

A Work Project, presented as part of the requirements for the Award of a Masters in
Economics from the NOVA – School of Business and Economics

Healthcare and Medical Tourism - Cascais Municipality Case Study

Booklet 1 of 2

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Abstract

The purpose of this work project is to evaluate Cascais' potential of becoming a reference in Health Care and Medical Tourism in the near future. It is done a careful research about the industry, followed by a thorough analysis of the region. It is concluded that it holds many key characteristics and conditions for the development of this kind of clusters, even though it lacks consumers' perception regarding this product. Some guidelines are suggested in order to position Cascais as a competitive player in this field.

Keywords – Medical Tourism, Health, Cascais, Cluster

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Research Problem

The Portuguese National Strategic Plan for Tourism (PENT) refers Medical Tourism as a priority area to develop in the country. It is believed that the region of Cascais gathers all the characteristics to become a top destination in this field and to be recognized in the near future. Last year, *Câmara Municipal de Cascais* (Municipal Council of Cascais) gathered more than 20 entities from the healthcare, well-being and hotel industry, with the goal of creating a competitive offer of Health and Well-Being Tourism in the municipality. The purpose of this dissertation is to evaluate Cascais' potential to become the Portuguese reference in Medical Tourism.

Literature Review- Medical Tourism

Concepts

Some key concepts regarding this industry are not clear. The absence of international definitions and of a common methodology makes it difficult to collect data, infer statistics and make comparisons between countries.

Medical tourists can be defined as those who "*travel across international borders to receive some form of medical treatment*" (Lunt, Smith, Exworthy, T. Green, Horsfall and Mannion, n.d).

Given WHO's (World Health Organization) definition for health¹, the term "Health Tourism" comes up as the broadest kind of health-related activity involving travel, being "Medical Tourism" part of this wider concept (W. Munro, 2012). For the terms of this work project, Medical Tourism is going to comprehend patients seeking the enhancement or restoration of its individual health, through any kind of medical

¹ Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

intervention, outside its natural healthcare authority.² The concept can also be described from the supply side as being "*the attempt on the part of a tourism facility or destination to attract tourists by deliberately promoting its medical services and facilities, in addition to its regular tourist amenities*" (Begum, 2013).

Evolution and Recent Trends

"Research and Markets: Global Medical Tourism Market 2015-2019" forecast that Global Medical Tourism market is going to present a Compound Annual Growth Rate (CAGR) of 19.38%, over the period 2014-2019.

Some countries have old historical backgrounds of spa towns, coastal localities and other therapeutic landscapes associated to the well being of mind and body (St Moritz and Bath). Nevertheless, surgery abroad is fairly a more recent phenomenon (Lunt, Smith, Exworthy, T. Green, Horsfall and Mannion, n.d).

During the 20th century the wealthier citizens of underdevelopment nations have begun travelling to renowned medical institutions in the US and Europe for medical procedures which required a high degree of specialization and experience.

Nowadays, it is observed a different kind of trend. The number of patients who travel from developed nations to less developed ones has increased considerably in the last years. This change is happening because for two decades there has been a rapidly improvement of the health care system in some key "third world" countries, that now offer high-quality care at a percentage of the cost practiced in the wealthier ones (Lunt, Smith, Exworthy, T. Green, Horsfall and Mannion, n.d) (refer to Appendix 1 for more information about the current top destinations and main treatments, and to Appendix 2 for a detailed comparison between treatments in different countries). As hospitals improved and specific salaries increased, many doctors who went overseas to get

² The interventions include medicinal or surgical treatment such as heart bypass, heart valve replacement, hip replacement, dental implant, spinal fusion, tummy tuck, breast implant, cosmetic surgery, angioplasty, among others (Research and Markets, 2014).

international qualifications and western experience have returned. Aligned with the modern hospitals, the cutting edge technology and the fact that many of the physicians studied in top medical schools of the world, it is also found easiness in traveling abroad: cheap flights, information available online and favorable exchange rates have made international travel for medical proposals more affordable. New demands are constantly being created in the medical context and not all the procedures are available in all the countries in the world. Finally, it is important to keep in mind that medical care is slowly moving away from the public sector. This means that a great majority of people, specially from rich countries, have to pay a considerable and growing amount of money for health care. Aging populations in the US and in Western countries are as well placing too much pressure on healthcare systems, and creating long waiting lists (Mugomba and Danell, 2007).

Some reasons can be highlighted to explain the low prices practiced in these areas:

- Labor Costs: Wages rates are much lower.
- Less (or No) Third-Party Payment: In developed countries, insurance companies or the government itself covers a certain percentage of the medical treatment. On the other hand, in the areas mentioned above, a much higher amount of the private health spending is out of pocket. This means that since patients control more of their own health care spending, providers are more likely to compete in price.
- Package pricing and transparency: International health care marketplace offers package prices; Medical centers and Clinics regularly quote prices in advance and look for ways to reduce patients' costs medical travel.
- Streamlined Services: The tasks and procedures have been streamlined for the highest efficiency. India for example uses a "hub and spoke model", where the expensive equipment and doctors are all concentrated in one place.

