

Dimensions of medical tourism clusters

Part 2. Dissecting clusters

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This series of five brief articles examines key aspects of clusters and other models that exist in the medical tourism sector. The first article focuses on the role of definitions and data collection in medical travel. The second article dissects the **definition of a cluster** to clarify the elements that constitute a true cluster as opposed to other models. In the third article, **two success stories**, Korea and Costa Rica, are examined in detail when the components of a cluster are applied to their organizational models. The fourth article reviews the **role of competition** within clusters. Finally in the fifth article, **five common myths** about medical tourism clusters are exposed.

The entire five articles comprise a white paper that can be [downloaded from the Medical Tourism Training website](#).

A medical tourism cluster is a specific, well-defined economic entity. The term “**cluster**” has a specific, established description as to what it is, what it can do, its potential economic impact, and other characteristics. These features impact a cluster’s performance and governance as well as its pitfalls. By dissecting the elements that constitute a cluster, its role in economic development becomes clear.

Setting the record straight

Harvard Business School professor Michael E. Porter is the leading global expert on clusters.

Prof. Porter defines clusters as “*geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions (e.g., universities, standards agencies, trade associations) in a particular field that compete but also cooperate*”.ⁱ

An examination of each element of the definition of cluster helps us to better understand the term, how it is applied in general, and how it relates to the medical tourism sector. The following text that is highlighted in red signifies an element of Porter’s definition and is accompanied by an example of how that characteristic is applied.

Dissecting the term “medical tourism cluster”

“**Geographic concentration**” requires that the various types of organizations in a cluster share a defined location with specific boundaries. Those boundaries can be narrow or broad, ranging from a “region, a state, or even a single city to span nearby or neighboring countries”. The limits of the geography are determined by the area over which information, transactions, goods and services and other economic efficiencies take place.

An excellent example of a cluster with a well-defined geographic concentration is the champagne region of France. This map of France shows, in yellow, the regions where grapes may be grown that can be used to produce champagne. The laws of the European Union and other countries define the specific geographic region for champagne production. No other area or region in the world may lawfully call its wine “champagne”.



“**Interconnected companies**” include the core base of entities that provide the good and/or services that are the focus of the cluster. In the medical travel sector, these core providers are hospitals, clinics, and other related medical services.

“**Specialized suppliers**” are manufacturers and distributors of medical and dental devices, medical and dental supplies, pharmaceutical companies, and other entities that serve the medical and dental providers.

“**Service providers**” are a far ranging group of ancillary services that cater to the variety of needs of international patients, their providers, as well as their suppliers, from hotels, restaurants, transportation, as well as facilitators and travel agents.

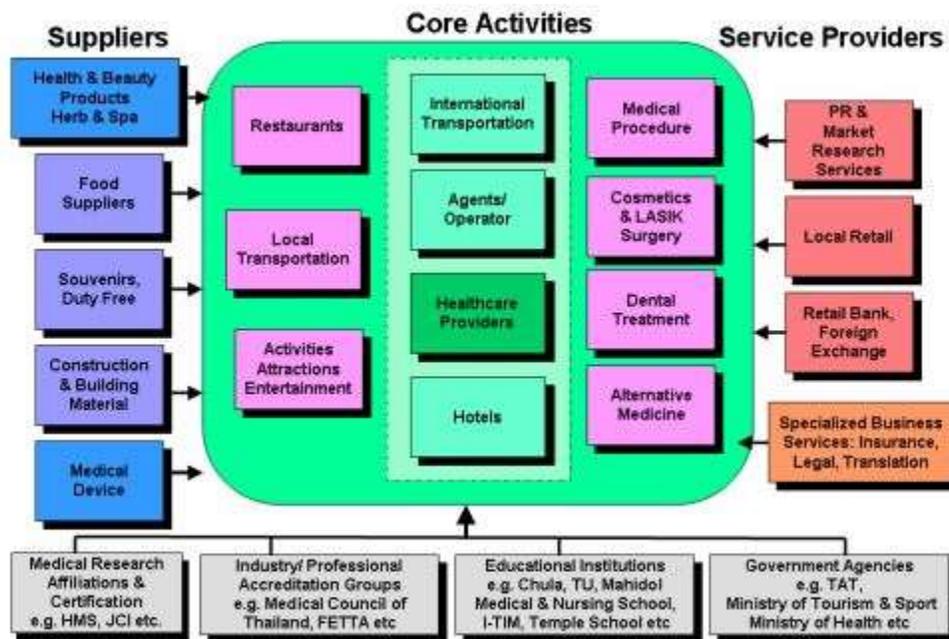


“**Firms in related industries**” to the cluster can include certification and accreditation organizations, accountants, and lawyers. Porter’s definition includes “**associated institutions**” as universities such as medical, nursing, and dental schools as well as those universities conducting clinical and medical research.

“**Standards agencies**” refer to governmental organizations that oversee licensing of facilities and providers like hospitals and clinics as well as the licensure of medical and dental professionals.

Pulling the pieces together

The following diagram is a visual representation of the various elements of a medical tourism cluster. Each element is composed of various individuals and entities with similar and competing interests which must be harmonized yet remain flexible to endure over time.



Model of medical tourism cluster, from Harryono, et al. ⁱⁱ

When defining the parameters of the medical travel cluster, the commonalities are the links between and among the various entities that **share an interest in and competition within the sector**. Defining the cluster too broadly risks having it too weak to have the desired economic impact. It becomes more like an association rather than an organized cluster. Too narrow and the focus is competition only rather than cooperation and competition, functioning more like a medical tourism hub.

It takes skill and experience to draw the cluster boundaries to include core activities, suppliers, and other service providers to increase the likelihood of success. Without the right balance among participants within a geographic area, the economic impact may be that a cluster underperforms or fails to launch. The medical tourism sector has more than its share of lackluster clusters.

Porter's definition of a cluster also states that successful clusters share common characteristics including **private sector leadership** along with active and independent **government participation** as well as **institutionalization** to ensure the longevity of the cluster. The ingredients of a successful medical tourism cluster are explored further in the next article in this series which examines cluster models.

Moving forward - Why it's important

Understanding the various components of a medical tourism cluster, it is clear that they are complex entities requiring substantial commitment, resources, and focus over an extended period of time to succeed.

In the third of this series of five articles, two successful medical tourism destinations, **Korea** and **Costa Rica**, are reviewed in detail. The components of the Porter definition of cluster is applied to each country to see how they fit or do not fit the definition of a medical tourism cluster.

Dive deeper into the inner workings of medical tourism destinations that have followed two different paths to success.

About Medical Tourism Training, Inc.:

Medical Tourism Training offers training and consulting services in the rapidly growing domestic and international health travel sector.

The company is the first to offer affordable, convenient, and easy to use e-Learning solutions geared to working professionals. Medical Tourism Training delivers high quality on-site training and consulting services creating measurable change for its clients.

Consulting services include: lead generation & lead conversion; patient experience assessment, training, and consulting; relaunch strategies; formalizing and developing medical clusters; certification programs; creative and innovative marketing campaigns; and much more.

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ⁱ Porter, Michael E. (2000). Location, Competition, and Economic Development: Local Clusters in a Global Economy. *Economic Development Quarterly*, Vol. 14. No.1. February 2000, 15-34.

ⁱⁱ Harryono, M. (2006) Thailand Medical Tourism Cluster, Harvard Business School Microeconomics of Competitiveness.