

## Health travel on life support

Informed decision-making and good luck are needed for the health and medical tourism markets to survive

## These shining streets

Covid-19 has boosted telemedicine but this comes with its own problems

## Bagatin Clinic

Ognjen Bagatin explains how he has adapted his business

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# HealthcareMarkets *international*

*Investing in healthcare globally*

In focus

## Covid-19 and medical travel

How the medical travel sector intends to get back on its feet after the coronavirus lockdown

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Irving Stackpole and Elizabeth Ziemba argue that informed decision-making and good luck are needed for the health and medical tourism markets to survive



# International health travel markets on life support

**The health and medical tourism markets around the world are paralysed by the global pandemic. Seven months into the global crisis, the disruptions and restrictions on travel within and to other countries are destabilising travel and disrupting health and medical services.**

Before the global pandemic, the international health and medical tourism markets relied upon a robust, accessible, and affordable travel and tourism sector, as well as a wide variety of providers offering consumers services. Within a few weeks into 2020, these underlying market factors were severely disrupted.

What has been the immediate impact of this upheaval? What services and destinations will withstand the shock? Which changes to health and medical travel will be long-lasting?

## Capacity but no demand

With the arrival of Covid-19, hospitals, clinics, and other healthcare service providers around the world closed their doors to non-urgent services. Elective procedures are suspended to devote resources for the treatment of severely ill Covid-19 patients.

Overnight, hospital intensive care units (ICUs) were filled, while elective surgical suites and physicians' offices were emptied, comprising the biggest supply-side shocks ever experienced in healthcare.

Comparing the number of procedures in US hospitals in 2019 vs. 2020, the declines in elective procedures, including some of the most lucrative disciplines such as orthopaedics, dermatology, and ophthalmology, are frighteningly steep.

Certain popular health and medi-

cal travel locations like South Korea, Malaysia, Germany, and New Zealand have done a better job of containing transmission than other locations such as the US, Brazil, and India; however, globally travel restrictions remain in place or change frequently reflecting the challenging nature of SARS-CoV-2.

When restrictions have loosened a little, a burst of business results from pent up demand producing an uptick in business. The initial surges comprised people who needed urgent complex medical care as well as cosmetic services – both considered exigent by these two distinct markets.

Travel restrictions were then re-imposed either by the country providing services or the country providing the patients.

This pattern of stop-and-go travel restrictions with the resulting surges of business is anticipated to continue with its uncertainty and frustration for providers and patients.

The large and profitable elective procedures market – dental, in vitro fertilisation, bariatric, orthopaedic services – has yet to be revived.

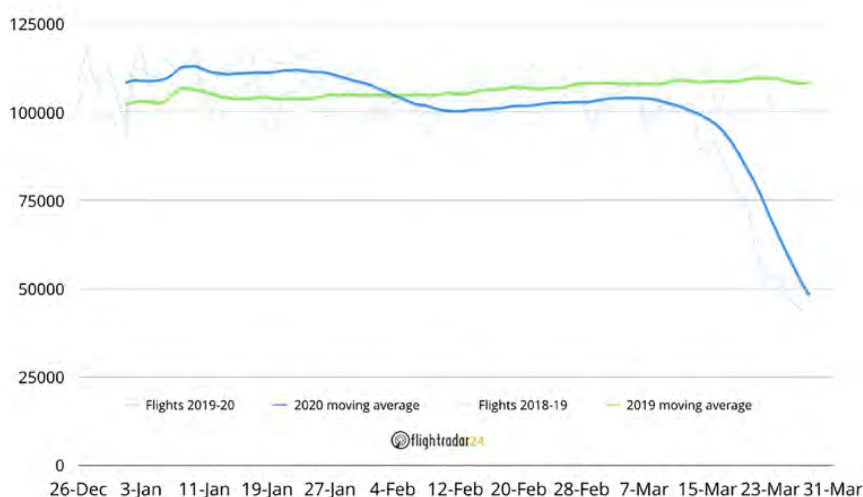
Fear of catching the coronavirus is keeping patients away from hospitals and clinics around the world. The electives market will need to ensure patients a Covid-19 safe environment and clinical excellence in addition to meeting the new patient expectations generated by the pandemic.