- Modest Standards of living.
- Few Cross-Subsidies: In the US some procedures produce more revenue than it costs to provide them, in order to subsidize other patients. If a provider does not cross-subsidize, it is able to offer the same treatment for a lower price .
- Limited Malpractice Liability: Malpractice litigation costs are higher in countries like United States (American physicians can pay more than \$100,000 annually for a liability insurance policy comparing to \$5,000 per year in Thailand). (M. Herrick, 2007).

Top Destinations

Demand

Most of medical tourists are from developed countries where the cost of medical care can be very high but the ability to pay for alternatives is also considerable (Lunt, Smith, Exworthy, T. Green, Horsfall and Mannion, n.d). On the other hand, patients coming from less developed nations seek mainly a better-quality care (Helble, 2010).

A significant part of the demand (about 10%) is composed by US population where the rise in health care costs and the increased number of uninsured individuals is boosting the search for alternatives. It can also be highlighted the approximately 600 000 Indonesians who travel to Malaysia and Singapore annually; the Germans, Swiss, and Austrians who head to Hungary, Poland, and the Czech Republic for treatments not covered by government-sponsored health plans; UK patients who travel to India; or the more than 100 000 Russians who fly to Turkey, Israel and US (Woodman, 2014).

It's not only individual consumers who are searching for this kind of service. There are many examples of governments, employers, and insurers who are starting to investigate how to use medical travel as a way to reduce financial healthcare costs. Singapore, for example, has recently allowed its residents to use their health coverage to pursue in-

patient medical treatment in some select Malaysian hospitals (Ormond, 2014). In the United States, various public and private bodies are considering the possibility of sending lower-income and un(der)insured Americans to India for routine surgical procedures. Basically, many insurance companies in numerous countries have started offering schemes with lower costs since they cover medical treatment abroad (Helble, 2010).

Supply

Five countries are distinguished in "Research and Markets: Global Medical Tourism Market 2015-2019" as key leading ones in the industry: Mexico, India, Thailand, Singapore and US.

US attracts many foreign patients thanks to the renowned clinics and to an undeniable high level technology and surgical expertise. Nevertheless, it is too expensive for most patients. In 2013 about 400.000-610.000 international patients headed to **Singapore**, country considered a leader in World Healthcare. **México** benefits a lot from its proximity to the US, since it applies more affordable prices. Because there are many undocumented Hispanics living in US that return to Mexico for treatment, it makes it difficult to derive estimates. However it is estimated that the range of patients in 2013 is between 200 000 and 1.1 million. The number of medical tourists who travel to **India** reaches more than 250.000 per year. Heart procedures have rates of success of 98%+, surpassing US and EU standards. The capital of Bangkok owns for 20 years one of the world's most known hospital for medical tourists : *Bumrungrad Internacional*. 1.2 million patients visit **Thailand** yearly. However, the country is dropping in standing as a leader in this industry (Woodman, 2014).

Analyzing the list of the Top 10 World's Best Hospitals for Medical Tourists of Medical Travel Quality Alliance (MTQUA) (refer to Appendix 3 for the complete Top

10 List), *Malaysia's Prince Court Medical Center* won for the second time in a row the title of the number one hospital which "*best provides medical tourists with outstanding care beyond standard clinical protocols as well as excellent medical treatment*". In 2012 more than 600,000 medical travelers sought treatment in Malaysia and the numbers keep increasing at a 35 percent annually rate (Woodman, 2014). **Turkey** is also represented, reinforcing its position in the European Market. It represents a strong competition with modern and sophisticated facilities

In conclusion, Asia continued to represent a top medical destination in medical travel in 2014 and keeps offering more and better medical procedures and care. Nevertheless, this industry is growing at a fast pace which is making both providers and patients to review what makes good value in Medical Tourism and where and how to get it. (MTQUA, 2014).

Business Model

Even though patients may elect to travel for medical reasons, the concept of Medical Tourism also involve selecting the destination according to the activities/sightseeing it provides, not only for the patient but also for the ones who travel with them. Medical Tourism and the destination go hand-in-hand since the last one can be a strong part of the draw and of the healing process (warm climate; saltwater) (Mitchell,2015).

Therefore, what is really important in order to achieve success is a developed and focused strategic planning to attract international and domestic tourism (Demko, 2014). It's necessary to create and develop a cluster between the medical facilities and the tourism ones. Patients Beyond Borders (PBB) gives the example of many countries such as Mexico, Costa Rica, India, Malaysia, and Thailand where "*Government and private stakeholders have poured billions of dollars into improving their healthcare systems, which are now aggressively catering to the international health traveler. VIP waiting*

lounges, deluxe hospital suites, and recuperation resorts are common amenities, along with free transportation to and from airports, low-cost meal plans for companions, and discounted hotels affiliated with the hospital".

Analyzing some medical groups' websites, some main elements can also be highlighted as being part of the package: medical treatment, personally tailored leisure packages to aid healing, car rentals, visa and foreign exchange expertise, coordinators and emergency medical assistance (Mugomba and Danell,2007). Large international airlines are also creating partnerships with hospitals and clinics, whether smaller low-cost ones are opening new routes due to high medical travel demand in Southeast Asia (Ormond,2014). However, leisure is not always a reality. PBB states that "*the overwhelming majority of health travelers we interviewed had focused on researching, locating, and receiving quality healthcare at significant cost savings. Vacation and leisure time played second field*". And, in fact, many interventions require rest and a recuperation period. But if it is the case, side trips, car rentals, restaurants, and other travel amenities have to remain accessible.

