations to Ronaldo, Falcão. Therefore, you have to use in the promotion one of these persons to advertise Portugal internationally. Saying that if you come to Portugal you will be operated by the doctor who already made the surgery to the best football players of the world. Just this will be enough to capture the attention of million people. Even if you are American who is not so connected to football, any way the example of Ronaldo will be enough to attract you. But we don't do this in Portugal.

I will bring the example, about the video which was produced by the Turismo de Portugal to overcome seasonality. You are watching the video and see all the images which were captured during the winter months. And you imagine that when you come to Algarve you will see the old people, who have the time and the money, who have bigger availability. But in reality you don't see anything like that. You see the young people who are jumping to the water, tracking in the mountains, and you think that these people during the winter usually work or study. They don't come to Portugal. They can come during the weekend

or during one week, but this is not normal. And the reason for that is because the people who are working in the institutions don't have the general notion. Either they understand well the Tourism but then don't understand the Healthcare, or understand Marketing, and doesn't know well Tourism. And then they decide to spend, for example, 3 thousand of euro on the promotion, the result is that the money spent for nothing.

In Portugal it also happens that we speak a lot, but at the end we do nothing. Once I have been in the Workshop in England as we are integrated to the Group of Health Cluster. So we have been in England and there were three big Healthcare groups representing Portugal. One group said that they are the biggest, another group said that they are the best, and the last one said that they are the fastest. I was thinking if there was some representative from the English private healthcare units, who afterwards would like to direct the patients to Portuguese hospitals, he would be completely confused. He would not be able to decide to whom he will send the patient. We have to change this approach. Saying, for example, please come to Portugal to this hospital with these conditions, and if you prefer to stay in Lisbon we have these options. That is how we should promote, in more conceived form. Firstly, we make the promotion to tag Portugal in the map, when Portugal will start to be recognised, each provider should do their work. The network between providers and the cooperation is something that is scarce in Portugal. I think that we lack the openness. You know that Portuguese are very superb. We have the private hospitals who have high demand, and do not need to run after the client. The hospitals are happy with the clients they have and, therefore, don't look at the Medical tourism as a great opportunity. As it involves the investment and the additional work. You have to try to knock to all the doors, for the international units to know what Portugal has. And all of this costs time and money that is why the hospitals are not very admired about it.

Initially, when we created the web site, we wanted to guide everyone. The idea was to create the Google of the surgery. We wanted to put all the hospitals which provide the surgery and to demonstrate everything what hospitals have, and as a result for people to have easier search. But what has happened is that everyone did it independently, no one wanted to aggregate it. It was one of the main problems.

**Considering that Medical treatment involves high risk for the patient, how Portugal could demonstrate its quality in the Healthcare?**

There are several ways the hospitals can demonstrate the quality. Firstly, they should have the accreditation of the quality. If you speak about the American, who is investigating the hospitals, the first thing he will do is going to the website to see if the hospital is accredited. For example, we have never been in India, and we know that sometimes the level of cleanness there not always corresponds to normal.

We think why American would go to the Indian hospital to be operated there. And in reality it happens because the American knows that the following hospital has the accreditation of quality. Secondly, in medical terms, why American would choose to be operated in India, because a lot of Indians have the education in the USA but returned to work at their homeland. Therefore, in Portugal we should learn this example of inviting someone who has very good reputation, let's say Doctor from England who is specialized in the orthopaedic area. We invite him here and suggest to draw the contract that he will come to Portugal during the certain time and bring some patients. We pay the trip expenses. Some patients will be operated, the others will stay here for enjoying the country, walking around or playing golf. The word-to-mouth promotion is lacking a lot in Portugal. Only after we have it, we add the promotion with video about Portugal and success treatment of the patients. The constructed form is lacking in promotion, it should be more organized.

**There is a lot spoken about the involvement of the government, how do you think which help from the State would be essential in the development of MT?**

Yes, surely. For example, in the United Arab Emirates everything is paid by the government, as they have this opportunity. You need to have the memorandum of understanding with which the State receiving the patients has to proof that they have the quality facilities, the highly specialized professionals, provide the security which allow them to confident people in case of some accident. All of this must exist in cooperation with the State. For example, Portugal has the memorandum of understanding signed with the United Arab Emirates from 2008 and we never took advantage of it. Until now as you see we didn't observe the mass of patients coming from the Emirates. We have the embassy there, and the responsible person there told me that yes, we assigned it but didn't use it. So, this is something that is lacking. In Portugal during the official visits of the State, a lot of times the government invites the businessmen to present the things which they are doing, if there is a lack of the dedication from the State it is very difficult to choose Portugal as a country provider of the healthcare. If we make an example of Morocco as a country for sex-reassignment surgery we immediately think why Morocco. Or if we speak about doing cardiothoracic surgery in India. And the answer is simple because they are specializing in it. In Portugal if you look at three groups, they will immediately offer everything possible giving argument that they are top experts in everything. But in reality what should be promoted is the following: one provider is top in orthopaedic, the other is top in the neurosurgery. It should be more specific and focused.



