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Case Study on the Relevance of Blue Ocean Strategy in Health Care and Medical Tourism in India.

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ABSTRACT

Blue ocean strategy deals with the creation or entry of any sector/ business into an untapped new arena to do business in order to maintain profit with minimum expenses, instead of competing in the already cluttered market place. In the globalized environment, service sectors are contributing phenomenally towards the economic development of any country. In India Healthcare industry is growing at a fabulous speed owing to its enormous revelation, services and mounting payments by public and private players. Health care is one of the imperative sectors in India in terms of income and employment. Medical tourism is gaining momentum in India because of its expertise, manpower, affordable cost and government policy. This case study deals with the application of Blue ocean strategy in the health sector and the development of medical tourism and various corporate hospitals in India.

Keywords: Blue ocean strategy, Service sector, Health care, Medical tourism, Hospitals in India.

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INTRODUCTION

Blue ocean strategy is the outcome of the study conducted with more than 30 industries for 100 years covering 150 strategic moves for more than a decade. The research was conducted by W.Chan Kim and Renée Mauborgne to find out the factors responsible for the creation of blue ocean strategy and the main disparities that divide the winners from the survivors and those floating in the red ocean[1]. According to Blue Ocean strategy, instead of competing in an already crowded competitive market, marketers can venture into new uncontested marketplace to sell their products or services. Service sectors play a vital role towards the economic development of any country. Tourism is the third major foreign exchange earner for India and accounts for 6.8 per cent of the GDP [2]. Healthcare industry is rising at a fabulous speed due to its supporting treatment, services and increasing payments by public, private players and the market is anticipated to record a CAGR of 17 per cent in 2008-20[3].In India, Liberalization, Privatisation and Globalization (LPG) facilitated the augmentation of 'Medical tourism'. Medical tourism generates extremely good job opportunities in India. People from developed countries like United Kingdom and United States, due to increasing health care cost are looking for medical treatments from country like India which gives same treatments at a relatively low cost. In order to take world class medical treatment, at an affordable price sportsperson, celebrities and NRI are paying visit to India. In the medical world, India is grown to a great level. Across the world, Indian doctors are now most important practitioners in the field of medicine, and patients from different parts of the world are coming to India for medical treatment [4"]. As per India TV report[5], the Top 10 hospital in India is as follows.1. AIIMS- All India Institute of Medical Sciences, 2. Apollo Hospitals, 3. Fortis Hospitals, 4. NIMHANS-The National Institute of Mental Health and Neuro Sciences, Bangalore 5. Christian Medical College, 6. PGIMER -Post Graduate Institute of Medical Education and Research, Chandigarh, 7. Tata Memorial Hospital, 8. Lilavati Hospital, Mumbai, 9. Sankara Nethralaya, 10. Bombay Hospital

The healthcare industry is changing at prompt paces. In India with the help of overseas investors and venture capitalists large super speciality hospitals are being setup across various major cities.

Relevance of Blue Ocean strategy

Blue Ocean strategy is all about acquiring new market by using unique new strategy in order to woo the attention of potential buyers and make the competition irrelevant. In general, Blue Ocean Strategies can generate new market spaces and transform industry dynamics. Blue Ocean can aid hospitals focus on the big picture, boost demand for services, decrease cost and fetch value innovation (high quality at low cost) [6]. Hospitals can position themselves in an appropriate way to stand unique in the rapid changing health care industry. In order to acquire patients and retain, hospitals in India have to concentrate on their service offerings, service quality, service scape. In India, doctors of Aravind Eye Hospital perform high amount of eye operations along with maintaining the costs/patients relatively low that could not be afforded by private hospitals[7]! Blue ocean strategy can be applied for health care industry in India to broaden its valuable presence and advanced medical services like MRI for Tier I, Tier II cities and rural areas. Factors like demand for healthcare services, increasing consciousness of available superior technology, awareness about advanced medical diagnosis are the drivers for the development of the radiology market in India[8]. U.S. pharmaceutical industry, by means of pursuing the fundamentals of the blue ocean strategy, is concentrating on how to generate unchallenged market space by rebuilding market borders, concentrating on the big picture and accomplishment beyond existing demand [9]. Indian hospitals implement innovation not from a magnificent design but from steady testing, adjustment and requirement [1].A few hospitals in India afford high- quality medical treatment at a relatively low cost by means of its degree of difference in the cost of labour. Hospitals in India provide treatment for heart, kidney, eye, cancer, orthopaedics and dental.

The real meaning of Blue Ocean Strategy (BOS) in Hospitals is to aim for value innovation through high quality at affordable low cost.

Indian Health care industry

By 2017, Indian health care industry is rising at a 15 % CAGR to US$158.2 billion. The magnitude of health care industry is anticipated to reach USD160 billion by 2017 and by 2020 it would touch USD280 billion.