In all the countries referred and also in those where the demand is high, new companies have appeared with the goal of linking patients, hospitals, potential medical tourists and destinations (Woodside and Martin, 2008). Medical Tourism Agencies are usually specialists in a given region or treatment, with the best doctors, accommodations, and in-country contacts. The existence of services that facilitate this kind of travel is crucial, so that prospective medical tourists can feel supported, knowledgeable and confident of their decision. It implies a substantial investment in visiting facilities and negotiating specific contracts and prices. It is absolutely vital to have the help of medical professionals and also local partners, to overcome potential communication problems.

Summing everything up, it can be created a framework of the industry. In this framework (figure 1), seven main activities have been identified and so have been two

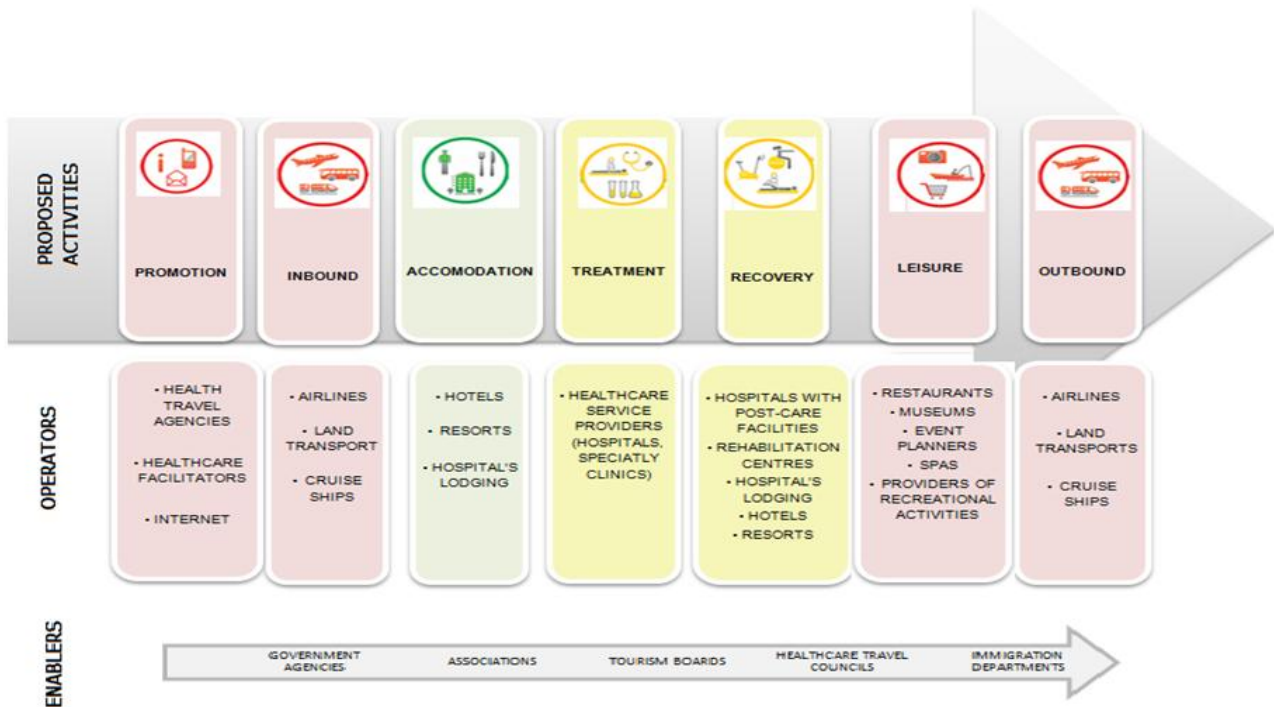


Figure 1 - Framework of the Medical Tourism industry

other segments: Operators and Enablers. Being the **Operators** the main players of the value chain, they represent organizations which interact directly with the foreign patients. When it comes to the **enablers**, they consist of every entity / body/ institution which are related with the industry. Enablers are important to enhance and manage the services, and also to make sure their level is aligning with the international standards.

Clustering

A cluster can be defined as a "*geographic concentration of interconnected companies and institutions in a particular field*" (Porter, 1990). The group of companies can complement themselves, compete with each other or work together, having the main goal of increasing the productivity in a way they weren't able to do by standing alone. There is a cohesive linkage between resources, technology, skills, information,

knowledge and marketing, and also an easiness of creating common policies, activities, opportunities or solving frequent problems (Stephano,n.d). Three main keystones should always be identified, despite the sector, structure or size of the cluster: Commonality (Business are operating in common fields or related industries with a shared market focus), Concentration (there exist a group of business interacting with each other) and Connectivity (interconnected/linked/interdependent organizations with a range of relationships) (Lyon and Atherton, 2000).

Based on the paper " A business view of clustering: Lessons for cluster development policies" (Lyon and Atherton, 2000), for a Medical Tourism cluster to prevail is essential for the main players to improve the image of an area, provide market information on customers and competitors and get contacts and referrals. (refer to Appendix 4 for the complete tables which led to this conclusion).

