



## Dimensions of medical tourism clusters

### Part 4. The role of competition

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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](#).

By its very nature, medical tourism clusters consist of organizations which are competitors, - hospitals and clinics as well as service providers like hotels, restaurants, transportation companies, medical and dental device companies, and more.

Why should competitors work collaboratively in a medical tourism cluster? How can cluster participants collaborate and compete successfully?

#### Competition is at the heart of clusters

According to Professor Michael E. Porter, clusters are an increasingly important tool for economic development because **competition increases productivity**. Productivity in turn increases wages and standard of living. Success builds upon success.

*Clusters, through collaboration, can help providers of goods and services within the cluster gain efficiencies in production and transactions, share technologies and knowledge about the sector to attain mutual goals, improve infrastructure, and generate innovations that benefit the cluster participants. All of these benefits generate increased productivity that leads to better revenues, wages, and prosperity for the region.*<sup>i</sup>

In addition, “clusters also foster the **development of specialized infrastructure and initiatives** such as training programs to meet a cluster’s particular workforce needs”.<sup>ii</sup> The medical travel sector led to the founding of [Medical Tourism Training](#) which fills the need for **specialized training** for organizations serving international patients.



Organizations like [Temos International](#) have created **certification programs** for health care providers and facilitators to address their specific needs. By working with companies like Medical Tourism Training and Temos, **medical clusters can deliver high quality standards of services** to enhance reputation and build brand.

The Joint Commission International has accredited hundreds of hospitals around the world, improving organizational efficiency to far corners of the world.

When individual providers or suppliers in a competitive market engage in certification programs and training, they are in effect raising the standards for all the competitors in that marketplace and improving productivity in the market. Through the shared benefits that clusters can offer, competitors can collaborate and compete successfully if the traditional, outdated view of competition is abandoned.

### **A dynamic view of competition**

Organizations sometimes decline to participate in clusters because they do not want to assist their competitors, preferring to go it alone. They rely on their own narrow circle of financial and human resources. This thinking often leads to competition based on price.<sup>iii</sup>



In medical tourism, it is common to see competitors offering the “lowest prices”, engaging in a race to the bottom that is financially unsustainable. At some point, the lowest price is the price where providers are operating at a loss.



Conversely, participation in clusters requires a **dynamic view of competition**, - one that sees that advantages derived from the cluster based on productivity, innovation, and strategic differences.<sup>iv</sup> Look at the way healthcare providers compete in Korea.

All of the Korean cluster participants benefit from advances in technology, best business practices, and a healthcare system that offers excellent quality, state of the art procedures, an international brand, and affordable pricing. These same healthcare providers **compete** with each other based on **differentiation** rather than price.

### Competition within the Korean medical tourism cluster



**Differentiation** among Korean providers can be based on **geographic location** (regional medical tourism), appealing to the different markets of those who prefer the energy and dynamism of Seoul or tranquil settings outside the city. Some providers focus on a **particular clinical specialty** like Yeson Voice Center or the Samsung Proton Therapy Center. Hospitals distinguish themselves by combining Western medicine with traditional Korean medicine.

**Packages of services** are available to **fit all budgets** from cost-conscious to high end luxury. Marketing to patients from different countries is yet another way Korean providers differentiate their services with unique campaigns and services like translators, food, and regional offices designed to meet the needs of the target audience.

Participation in the cluster compels providers to **compete in innovative ways**, improving business operations, and defining the ways that each organization establishes itself in the marketplace. Korean competitors are continually innovating. Yet all cluster participants benefit from the country's visa program, complaint system as well as branding and marketing efforts. There is very little "lowest price" competition in Korea.

Contrast the text book Korean approach to the **lack of medical tourism cluster development in India**. **The Indian medical travel sector is based on competition with little cooperation**. Advertisements for Indian healthcare providers are littered with messages about the lowest prices. Perhaps one of the Indian regions like Kerala or Bangalore will be the first to initiate cluster development to lead the way in India for the country to maximize the advantages it has to offer.

### A rising tide lifts all boats

Medical tourism clusters can deliver benefits and foster an environment of productivity, innovation, and widespread economic growth. This is based on the belief that a rising tide will lift all boats. Participants must be willing to embrace the challenges of collaboration and competition, defining them in new ways and demonstrating leadership to engage with competitors while differentiating their organizations.



Is your city, region, or country ready to embrace a long term commitment to medical travel markets that includes exploring models of economic development? Contact [Medical Tourism Training](#) to investigate cooperating and collaborating together.

Part Five of this five part series dispels five myths about medical tourism clusters.

### **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.

Contact us today for additional information:

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<sup>i</sup> Q&A: The Role of Clusters in Enhancing US Competitiveness, <https://www.eda.gov/archives/2016/news/blogs/2013/06/01/qa.htm>, accessed 27 October 2017.

<sup>ii</sup> Q&A: The Role of Clusters in Enhancing US Competitiveness, <https://www.eda.gov/archives/2016/news/blogs/2013/06/01/qa.htm>, accessed 27 October 2017.

<sup>iii</sup> 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.

<sup>iv</sup> 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.