**Several European countries use the price strategy for enhancing the competitiveness in Medical market, how do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?**

Unfortunately, on this level we are not very competitive. We can be competitive in the quality, in providing the safety and privacy. The country is small and also by the reason that the country has the different attractions and nice places. But in reality even if we want to compete on price we don't have that much advantages. Also, we still didn't understand the following: it is more beneficial to operate 20 people and to gain the profit of million euro, than to make surgery for 5 people and to earn 500.000. The hospitals still didn't understand that well. This is one of our difficulties.

**A lot of efforts have been invested to the development of Medical tourism in Portugal, how do you think why till nowadays there are no visible results?**

What is missing is click that will gather all the tools which Portugal has and forward it to the correct direction. You will ask me but who should make this click, the answer is I don't know. You should, probably, have someone either in the hospitals or in the State who will decide to bet on Medical tourism with the structured promotion strategy, otherwise, there is no other option. Because in reality everyone works for themselves. Also, it appears that everyone is talking and talking, but doesn't do anything. I continue to think, for example, that if we will manage to bring about 30 Arabs per month for surgery, probably, the private hospitals will think what a pity that we didn't do this 2 years ago. And then I am asked if you have the competitors, and my answer is, unfortunately, almost there is none. Unfortunately? Of course, because if there are 20 competitors and it means that there is a market, the companies are working, creating concurrence and expanding the opportunities. But like this there are no any chances. Only we.

## **Annex 18 – Transcription of the Interview VI**

**Researcher: The project of Medical tourism has just came to the end, could you say some words about the activity of Health Cluster Portugal?**

*Respondent:* The Medical tourism project has started in 2014. It was 2012 when we asked Porto Business School to develop a study for the Health Cluster Portugal. And what we asked them was based on the several diagnoses we had related to the health. We asked them to choose 2-4 big measures which we could implement. And one of the measures that arrived from that study was Medical tourism. For us it

was the first time when we decided that it was a strategic option. Then Health Cluster and AEP and also the partners from the hospitals and hotel chains worked during 2.5 years for the first time on this subject, learning what others are doing in the World, what our strong and weak points. At the same time, we participated in the Interministerial working group, combining Minister for Health, Minister of Economy, Health Cluster of Portugal and other partners. And simultaneously we also cooperated all together, but this group was mainly interested in the business side. The group was interested in what the government could do in order to facilitate this. And the both ended in 2014 with some documents and the final reports, which are presented on the website. During 2015 Health Cluster discussed if this is interesting issue and if it deserves to be the strategic bet. We decided that it must exist. It is difficult task, but we decided to go on. At this time, we internally found the way to organize sub clusters inside the Health Cluster. That time we created the cancer sub cluster, the neuroscience sub cluster. By the end of 2015 we designed a new project of Medical tourism: Health and Wellness Tourism in Portugal. We presented an application to the public funds and the European funds in order to be supported and prepare some promotional stuff. This project has ended by the end of September. And again, simultaneously we had another working group. At the beginning of this group, it was decided that this project is some kind of an armed forced of the group and we should work very tight. This is all the story about the project in a short time scale.

**In the beginning the Working group included the public and the private hospitals and after certain time only private ones were representing the Medical tourism. From your point of view, what makes the hospitals interested in the exportation of the services to the foreign clients? As many hospitals have occupation more than 90% and this makes them basically satisfied with the demand. What stimulates them to participate in Medical tourism?**

This is the main issue that we are trying to solve right now. Firstly, now for us, for all the entities which are discussing this issue, it is clear that Medical tourism is an operation for the private hospitals, not for the public ones. Because the public hospitals have certain points to resolve inside the country: waiting lists, for example. It will be difficult for them to cope with this reality. Therefore, the conclusion which was taken satisfies all the participants: the private and the public hospitals, the Minister of Health and other stakeholders. The conclusion is that only private hospitals are taking part in Medical tourism. The public hospitals are welcomed, when we promote our offer to create the general image of Portugal as a medical tourism destination, but they will not be the main players.

Secondly, talking about the private hospitals and going back to 4 years ago. When the crises happened in Portugal, everybody was thinking that it will be the rough time for the private hospitals. But it was not what happened. They are totally booked mainly in Lisbon and Porto. And this is the reason why they are

not so enthusiastic about this idea. When Health Cluster Tourism decided to start this project, as we are in a very tight cooperation with them, we asked them for several times if it is interesting for them. And answer was all the time positive. It is not their prior activity, but they know that there is a big potential, and it is something that they are interested in. Because all the major private hospitals are involved in big investments. For example, CUF is building a big hospital in Lisbon and enlarging already existing in Descobertas. Luz Saúde is also about to start to double the capacity of several hospitals. And Lusíadas is also on the way to do it. They know that in one, two or three years the capacity, which is now booked, will be enlarged. That is why there is an interest from their side. For me it is clear that it is not possible to go on with the Medical tourism operation without them. If they say we are not interesting, there is no sense to continue, because all the others are just the additional suppliers.