Challenges

Even though all the success that it is achieving, there is no doubt that Medical Tourism faces a lot of challenges for the next years. The major obstacle to overcome is convincing potential visitors that the medical care in somewhat relatively underdeveloped countries can be compared (in some specific cases) with the standards of the developed ones. This is the case whether we are talking about technology, safety, quality reliability or even medical training (Connell, 2006).

Also, many key questions about the industry remain unanswered creating bitter debates. Some of them are described in the International Travel: some critics have the opinion that instead of "healing", Medical Tourism can divert physicians and take away beds from the locals. Moving to the prices tourists pay, there is an argument defending they should pay more since they expect better services and demand special needs and attention. However, the counter argument states they are only complying with economic

theory, making the best use of resources (Youngman,2014). Some seniors are still reluctant in travel abroad for care and there are still some concerns about non-clinical Medical Tourism facilitators - some patients complain about the lack of medical or health care experience among those working in the field (Mitchell, 2015).

A major challenge for hospitals that serve international patients is to adopt transparent practices. Many patients leave home due to a lack of trust in their own medical systems and so they are perceiving other markets in which they can truly rely on. In order to keep expanding, the industry has to work hard to deliver the patients honesty and fairness through all the process: quality, doctors, costs and treatment (Mays,2014).

Cascais' Case

Diamond Analysis

◆ **Factor Conditions:**

- Environment: Cascais is a seaside town with 30 km maritime coast and mild climate all year around (more than 300 days of sun per year). Without any traffic queues, noise or pollution, it is known for its charming beaches and stunning landscapes. Service excellence and hospitality are essential assets related to Medical Tourism and Cascais presents both. Its community is fluent in English, French and Spanish, and the number of individuals with higher education is the double of the national average, which increases the quality of its labor force. It benefits of a strategic location with exceptional accessibilities, being only thirty five minutes away from *Aeroporto Internacional de Lisboa* (Lisbon International Airport) by car. It represents the 4th most rich municipality in the country (Living in Cascais, 2015).

Infrastructure/Human Resources: Cascais is well equipped with all the commodities, equipment and infrastructure needed. Among a wide number of health units and clinics

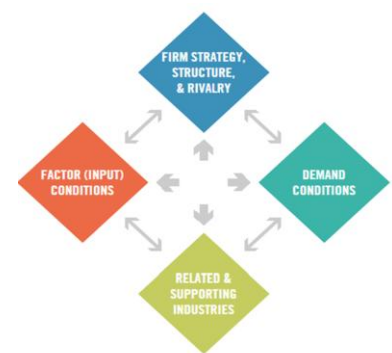


Figure 2 – Diamond Model
Source: Harvard Business School

throughout the county, it owns 5 private hospitals and also the recent public one - *Hospital de Cascais*. It has actually been distinguished by the first prize in the category of “Health Quality” awarded by “Future Hospital Award 2011/2012”. Moreover, it owns JCI Accreditation, together with *Cuf Cascais*. The modern senior-residences, the reputed orthopedic centers and the rehab clinics of Sant’Ana and Alcoitão are also important to consider. A significant number of these services have now translators and even foreign doctors (Living in Cascais, 2015).

According to data from 2012 (Por Data, 2012), there were 671,6 doctors per 100.000 habitants, which is a much higher number than the national average - 417,2 (refer to Appendix 5 for the evolution of the n° of Physicians per 100.000 Habitants in Cascais). In 2013 there were 1.432 doctors (including 499 non specialists), divided by specialties: General surgery (75); Orthopedics (43); Pediatrics (61); among others (refer to Appendix 6 for the evolution of the n° of physicians per specialty).

◆ Demand Conditions:

Total fertility rate in Portugal has been decreasing, reaching the value of 1,21 in 2013 (Direção Geral de Saúde, 2015). Associated with an average life expectancy of 80 years, the population is aging and pressuring the health system. Home demand for medical services is becoming intense with patients requiring more innovation and quality. Investment is making the health industry in the Lisboa region very competitive, with the "*professionals, infrastructure, equipment and innovation needed*" (Medical Tourism Magazine, 2015).

Regarding the Tourism sector, statistics show that Portugal has improved its performance (Turismo de Portugal, 2015). In 2014, 9,3 million international tourists have visited the country which represents a 12% increase when compared to 2013. The region of Lisboa has a 30% market share (refer to Appendix 7 for detailed information

about n° of guests and market share per NUTSII in 2014), and Cascais immediately follows the municipality of Lisboa when it comes to accommodation capacity (refer to Appendix 8 for more data about accommodation capacity in the region of Lisboa). Most tourists of this region come from Spain, France, Brazil, Germany, United Kingdom, USA, Italy and some other EU countries. It is already recognized that these clients demand high standards and sophistication for product and service quality. Cascais is completely able to meet the expectations.

Although Portugal's tourism in general is increasing, Medical Tourism activity is barely none and still not recognized by tourists.