Providers are facing questions of survival as the duration of the pandemic is unknown. It seems clear that many providers will not survive.

Those who can pivot should adapt to the reduction in demand for an indeterminate period of time.

## 7-DAY MOVING AVERAGE OF COMMERCIAL FLIGHTS TRACKED BY FLIGHTRADAR24

1 JANUARY - 28 MARCH 2019 VS. 2020

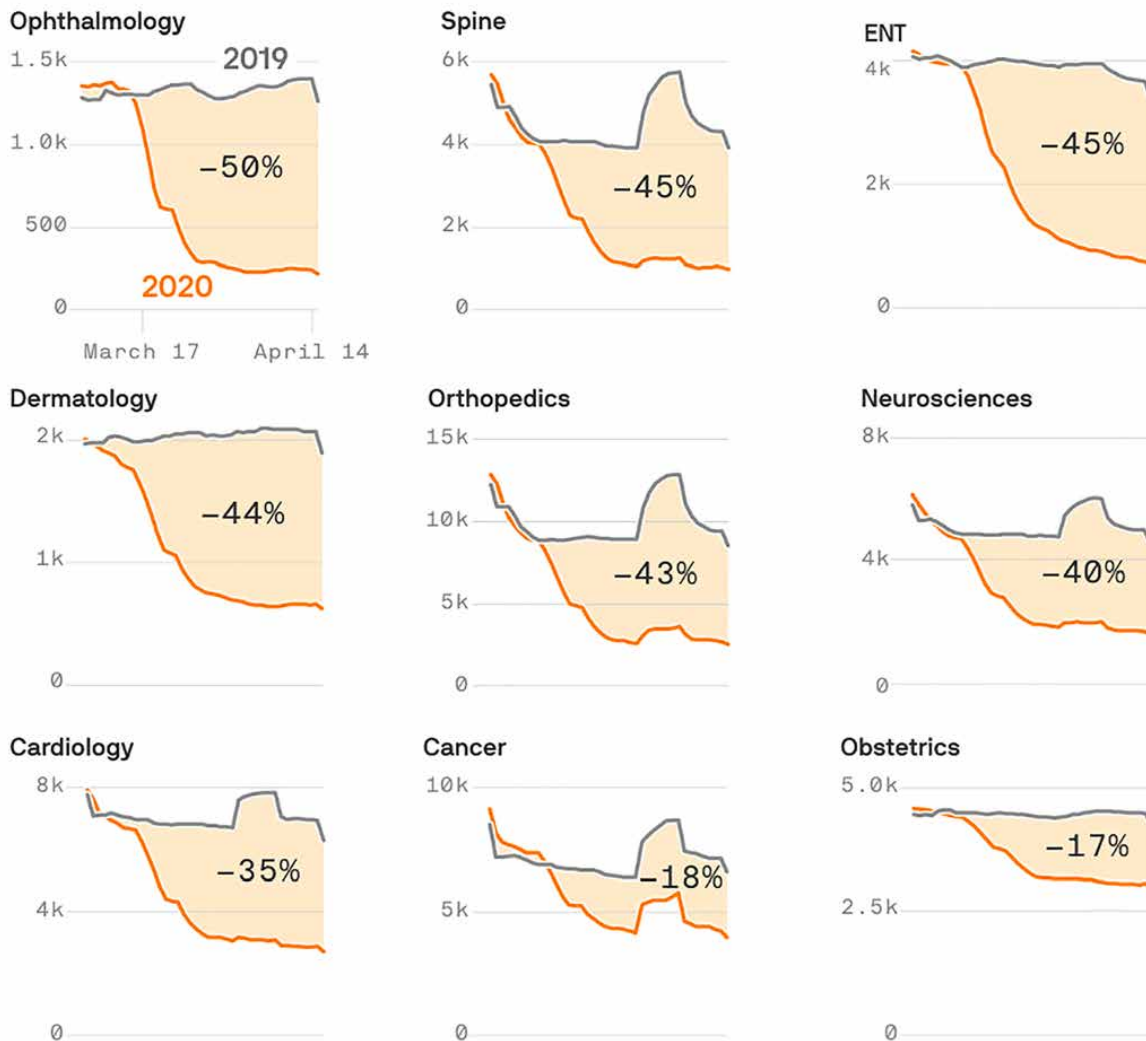


SOURCE FLIGHTRADAR24 TRACKING STATISTICS ([HTTPS://WWW.FLIGHTRADAR24.COM/BLOG/CHARTING-THE-DECLINE-IN-AIR-TRAFFIC-CAUSED-BY-COVID-19/](https://www.flightradar24.com/blog/charting-the-decline-in-air-traffic-caused-by-covid-19/)), ACCESSED 10 AUGUST 2020



**NUMBER OF HOSPITAL PROCEDURES IN 2019 VS. 2020, BY TYPE**

MARCH 1 - APRIL 15 2019 VS. MARCH 1 - APRIL 15 2020



SOURCE ADAPTED FROM STRATA DECISION TECHNOLOGY; CHART NAEMA AHMED/AXIOS

**Regional markets: pre- and post-Covid demand**

Prior to the pandemic, the health and medical travel markets fitted into one of three categories:

**Primary destination brands** certain destinations like the Caribbean, Thailand and Mexico offered primarily elective procedures in an attractive destination combining to make health travel affordable and accessible with favourable pricing and good outcomes. Post-Covid, these destinations depend on the tourism market to resume and stabilise as well as demonstrating commitment to patient safety and hygiene to become competitive.

Destinations such as Malaysia and