Health Cluster is an association and the board of the directors is changing every 3 years. The President of the first 3 years terms was from pharmaceutical industry, Luís Portela, very well-known gentleman, who is now the member of the General Assembly. For him it is not the primary interest, but he always found it strategic, because he felt that the private groups are interested. In the last March there was change in the Presidency of the Health Cluster Board, and the actual President is Salvador de Mello. He is the head of the main private hospital group, Jose de Mello. And for him this issue is very close. We had several discussions about this matter. He has some doubts, but he finds the potential of this project. And from the point of view of his Group, he thinks it must go on. We reinforce the opinion of the Group Jose de Mello. But, of course, it is not an easy task. We have a set of interesting points, but we also have some weaknesses. We are not known, we are not recognised. British, German or any citizen from the other country while thinking about Portugal, don't make an immediate connection with Medical tourism. So, this is our corrective job, if we continue to believe that this and this state we have to go further.

**Which drivers do you see as principal ones for patients to choose obtaining the treatment in Portugal?**

This is also one of the issues, which has been continuously discussed between the people involved in this matter. I think that our strong points must be the quality of the healthcare. And by some strategic points of view, I don't think that we should bet out position on the price. We should not sell the idea: Come to Portugal, because it is cheap. I think we should keep our promotion based on the quality of the offer.

Although, another difficulty is that the strategy will be one when you are targeting, for example, African country, and it will be completely another one when you are targeting German market. Each market needs specific strategy according to its speciality. And from our point of view, our assets and strong points must be the quality and the stability of the offer, the trust. We have to sell that we have a National Health

System that is compared to the best in the World. We have a country that is safe. We have some kind of soft skills, which also should be joined together. We should not bet our strategy on the big arguments, as we don't have them. Going back, if I say that we have great National Health System, but the others also propose good quality. This is not the difference. We are a safe country, but the main countries of Europe are the safe countries as well. The weather, I don't think that the weather is a good argument. I think nobody will decide to go to Portugal just because of the weather. I would say that our main quality is normality. Portugal has the European class offer and we should sell it. We don't need to say we are the best, because in reality we are not the best. We are cheaper, no...because we are not cheaper. We are from the first ranking, we have the good offer. And then we have arguments. And these arguments should be struggled and built by the operators (the private hospital groups). Because when I think about this subject, I think about the global big message. Then the particular group could find the tool and have the strategy based on price, it could work too. Each one knows their own target. But when we speak about the global or national approach, I think we should underline that we are European class system. And if we could do that then it would have the results.

**Considering that Medical treatment involves high risk for the patient, how Portugal could demonstrate its quality in the Healthcare?**

It is not the way to take the responsibility from me, but I think it must be the task for each operator. Information is the key. We have a portal now starting to function. It will need some improvements, but at the end of the day the answer to the potential client will be given by each operator. It is important that when I go to the specific website or when I phone to the operator, they will answer such questions as the information about the doctors or the recognition of the specialists. It would be difficult for the Health Cluster Portugal to complete this task for the operators, as we are only connecting the operators.

But in general, it is a key issue. The hospitals don't have this habit. The great majority of the clients are choosing the hospitals by the word-to-mouth, because the mother or the father have been well treated there or, it is also very important and must be underlined, because the family doctor recommended this particular hospital. The network of the references must be structured and built mainly by the operators. Because how, for example, Health Cluster can reflect the quality of the specific doctors, we could have some type of information like this is the doctor who is the head of the European committee. But it is difficult to go behind it. It will be different if the hospital would put on their website or in the promotion the CV of the doctor, which will conclude the supportive information.

**Which Marketing tools do you think the most effective to apply for advertising the services internationally? (If the answer for the first question is yes)**

First, I would start with the statement saying that we are on the very beginning. Going back again, everything depends on the type of the patient and the client we want to address. And also, whether we want to offer B2B relation or B2C relation. The answer, in my opinion, we want both. But it is a difficult strategy according to this option.

Now for example, we are working on the brochure, which will be done with quality and the good image. The brochure should help the reader to create some trust. And this is important not only to the customer, but mainly to those kinds of word-to-mouth prescribers. The idea is that we can distribute it, for example, by our diplomatic network: the Portuguese embassies, by our travel agencies all over the world. When they talk to some client they will have a nice document, which will present the Portuguese offer in Medical tourism. But it must be something that attracts the client. The information will be limited there, the main idea is to attract the attention, because after some time they would not be updated. That's why the clients would need to be addressed to the Portal. And again, the Portal for us is the key. Again, with two stages. First stage is for the internal use. It is important that we use the Portal as a National consensus. What we got is that we all agree in this issue. The entity that is on the Portal, the ones which recognize us as a World class medical destination. And in this perspective the Portal appears like the platform, where everybody feels comfortable and on top of this each operator should develop their own concepts, portals and the websites.