Related and Supporting Industries:

Being a famous tourism destination, Cascais offers restaurants, bars, beach terraces, Spas, golf courses, a Congress Center, a Marina and a Casino. It offers eleven international schools (following the pedagogical English, German or Swedish curriculum model) and has two of the best national superior education schools: *Escola Superior de Saude de Alcoitão* (Superior School of Health and Rehabilitation of Alcoitão), and *Escola Superior de Hotelaria e Turismo do Estoril* (Estoril Higher Institute for Tourism and Hotel Studies), in the fields of Health and Tourism respectively. Besides all top universities that can be found in Lisboa - 30 kilometers away - in the near future Cascais will also welcome *NOVA School of Business and Economics*, classified as one of the best business schools in the world (Living in Cascais, 2015).

Firm Strategy, Structure and Rivalry

Even though Cascais is one of the most developed municipalities in the country (Living in Cascais, 2015), it is important to evaluate Portugal's competitiveness as a country. According to the Global Competiveness Index (World Economic Forum, 2014) the

main struggles when doing business in Portugal are: inefficient government bureaucracy, high tax rates and getting access to financing (refer to Appendix 9 for the full ranking of the most problematic factors for doing business in Portugal). After analyzing some areas such as "Infrastructure", "Health and primary education", "Higher education and training", "Technological readiness" and "Innovation", it can be seen that they contain indicators with strong performances in comparison with the 148 considered countries. On the other hand, "Labor market efficiency" and "Financial market development" have some pointers which ranked below the 100th place (refer to Appendix 10 for the full index).

Market Analysis

Competitors in Portugal

Four areas in Portugal were selected as potential competitors to Cascais: Porto, Coimbra, Algarve and Lisboa.

Porto has recently (2013) started developing and promoting Medical Tourism through a joint initiative between four entities - *Camara Municipal do Porto* (Porto's City Council), *Associação de Turismo do Porto* (Porto Convention Bureau), *Hospital Lusíadas Porto* (the private Health Group Lusíadas) and Travel Health Experience (Medical Tourism VisitPorto, 2014). This city has improved its consumer perception of being a great tourism destination, in fact, has been selected the Best European Destination (European Consumers Choice, 2014) and the fourth best worldwide destination (Lonely Planet Magazine, 2014) in 2014. Despite the lack of data concerning its recent Medical Tourism Project, Porto will probably be a major competitor for Cascais in this field.

Coimbra is strongly equipped with high-quality health facilities and infrastructures. Coimbra's Hospital and University Centre is the biggest Portuguese hospital and have

also integrated research, teaching and patient care. The Medicine College of the *Universidade de Coimbra* (University of Coimbra) is as well considered to be one of the most important and renowned in Portugal (Coimbra Health, 2014). Along with different hospitals, clinics, universities and research units, the city offers a high quality healthcare and recognized professional know-how. However, Coimbra is not a strong player in the Portuguese tourism context.

Algarve is an acknowledged area for sun, sea and golf. It is one of the regions that most contributes to the prestigious image of the Portuguese tourism (along with Lisboa), with a consolidated position in the European market. When it comes to the medical field, the region is not recognized nor developed from what has been inferred (refer to Appendix 11 for the number of hospitals in each of the regions mentioned - It is important to note that Algarve is a region with several cities and counties).

Finally, in both Tourism and Health Sectors, Lisboa is not seen as a competitor but as an ally (for the terms of this work project). One of the main reasons behind Cascais' tourism flux is the proximity to the capital. Lisboa is trendy and attracts more tourists every day, as its reputation grows in international markets. Also, the development of the medical field in Cascais can be driven by the innovation, the modern technology and the number of doctors that graduate every year from the Medical Universities of Lisboa.

In conclusion, Cascais presents a comparative advantage over Coimbra regarding the Tourism sector, and over Algarve regarding the Medical one. However, Porto is in a strong position to succeed in this new industry. It has already created its own brand and has positioned itself in the market with a clear and organized strategy (refer to website <http://medicaltourism.visitporto.travel/en/>). In order to differentiate itself and create a competitive advantage towards this city, Cascais would have to emphasize the special features it presents and which cannot be found in Porto - the hours of sun per year, its

climate, beaches and the surrounding areas are probably the strongest characteristics to promote.

Competitors in Europe

Portugal cannot compete with Asian countries due to several conjectural issues. Concerning labor costs, for example, Portugal presents an average salary of €19,800 per year for a Physician / Doctor, while in India this value decreases to €7,440.51, in Mexico to €14,070.18 and in Malaysia is €18,118 (Pay scale, 2015). Notwithstanding these differences, Asian destinations are considerably more developed in terms of promotion and recognition in the field. So, who are the real competitors?

When it comes to tourism in general, PENT (2012) considers Spain, Turkey, Greece, Croatia, Egypt, Morocco, Bulgaria and Tunisia the main Portuguese competitors, due to the similar kind of tourism they offer. Combining this information with the one regarding Medical Tourism performance that each of these countries offer (Woodman,2014), Spain and Turkey can be considered the biggest threats.

Spain, Turkey and Portugal

General Tourism Performance

Leisure motivations, specially the "sun and sea", are the main attractions to tourists who seek Mediterranean Countries for vacations. The major source markets for this kind of tourism are: Germany, UK, Scandinavia, Russia, France, Netherlands, Italy and Austria (represent together about 75% of the European market) (PENT, 2012).