South Korea have the opportunity to make inroads into these traditional pathways by superior management and containment of the virus as well as clinical quality and a superior patient experience.

Travellers who want elective procedures may be willing to visit new destinations for the services they want.

**Primary complex medical brands** highly specialised providers of complex medical care such as Mayo Clinic in Rochester, Minnesota, attract patients based on the nature of the quality of their high acuity, tertiary or quaternary services. People travel to these types of providers because of the scarcity of competitors that offer similar services. The role of the destination itself is a secondary consideration.

Post-Covid, patients and third-party providers are likely to consider how

the destination managed the pandemic when selecting the best option as well as the political issues that could present obstacles or represent a higher risk than other locations.

For example, how will the geopolitical relationship between the US and China impact visa availability?

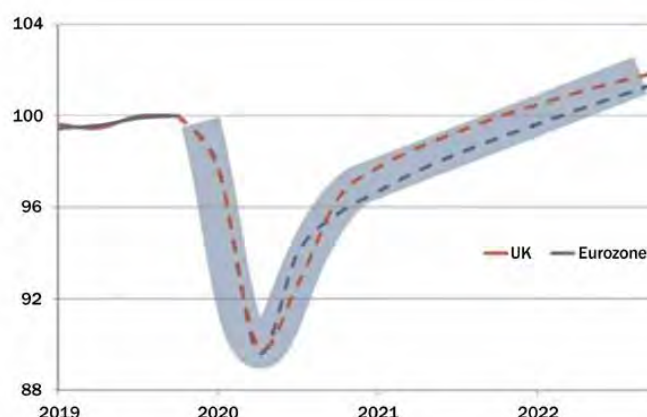
How culturally comfortable will Chinese or Asian visitors feel in the US political climate of the 'Chinese virus'?

While the markets for this category of medical travel will most likely be primarily concerned about the availability of the services needed, these secondary issues are important and can tip the scales in favour of one destination over another located in a less hospitable environment.