Another support, we are working on and by the end of the next month it will be finished, is a small video of about 2-3 minutes. This could be useful for our network of the salesmen, which we were talking about. Even people from the operators, everyone who wants to make the presentation about the Medical tourism in Portugal, instead of trying to make it by their way, perhaps they could use stronger arguments with this video.

This time these is our main concepts. On top of this, we intend to start, it was supposed to have started already, but we didn't have yet the base. And again, why we didn't have this base, it is because it must be something that joints the concepts of all the operators. And it is difficult. Sometimes we think if we should go with the certain option and then one of the operator steps aside as he doesn't agree. But no, I think the only way to succeed is to continue to have everybody on the board.

As I mention we want to start some road show in the next 3-4 month. For instance, going to one or two markets. From the beginning we think that German market is interesting. Although, we think it is one of

the most difficult and challenging markets, but if the things work with them, most probably it will work with the others too. We have a backup, Switzerland. It is small but at the same time also very difficult and demanding. We are discussing to use both markets. United Kingdom can be too, because everybody says that the offer of the National Services there sometimes fails, so it would be an option. But we are talking about 2-3 European Markets. We want to do the visits, for example, contact the insurance companies, International Health Service boards, key opinion leaders and specialized journalists. We are intended to make the presentation there, trying to invite them to visit us. It would be better if they visit as one thing I am saying it is very good and another thing is to have them here for one year. Of course, we are going to show them the best we have, but this is always here. In this kind of the initiative we also attempt to apply the strategy, that was successful with normal tourism, it is to find specialized journalists and key opinion leaders. It is difficult as we don't have the same reality as in the tourism. In my opinion, we don't have specialized magazines in Medical tourism, those which exists, I don't think that the quality is the same as in normal tourism. As in tourism you have the newspapers, magazines, people who are writing about it, the press which has recognized opinions. But we should try to attempt this way as well.

And another way, and with this approach we would also need our Portal with more information and more partners involved is to use promotion in the internet. We have some contacts with Google, as you know it is normally, very expensive options. But I think, at the end of the day we should do it. Because if you are not on the web you are not known. This must be also combined with the strategies of the players. Our authorities from the Economy also should be involved on board. On this level we have good news because the initially done investment starts to give its results, and during the meeting with authorities we can see the interest from their side. And this is a marketing bubbling, we need to see that the market has the respond to what we are doing.

I don't have the doubts that we are going to see that health becomes transitional activity. It will be not connecting to one territory, so it is big opportunity, and the challenge is how to do it.

**Do you think that Portugal should make a focus on advertising specific medical services? (If yes, which services?)**

This is actually another key issue. I think we all agree that we need to choose from our offer the specialties and after we should bet on them. Frankly, I don't think that we are able to do it at this moment. I don't have the doubts that it must be the way in the future. I will be very happy when this comes true and hope that in the very near future to do it. But I don't think that we are able to do it at this moment. I am an Engineer, there is a concept when you do something, with the results you do on top of this something else and this is approach I like to use. And as we are not able to do that we must go as we are trying to

do. For instance, in Portal and the brochure we decided to use 10-11 treatments, it is already better than 100 but it is not the ideal. Because the ideal would be 2-3. The experts on the communication says you will never sell 10 things, you should choose one or two. But we cannot choose only two because then we lose the operators on board. At the moment we should be all on board. But answering to your question, I have no doubts that we should go this way. And as long as we continue our bets, I am sure it will happen.

**It is spoken a lot about the involvement of the government, how do you think which help from the State would be essential in the development of MT?**

One of the advantages to be in this network is to have the knowledge and solid basis. I know that the Ministry of Health from the actual government and the previous government would not accept to be the leader of this kind of the initiative. The actual, former Minister and even the previous Minister had the opportunity to say that they find it important and they are available to help, but with the limited budget and not as the leaders of this activity. They are available to form the initiative from the civil society, from the market, from the operators. And if it is done then the government will go with them and support them. For example, I was talking to the Cabinet of the Ministers regarding the promotion of the brochure if it is possible to have the statement or declaration, and the answer was immediately positive. But again, they are available to go with, to support, but not to be the leaders.

I think that sometimes the private hospitals want that someone will do the work for them. For me it is normal to hear from the private groups that the government must do more. But I answer that it will never happen. They will not do that. The government is waiting that the private hospitals will do the first step and then the government will go along with them. For me it is clear.