The number of arrivals in each country (refer to Appendix 12 for more data regarding number of guests in each country in 2013) has increased over the past years, at a faster pace in Turkey (27% from 2008-2013) than in Spain (6% from 2008-2013). This tendency is shown probably because the first country is an emergent destination while the second one is an already consolidated country in the tourism market. This can also

be inferred in the following figures, showing that the expected CAGR for Portugal (2013-18) is 4%, for Turkey 6,2%, and only 2,6% for Spain. Portugal is also the country with the highest number of trips per capita, which is a good relative indicator: since Spain and Turkey present bigger dimensions, comparing absolute values alone may lead to mistakes. In terms of competitiveness, the World Economic Forum (2013) evaluates Portugal as number 13th in the "Travel & Tourism Competitiveness Index 2013: Europe"; Spain is positioned in a secure 4th place and Turkey in 28th.

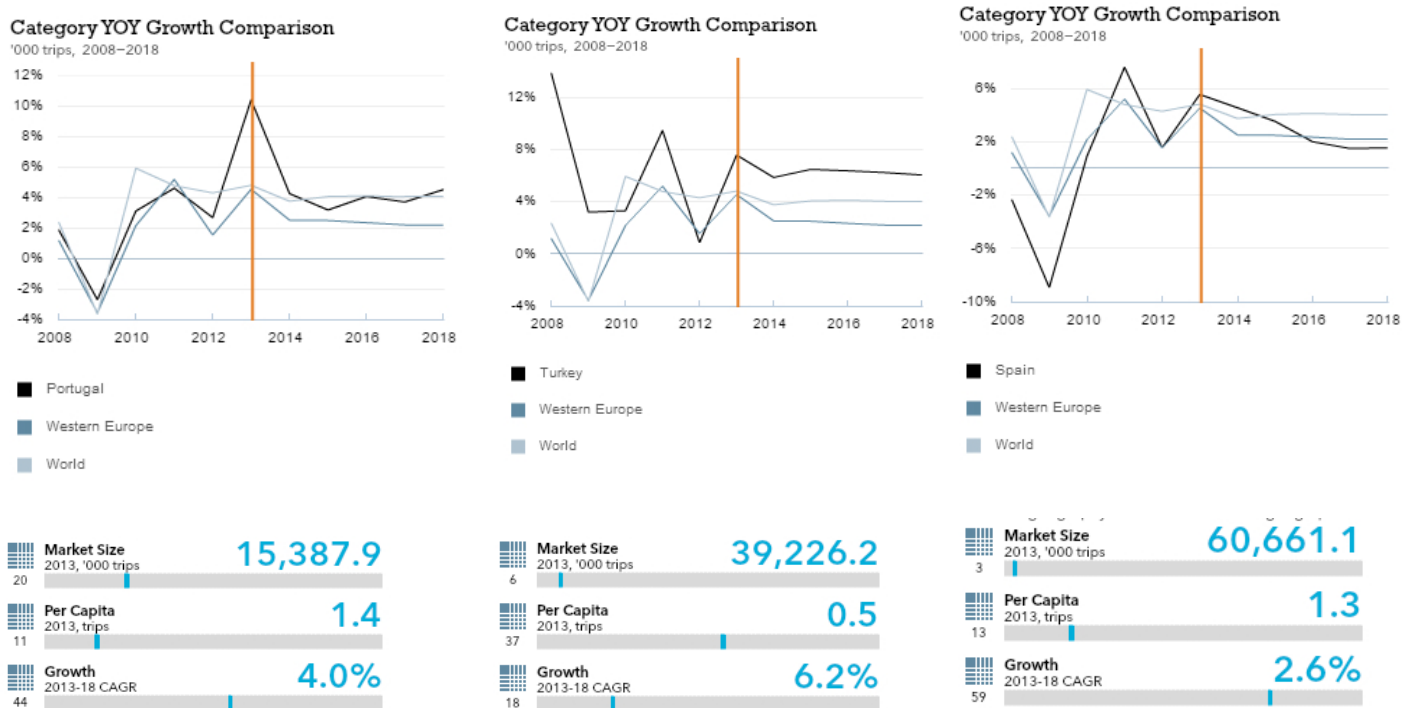


Figure 3- Tourism performance of Portugal, Spain and Turkey

Source: Euromonitor international

Medical Tourism Performance

According to Euromonitor Passport, Spain was ranked in fourth position regarding the number of plastic and cosmetic surgeries and third in fertility treatments (2013). Also, knee and back prosthesis and dental surgeries are interventions with a high demand in this country. Barcelona is considered one of the top cities for medical treatment in Spain

(eye surgery, cancer treatments) and the country distinguishes itself from the other European ones for its cheaper prices.

Turkey is recognized for eye surgery, Orthopedics and Traumatology. However, plastic surgery and dental treatments are also renowned. In the last years were created incentives to develop the sector: in 2012 the government approved a 50% tax deduction for Health Institutions which were recognized for the treatment of foreign patients; and advertising activities for Health Institutions abroad became subsidized. Turkey has boosted its number of medical tourists from 74 000 in 2008 to 250 000 in 2012 (Invest in Turkey, 2013).

In the Portuguese case there is a lack of information regarding Medical Tourism. The country is not yet recognized as a valued destination in the area, despite all the potential. Researched data that was found includes Spas and Wellness treatments, which are not part of what was considered Medical Tourism in the present Work Project.