**Established regional relationships** some pathways between countries for health and medical services are well-es-

## THE NIKE-SWOOSH-SHAPED RECOVERY

Q4 2019 = 100, QUARTERLY DATA



**NOTES** ECONOMIC PROJECTIONS IN THE UK AND EUROZONE INTO 2022. THE NIKE SWOOSH RECOVERY, NAMED AFTER THE ICONIC CHECK-MARK LOGO, BRINGS A DRAMATIC SURGE ONCE LOCKDOWNS END, AND A BOOST THAT IS BLUNTED QUICKLY. IN THIS SCENARIO, BROOKINGS NOTES, IT 'TAKES A LONG WHILE FOR THE ECONOMY TO GET BACK TO PRE-PANDEMIC TRAJECTORY'

**SOURCE** BERENBERG, EUROSTAT, ONS, BLOOMBERG

established such as from Indonesia to Malaysia, from the Middle East to Germany, or from the Maldives to India. While there are disruptions and falling numbers now, those routes will resume once travel is normalised and the virus subdued.

The new travel bubbles being established between Covid-19 safe destinations are creating new opportunities for collaboration between countries.

The virus has brought Australia and New Zealand closer together as both have done well to contain transmission. The Baltic states have created their own travel bubble and Fiji is exploring a South Pacific bubble. These travel bubbles require excellent systems and protocols for screening, hygiene, and other factors because, if problems arise, the bubble will burst.

## Recovery: surviving life support

Predictions for economic recovery vary depending in large part on when a reliable vaccine is produced and distributed. Given the scientific rigour to which vaccine development is subjected, it is unlikely that a vaccine will be available in 2020. Testing, analysis, manufacture and distribution of doses in sufficient numbers takes time. Based on informed projections, there are three likely recovery scenarios: V, U or Swoosh.

A V-shaped recovery calls for a quick recovery with a rebound as robust as the downturn, imitating the shape of a V.

The U-shaped recovery calls for a prolonged downturn with a slow and gradual return to a healthy economy.

The most likely path to recovery resembles the Nike swoosh. It consists of the pattern of lockdown/release, followed by lockdown/release in many national economies, creating generalised chaos and growing consumer concern. It is a painful pattern that may last for a substantial period of time – perhaps well into 2023.

For the international health and medical tourism markets, these forecasts present a number of problems.

1. Plan for and invest in supply-side development. Investment in market research, marketing, and

investment can focus on highly specific source markets as well as very specific service lines rather than general market development. Travel bubbles might consider joint marketing efforts to maximise reduced budgets

2. Invest in enhanced services. It may seem counterintuitive to spend precious resources on internal investment such as state of the art hygiene equipment and supplies or improved systems and processes through certification or accreditation programmes. If the investments will build trust and confidence in prospective clients or provide a competitive edge, then the expenditure is worth considering
3. Plan for pauses in demand. Developing a strategy with supporting systems and processes that can be put into action quickly can help to moderate the impact of the upticks and drops in demand
4. Create contingency plans for the emergence or resurgence of SARS-CoV-2. If the recovery is a prolonged swoosh, the long-term implications for providers are serious. During a swoosh recovery, there will be periods of revenue, which will be welcome but a lengthy and irregular recovery will make planning and staff management, for example, very difficult. Are there market segments that are recession-proof? Are local

markets ripe for development? Are there gaps in service delivery that can be filled? In other words, what is the worst that can happen and what can you do to survive?

The Covid-19 pandemic presents an enormous challenge to healthcare providers around the world especially those that rely on health and medical travellers. Survival techniques, as well as innovation, are needed to emerge from this crisis stronger and smarter. While fear and uncertainty are prevalent, these times require intelligent, informed decision-making with a dose of good luck.

Irving Stackpole is the president of Stackpole & Associates which has conducted strategic research and marketing projects for providers, governments and agencies on four continents, and many countries as well as the EU and the UN. He is a mentor for the European Institute of Innovation and Technology and is the co-author of *The Marketing Handbook in Health Tourism*, co-hosts the podcast, *The Medical Travel Show*, is widely published, and has been quoted in *The New York Times*, the *Financial Times* and *Forbes* among others.

President and founder of Medical Tourism Training, Elizabeth Ziemba delivers consulting, training, and assessment services for clients in the wellness, health, medical and hospitality sectors with innovative, practical, evidence-based solutions for business and economic growth. She helps clients build strong organisations at the crossroads of health & hospitality to compete locally and globally.