Health Cluster is available to be the leader but in a form of coordinator, to be the link of different parts. But at the same it is not important to appear as a leader because I think for the market the leaders should be the companies and the hospitals. For instance, one of our concerns in the video or in the brochure that Health Cluster Portugal almost doesn't appear. Because, otherwise, it will only confuse the reader. For me it is important that it represent Portugal, Health and Medical tourism. And it is also important that someone who reads or sees it will identify it as a National initiative, something not connecting only to one group. This gives the trust to the operation. We don't need new brand; our brand is Portugal. And as you see we are returning to the beginning. On my opinion, the key for a success in this initiative is great commitment of the players. I think at this time we have a commitment, but not a great commitment. Without cooperation it will not work. I think I know the way they think. They are the hospitals but at the

same time they are companies, and they think as the companies. And the companies react to the market changes and the stimulus. As long as they feel the trigger happens, we will get their strong commitment.

**Do you think that the strong reputation of Portugal in Travel sector could enhance the attractiveness of the offer in Medical tourism?**

We thought that one of the basic initiatives was to have the combined products when we have the medical specialty + hotel + transport. But nowadays according to the experience of the other countries and the hospitals, the facilitators, and the opinion of the leaders we make the conclusion that normally the concern of the client is to choose the better treatment. And when he is in the process of the selecting the hospital for the treatment he is not worried about the other things. When he chose the hospital, then he will search the hotel, book the flights and after looking for the amusement for the family.

By other hand, people from the hospitals want to focus on the health, they think that the other issues should be treated by the partners. They don't want to be involved because they think it is already too much for them. They will disperse their efforts. I would say that it is important to base our strategy on the normal tourism, because it is easier to attract someone who already has been here, and have been well treated rather than to attract someone who has never been in Portugal. But we think that we don't need an integrated offer. We thought it was important to bring the initiative together, to bring someone who can design the package. But at this time, we don't think it is very important.

**A lot of efforts have been invested to the development of the project, what is missing and what have you learnt before that you can apply in your further work?**

What is clear for us is that we need to finish the support: Portal, brochure and the film. We should continue to produce the promotional material. It is also clear that we need to continue working on the involvement of the private groups. What I don't know for the moment is how deep we will decide to go and the consequences of this how will be the amount of the investment needed. We should go ahead, probably, we should go fast, but the fast is still not decided. It depends on the variables I have mentioned and also on the level of the private groups' involvement.

I think now the stakeholders are realizing that this could be tremendous opportunity to promote our country not only from the side of the Medical tourism but in general. Because if you have a place with the good health, this is the tremendous argument for normal tourism, this is the tremendous argument for the foreign direct investment. Because normally you associate to a health a culture of the procedures and the quality, and usually it is awarding when you have the status.



Health Cluster is also involved in the other projects related to the health. One is very important for us, for example, related to the clinical trials. So, the same issues are the same. We have the huge potential, because we have the quality in the hospitals and the lack of the reputation. Health Cluster saw with the authorities, mainly from the Economy side not from the Health side that the key word is reputation.

## **Annex 19 – Transcription of the Interview VII**

**O Malo Group has been an important player in the development of Medical tourism in Portugal. What has been done by the company in order to increase this type of tourism in Portugal?**

The people are searching for the health services (Medical and Wellness) outside of their area of residence, specifically in the other country, motivated by different reasons: stronger competition of the destination country, the services are not available in the convenient time, privacy issue, legal or cultural reasons (pregnancy abortion, stem cell treatment) and also, with increasing interest to combine all of these reasons with the leisure component.

MALO CLINIC, a pioneer in the development of surgical techniques applied to the rehabilitation of total edentulous (All-on-4® | MALO CLINIC Protocol), has encouraged Medical tourism because of its level of differentiation and excellence in the providing medical services, placing Portugal in a top position at the world, in this specific segment.

As a result of this innovation, MALO CLINIC has been recognized for its efficiency of the treatment, for the level of competence of its clinical unit, for the size and the quality of its infrastructures and the reputation of its brand. It has allowed to gain a prominent position in the National Medical tourism and in the area of oral rehabilitation. In the period between 2010 and 2012, MALO CLINIC has received in Portugal a large number of international patients coming from 57 countries in various continents (54% Europe, 36% Africa and 10% America). In 2013, the number of foreign patients increased by 31%, more than 1 thousand patients, coming from 38 countries of the various continents.

In accordance with the National Strategic Tourism Plan (PENT) Thermalism is one of the most important strategic products of Health and Well-being tourism, taking into account the diversity of the natural mineral waters and the thermal heritage of the country. MALO CLINIC Group has also referred to it in its preventive treatment.