Segmentation

In order to define who are the top target of Cascais when it comes to potential medical tourists, it was designed a matrix which is divided in 4 segments: Defend (The main countries that Cascais should focus in since they already represent a high percentage of the arrivals in the

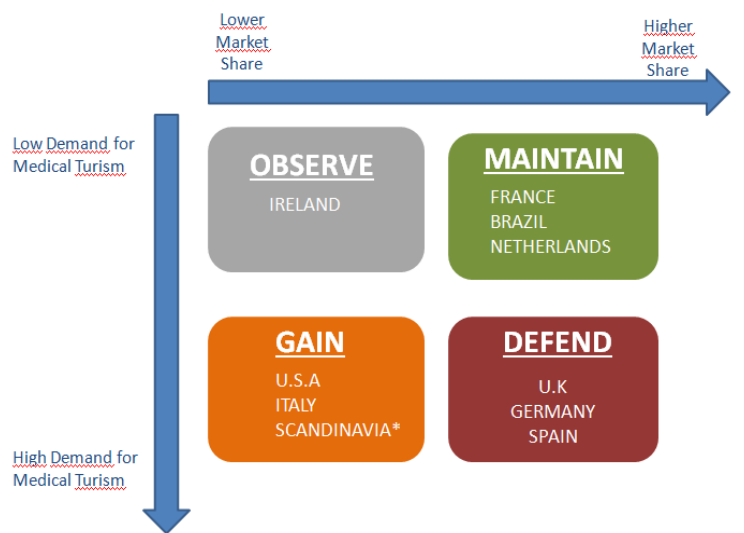


Figure 4 – Countries' Segmentation

* Scandinavia includes Denmark, Finland, Norway and Sweden.

country and are also strong seekers of Medical Tourism); Maintain (knowing their demand for Medical Tourism is not high, they represent a large share of the arrivals); Gain (countries that actively seek Medical Tourism and Cascais should try to attract

more); Observe (countries that Cascais should not invest on). The countries used for this approach were the Top 10 with higher values of market share concerning arrivals of tourists in Portugal, during the last year (refer to Appendix 13 for detailed data).

In a first phase they were divided in higher/lower market share (choosing 5% as the reference number).

In a second phase, their distribution across the vertical axis was based on the information of PENT: it highlights the European markets which are the main demanders of healthcare and Medical Tourism³, and which are not representative in the sector.

Interview to Professor Pita Barros

Professor Pedro Pita Barros kindly answered some questions regarding this topic. Pita Barros was recently a guest speaker at the annual conference of



Health Cluster Portugal (Cascais, November 2012) - "*The Health sector as an engine for economic and social development. Internationalization and Health Tourism*". Given its recognized work and research on Health Economics, his perspective adds a great value to this subject. Some main conclusion can be highlighted:

In the referred conference was concluded that Portugal presents, in fact, opportunities in the Medical Tourism sector. However, the development of those opportunities is much more complex than just having tourism infrastructures and health ones. Also, it was recognized the importance of identifying the demand, its motivations and deal with barriers at other levels (legal, cultural).

The main advantages recognized by the Professor regarding Cascais are the potential of the new Cascais' hospital, the proximity to an international airport and also the fact that tourism has always been an explored sector in the area and has created great support infrastructures. The main weaknesses are lack of international reputation concerning

³ Germany, Belgium, Italy, Austria, Switzerland, UK, Scandinavia and Spain. PENT also attributed high strategic relevance to the US, France, and Netherlands markets, and also countries of Portuguese Language.

this kind of tourism, the need of establishing and identifying the legal responsibility framework of the activities related to Medical Tourism, and the lack of knowledge regarding the kind of Medical Tourism to be developed (cardio, etc).

In terms of how can Cascais/Portugal be competitive and why will it attract patients, was highlighted the importance of those who are not willing to travel too far from home (to Asia for example) and those who already visited the country or have heard of its tourism. Agreements having funding purposes may be a plus, instead of only focusing in attracting the individual tourist.

Regarding the implications that the development of this sector could bring to the health system, Professor Pita Barros didn't extend much but have pointed out his doubts about the Portugal's capability to become a global player. He referred that the country should, instead, find what makes it unique in this scenery and embrace it, making the most of it.

Finally, the Professor gave some suggestions about next steps to be taken:

Define a legal responsibility framework; find a reevaluation and permanent adjustment process; discover the advantage characteristics which cannot be replicated by other countries (the sunlight, the sea) and emphasize them when constructing the image of Cascais/Portugal, always offering lower prices.

Swot Analysis

Situation Analysis			
Internal Analysis		External Analysis	
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - Strong healthcare and tourism potential - Quality service at affordable costs - Portugal's strategic location. Easy access and connectivity with Europe, Africa and America - Low costs of living compared with majority of EU countries. - Cascais is already perceived for tourism - Range of services 	<ul style="list-style-type: none"> - Low coordination between healthcare and tourism industry - No customer perception of Cascais as a player in medical tourism - Inefficient/ Inexistent promotion 	<ul style="list-style-type: none"> - Increasing demand for medical tourism - Reduced costs of international travel - Aging population in Europe - Increasing number of countries with underdeveloped healthcare system 	<ul style="list-style-type: none"> - Strong competition - Possibility of serious disease spreading from foreign patients - Increasing environment pollution from hospital waste - Exploitation of tourists by illegal money charges - Countries' systems may not be able to sustain the demand

Guidelines

Even though the key weaknesses of the region were already identified through the SWOT analysis, the main necessary conditions for a recognized medical destination are described in Appendix 14 (Patients Beyond Borders, 2014). Having this into consideration, some guidelines can be suggested for the improvement of the area.