The MALO CLINIC TERMAS LUSO unit, operated jointly with the Água de Luso, has managed to capture a growing number of foreign users, in the Valence of Wellness Therapy (Thermal Spa). In 2013

the number of the clients exceeded the 450 patients, from 36 countries. As for the valence of thermalism the attractiveness of foreign clients is very low, following the trend of the sector, with a share of around 2% of the total number of thermal baths

**Which areas of the Malo Group are most suitable for Health Tourism?**

For Medical tourism a "composite product" should combine different types of motivation (related to the health component and leisure component), different regions of the country may offer an additional factor of differentiation due to its cultural, gastronomic specialities, its historical heritage and among other factors the "sun and beach" component.

From this aspect, with a presence in the main regions of the country, MALO CLINIC was able to combine its excellence of its offer in the dental services, with the various tourist attractions. With the exception of the Coimbra clinic, all other medical units (Porto, Lisbon, Portimão and Funchal) are located next to a hotel of reference (Hotel Porto Palácio, Hotel Marriott, Hotel Pestana Alvor Praia and Hotel Meliá Madeira Mare), with which MALO CLINIC has developed a protocol that allows to generate an integrated offer of services.

The clinic of Funchal, integrated in the hotel, was initially designed as s Medical SPA, in order to represent a complexed offer of services, with the Hospitality, Dental Medicine (MALO CLINIC), Aesthetics and SPA (MALO CLINIC SPA).

MALO CLINIC TERMAS LUSO, with a specific offer of services associated with Thermal baths, has joined three components: thermal SPA, Medical Center and the GRANDE HOTEL of LUSO.

**What is the destination in Portugal that has aroused the greater interest in the Medical tourism (national and international clients)?**

All the units of MALO CLINIC in Portugal has received the foreign patients. However, the Lisbon clinic, a world reference in the field of oral rehabilitation, is the unit that generates greater flow of the patients.

2009 was the beginning of the expansion strategy, which was associated with the opening of the Porto clinic and later Coimbra in 2010, Portimão in 2011 and Funchal in 2013. This strategy was naturally dividing the national and international patients, in a logic of convenience / accessibility, conjoint with the other motivations which can influence the preference for a particular region.

**What leads the patients from other countries to visit Portugal for a dental treatment?**

It is interesting to note that the search for solutions for dental treatment outside the country of origin, appears as the main motivation in the Medical tourism, according to the Medical tourism Report - UK 2009, prepared by International Medical Travel Association.

In the vast majority of cases the motivations are the economic factors and some countries, such as, for example, Poland and the Czech Republic, have been able to position themselves in the European market with the offer of services much more competitive than those in the other countries (UK, Germany and Northern Europe).

In the case of the patients, who are searching for MALO CLINIC, the motivation is related to a highly specialized offer with internationally recognized level of competence and with the brand, which over the years has been conquering notoriety.

**How do you handle the visit and all the follow up?**

The patient is always accompanied by the services of customer care, dental assistant or by the doctor, depending on the stage of the process. It begins with the collection of information, assessment consultation, required medical examinations, definition and presentation of the treatment plan. In the case of oral rehabilitation treatments, usually the treatment begins with the surgery for placement of implants, after which the patient is directed to a private recovery room, while waiting for laboratory work, after which the patients is sent to the consultation of prosthodontics, for placement of fixed prosthesis. Different doctors accompanying the patient, depending on the specificity of the service required.

**Spa is one of your most recent bets. What does differentiate the proposal of the Group from other similar offers?**

In 2009, MALO CLINIC accepted the challenge from the Agua de Luso Society by jointly developing a project for the reconversion of Thermals of Luso, which resulted in a modern unit with SPA Thermal and Medical Center.

It is a historical heritage, dated from 1846, which was transformed into a modern unit. The historical references have been preserved in the form of the thermal pool, designed by the famous French architect Gustave Eiffel and the thermal buvette of 1936, with sculpture of João da Silva and stained glass by Ricardo Leone.

Together with LUSO'S GREAT HOTEL, also renovated in 2011, designed by the architect Cassiano Branco, symbol of modernist architecture, the MALO CLINIC TERMAS LUSO, started to form excellent conditions to compete in Health Tourism, constituting an important national asset in this sector.

The characteristics of the natural mineral water, combined with the application of medical hydrology, has formed the set of therapeutic indications and created an important factor of differentiation. In this sense, the Termas de Luso are particularly suitable for the prevention and treatment of pathologies of the nephro-urinary system, competing with only two other thermal units in the country, for the prevention and treatment of pathologies of the apparatus circulatory system, competing with seven other thermal units. They are also very good for pathologies associated with the respiratory, rheumatic and musculoskeletal systems

The differentiation is presented by the quality of the infrastructure, the comfort of the integrated hotel service, the provision of diversified offer of Spa and thermal SPA, which are directed to different "target audiences".

The brands MALO CLINIC and LUSO, with the combined value of the offer, also represent an important asset and a relevant factor of differentiation.

**How is this project going and what are the perspectives for its development?**

The sector of the Thermalism in the last years has undergone a phase of reconversion with high investments that have been made in the rehabilitation of the thermal park. Currently, there is a high quality offer, with good infrastructure in the majority of the Thermal Units, which is a good basis for relaunching the sector.

Despite the high investment that have exceeded 300 million euro, the activity has continued to fall since 2002, revealing that the reconversion also undergo a new approach to thermalism, with a renewal of the offer of services.

The Associação das Termas de Portugal (ATP) has played an important role and has to stimulate the Thermal Units to implement a renewal of the offer.

Our project has been developed with this sector framework and we are aware that it will be a medium- and long-term project with a slow recovery that will require the involvement of the remaining players. The renewal of the offer is not limited to the services of the Thermal, we also have to go through complementary services (hotel, catering, recreational and cultural activities, surrounding space, ...).

Nevertheless, developments have been positive. We have been able to grow in the sector that has fallen sharply in recent years.

**What type of customer does Malo Group want to attract with MALO CLINIC LUSO SPA?**

Analyzing the current profile of the "thermalist", we found that 71% are older than 65 years, 62% of the female gender, which is also the reflection of the matrix (the aging rate of the Portuguese population is 144 for the feminine gender and 120 for the masculine), coming from social class medium and medium-low.

Therefore, in order to have a renewal of Thermalism, there must be also a renovation of the thermalists. We have to be able to capture the attention of the clients with more diverse profiles and for this it is necessary to change the concept, supply and perceptions about thermalism.

For our part, we have been developing a set of communication actions which clearly go in that direction. We recently linked the actor's image Nicolau Breyner to MALO CLINIC TERMAS LUSO, to help us get the message of the importance of Thermalism in preventing disease, by prolonging a professionally active and healthy life. We are also motivating the people from the region to pass the message that the Thermalism is not only a tourism "product", but also the product due to which people can treat certain pathologies. In this sense, we have launched the "TERMAS LUSO ConVida" card, which offers more advantageous for the residents of Mealhada, who will be able to enjoy all the units and benefit from proximity. The development of the thermal SPA allows us to capture another profile of young, middle-upper and upper-class clients who seek and value another type of the services which are fundamental to the renewal of the sector. Developing a specific offer for families is also an objective, healthy lifestyles and attract younger audiences to "bring life to spa.

**Are there more projects (which are thought about or in progress) in Portugal at the level of the Health Tourism?**

Health Tourism, particularly in its medical component, is an important area, in which the Group has already established a relevant position at the country level. Yet, this position is negligible if we consider the market potential from which will continue to deserve our full attention.

The specificity of our "product" for the rehabilitation of total edentulous which we have been developing over the years, represents an important competitive advantage, which we want to make more appealing in the market.

We intend to take advantage of and contribute to the development of this type of tourism, which presents an interesting potential for growth, internationally our "product" and our skills.

## Annex 20 - Transcription of the Interview VIII

**Researcher: Taking into account that Medical tourism in Portugal gains more attention every year, could you say some words regarding the activities of Turismo de Portugal in this emerging industry?**

*Respondent:* I would like to say that Turismo de Portugal with Health Ministry and Ministry of the Economy work together since 4 years in order to establish the work needed for development of Medical tourism. We have it in the working process. I must say that when we speak about Medical tourism we should be very clear about defining what we are talking about. When I say that we are working with Health Ministry in the Medical tourism it is as applied, no Wellness, it is really Medical. Because we must say that Wellness Tourism is very well developed already in Portugal and it has a lot of work on that level done. In Medical tourism we have a Working Group that made the first report which stated two things: we must work on the promotion of Portugal as a medical destination and we must work on the facilities and infrastructure. The work should be done on the regulation of the facilitators and on the protection of patients' database. That report was approved by the Ministry of Health and the Ministry of Economy and we have a second Group with two Ministries and of course with industry itself because this Group is not only from the Government, but also with Tourism and Health providers, we are working altogether. The second Group had the task of implementing the action plan that was prepared by the first Group. What is happening now is that we are a little bit stuck. And in order to explain the whole picture I will say that for development of Health Tourism and Medical tourism depends on the product presented from health industry. The product should be pushed not by tourism; but is pushed by the healthcare companies. And also, the Health industry is divided into public and private providers. The ones which should make this push must be the private companies not the public ones. What we see is that the private hospitals want to do something and interested in Medical tourism, but it is not the priority for them, that's why the things are not developing that fast. We know very well what we must do but the things not going forward because of lack of concentration. But that is if we speak about the private Medical industry in general. Because individually, one or two of them are working already internationally.

**In which forms the cooperation of healthcare units and Tourism industry could benefit both sides?**

In the Tourism industry we have the knowledge how to promote outside of Portugal, we also have the delegations from the Tourism in the markets, but to do it we need the medical product. And the problem is how to convince the private health industry to have the products. The health products which should be included to the offer should correspond to the list, generated by the Working Group. Only with this information the Tourism can do something.