Clustering

Cascais has the infrastructure, the equipment, the accreditation and the tourists. What's missing is creating the links between them.

An independent entity responsible for the coordination of the cluster needs to be created. This organization should have the responsibility of gathering all the participants in the medical cluster (hospitals, clinics, medical professionals, healthcare facilitators and the government of the area), creating an interconnection of all the stakeholders. The goal is to get an efficient process starting from the point when a patient seeks information, to the day he returns home after the treatment. Appendix 15 shows a possible framework for the Medical Tourism process in Cascais and involved institutions.

Focusing in a specialty

Each destination owns several treatment offers. However, all of them are recognized for a certain surgical specialty. Hence, Cascais would benefit in concentrating its efforts in specific areas. One suggestion with potential success is Traumatology/Orthopedics. It can be highlighted the Orthopedics Hospital of "Santa'Ana" which was featured on last year news because of the 11 million investment that is being made for the construction of a new hospital unit, extending the valences of Orthopedics and Rehabilitation Medicine (Câmara Municipal de Cascais, 2014). Also, "Centro de Medicina de Reabilitação de Alcoitão" which was founded in 1966 as the very first centre in

Portugal dedicated to Physical Medicine and Rehabilitation, is still recognized nowadays in the field, Not only for the general public but also for the scientific and technical community (Santa Casa Misericórdia de Lisboa, 2014).

Brand Development

Without branding and the right positioning, the business will most likely fail. This includes everything from online presence, advertising, marketing, PR, reputation and so on to reach the targeted market.

The first step to be taken should be defining what is the real vision and identity of the business: what differentiates Cascais, what it has to offer and what cannot be found anywhere else. It is crucial to create a name, a logo, and an authentic brand around Medical Tourism in Cascais. This task should be developed by the Medical Tourism Cluster organization, including *Câmara Municipal de Cascais*, *Associação de Turismo de Cascais*, and also main Health and Hotel Institutions in the region.

The right Promotion

Go online

When it comes to health it is important to transmit security, credibility and trust. Therefore it's very important to promote the region of Cascais as a secure, relaxing and reliable destination.

According to the "Global trust in advertising report" (Nielsen, 2013), trust and "taking action" go hand in hand when it comes to the outcomes of advertising. The survey concludes that in Europe, consumers' most trusted forms of promoting a product are "Recommendations from people I know" (80%), "Consumer opinions posted online" (63%), "Branded websites" (53%), and "Editorial content such as newspaper articles" (55%). Based on this information, two suggestions can be made:

- The development of a "Health Care and medical tourist in Cascais" website (after the development of the brand) where international patients could access information about health/medical institution in the region, search for accommodation, compare prices of treatments, and make bookings and simulations. A section with reviews would also be a strong plus.

- Associated with the website, it is suggested the creation of an App given the increasing importance and usage of tablets and smart phones. The app would contain all the information referred above but most importantly would also have the option of creating a personal profile. The idea is to build a network and promote the interaction of patients. They could add personal info (nationality, kind of treatment demanded) and contact with each other, sharing experiences, asking for advices and become more confident when making their decisions.

Conferences, Workshops

Not only the participation in Medical Tourism conferences and workshops but also the organization of this kind of events to become visible.

Quality development

Audits

With the help of a consulting company, investing in evaluating and measuring the full medical tourist experience from time to time.

Also, constant evaluation of the effectiveness of the website, App and the telephone/email customer service must be done.

Code of practices

Create a "Code of practices for Cascais Medical Tourism" that should be adopted in every institution making part of the brand. This will assure that some procedures will be

transversal to every provider and improve the quality of the service.

Conclusion

Cascais is already recognized by many as the “Portuguese Riviera” and the number of tourists is increasing each year. This project evaluates the potential for this region to become a reference destination for medical tourists. The main limitation of this dissertation is the absence of official data regarding this kind of tourism, reflecting the need to create an international agreement to define concepts and definitions.

It can be concluded that Cascais owns all the necessary conditions to attract international patients. Moreover, it is important to keep in mind that Porto is a strong national competitor, and that Turkey and Spain probably represent the biggest threats to Portugal.

Prof. Pita Barros stressed an important issue that was underlined by the present project - Cascais lacks of a structured and organized body to coordinate the operations of joined entities within a cluster. Only after creating real links between operators and a legal responsibility framework, should the region work on promoting itself.

Finally, Cascais should position itself strategically, highlighting its comparative advantages over its main competitors. It owns unique characteristics which cannot be replicated elsewhere. As a small territory, Cascais should work and grow together with Lisboa promoting itself as a differentiated product inside the city. It is the perfect option for those who value life quality, nature, sun and peace.

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