Another thing which is not resolved is in which form Portugal should be promoted outside as a medical tourism destination, with ten procedures or only one. The marketers say that it should be only one, and focus made on something that we are the best. But what we feel probably inside is not one product, it should be more than that because we are very good in several procedures, and we cannot choose only one, because we would like to offer more products. It would be our official promotion.

But there is another way to do it. It is promotion based on market by market, which means just presenting what market needs. Going officially, for instance to China, where the government of Portugal and government of China on one of these meetings would talk about the health demand of China in the market, and afterwards the Group would present the offer for these needs. It is not the way to promote Portugal as a whole medical market, but it is the way to work one by one country in accordance to their needs. And it is already applied. From my opinion, I see it is more effective to do it as market by market.

Also, I would like to say about the regional promotion. When I say work market by market it means intercontinental markets and if they know Portugal it is only like a country, not Algarve or other regions. And also, the private groups which are preparing that offer, they are working all across the country. You say for example that Sport medicine is in the north, because in the north there is a special clinic, but from the other side, for instance, for recovery, it would be better to create the offer in Algarve. So, we can always work together in the tourism point of view.

**From your point of view, the hotels would be ready to create the common product with the private health companies?**

In the Hospitality industry we are completely open to work with other to receive the clients and our industry is very flexible to solve the special needs of the clients.

There is already one hotel group which was ready to provide the facilities for the medical needs. They were convinced to create the new hotel with one part separated for the hospital, that wants to move its services there. But, consequently, the manager stated that it was very difficult to convince the hospitals to come. That's why the initial plan to create the facility for Medical tourism, resulted in creation of the Wellness facility. From the tourism side we are open and flexible to receive the clients, make the projects and sell it. But we need first of all the medical product. That's why we are talking about this so many

years and nothing happens. Another problem is that when we made the first report, the market was on different stage, and now we have different reality, so some recommendations we have made on that report, don't make sense. We have other reality, like booking platforms; it is an international reality which we should apply. It functions like Booking.com for the hotels but for medical services.

Also, we see that there is an international concern about the quality. The World Health Organization is saying that we should take care of the quality of the services we are presenting. It is really important.

For example, we see Turkey that is issuing the law for the hospitals to correspond to the certain standards and also to regulate the price of the services. And we have other countries, India or Malaysia which are looking more attentively at the quality. There is a very big concern about the quality.

**Several European countries use the price strategy for enhancing the competitiveness in Medical market, how do you think Portugal can elevate the attractiveness of its medical offer in spite of higher cost of services?**

Portugal should firstly bet on the quality and the whole package of the components (nice people, climate, security)

**Does it make the sense to create the integrated packages for Medical tourism ?**

It makes the sense to create the packages. I don't really agree to make the whole product to promote. ... For example, with China if we make some presentations of our healthcare product and if they show the interest in one, two or three products, we could arrange inside a special offer with combination of the health and tourism product and based on it we would be able to produce the special price of the whole offer. It would be response to the needs. It is like we don't have the product prepared, but we can adjust it to the clients' needs.

Some hospitals in Algarve have already created the special agreements with hotels to present a composed offer. They have already the arrangements. But if we speak about the Health industry as a whole it needs more impulse because it is still not ready. But individually some hospitals have already in place these agreements signed with hospitality. For example, CUF, now is more interested in the booking platforms. The cooperation exists, but it not the priority, so it is not pushed by them. But they are open for the push from the government for example. They are open to make special offers, special prices.

The things are very simple. It is not priority, because the capacity is full. And because the capacity is full, what they want is the rentability. And if they work in the massive medical tourism, the price is very low, therefore, they are not interested in that. They are interested in fishing, to do it one by one, because like that they can maintain the price, that's why it is not priority. There is also something else, the healthcare is changing, because of the new technologies, so the needs in the future will not be the same



as we have now. And we must put it into the considerations what are the needs for the healthcare in the nearest future.

**What is the further plans which Turismo de Portugal planning to implement for development of Medical tourism?**

It is difficult, because we want to do, and we could to do, try and experiment, but it depends on the Health industry. There is also something else. The Health industry created the Health cluster, which was working very slowly. They look at Medical tourism as at the Tourism, but it is not, because it is about the health. And we need to have the way to present ourselves, also create the website, because the site we have now is not good enough to present us on the market. The Health cluster should be the partner to scout the markets. The markets should be opened initially, so we need someone to sell. This someone should be very specialized to present the offer of the country in the Health industry. What we can do from the tourism we can create the general idea of the Health.

The other countries, like Poland, which try to develop Medical tourism, they have the medical cluster with the government name, they have site with presentations about the medical product. In that cluster there are three or four hospitals which work together on the promotion. That's what I mean to be a scouter. Scouter is someone who understands the markets, cooperate with other players who make it worked. In Poland, the part of the industry, like mini cluster makes the work in markets more active.