In order to treat diseases like TB and Cancer, Health Ministry decided to come out with 50 technologies in the FY16[10].
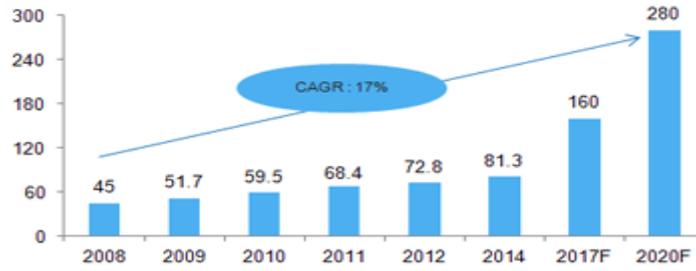
Source: Frost & Sullivan, LSI Financial Services, Deloitte, TechSci
Research Notes: E - Estimate, F - Forecast

Exhibit-1- Healthcare sector growth trend (US$ billions)**

**Source: Healthcare Industry in India, August 2015

Source: World Bank, BMI Report, TechSci Research
Notes: E - Estimated

Exhibit-2- Per capita healthcare expenditure (US$)**

**Source: Healthcare Industry in India, August 2015
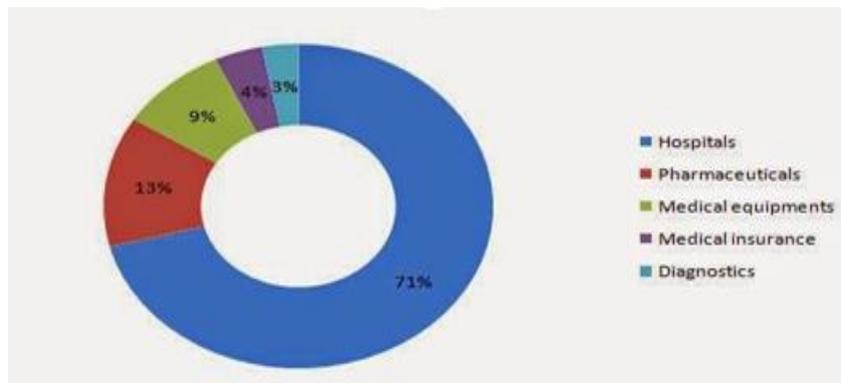
Medical tourism in India

Exhibit-3- Market break-up by revenues**

Source:http://medical-tourism-india-magazine.blogspot.com/2014/08/medical-tourism-company-india.html

In India, tourism industry contributes 6.8% of the GDP and it is the third major foreign exchange earner[11]. Union Minister of State for Tourism (Independent Charge), Culture (Independent Charge), and Civil Aviation Dr. Mahesh Sharma introduced the Medical and Wellness Tourism Promotion Board that was formed

to tap the potential and advantages of India in medical and wellness tourism[12]. According to industry chamber of ASSOCHAM, from Rs 4,500 crore, by 2015 medical tourism sector in India is probably reach Rs 10,800 crore. From 8.5 lakh, by 2015 inbound medical tourist arrival in India will be above 32 lakh[13]. Medical tourists prefer India because of its low cost and also the availability superior healthcare amenities for urology, transplants, orthopaedic surgery, joint replacement and cardiology[14].For foreign patients other medical services like Yoga, Meditation, Ayurveda and Homeopathy are gaining momentum in India.

In India both private sector and public sector in health care industry are providing broad range of medical care services. Customers from well-known countries like US, the UK and Mauritius, south-east Asia, Fiji, Bangladesh, Afghanistan, and Singapore, are the clientele for the health care product of India, Sandhya. R. Anvekar (2012) [2]. As per a study, because of good health care infrastructure, proficient doctors, relatively low-cost medical treatments, in Asia, India is positioned amongst the top three medical tourism destinations. India is famous in medical tourism because of its low-cost medical treatments, good treatment for cardiology, orthopaedics, nephrology, oncology, neuro surgery, and other treatment lie ayurveda and yoga[16]. The USP-Unique Selling Proposition of medical tourism in India is its cost effectiveness and places of attractions for tourism. Sandhya. R. Anvekar (2012),[2], found out that ,48% of the respondents opined low costs and 24% of the respondents opined insurance budget with regard to reasons for medical tourism in India. Pradip K. Deb (2011), [3], classified medical tourists as, 20 million Non-resident Indians across the world, for lowest cost health care joint with journey back home, patients from countries (Nepal, Myanmar, Bangladesh, Africa, Middle East, Latin America) with underdeveloped facilities for quality healthcare at affordable cost and patients from developed countries (UK, USA, Canada) for low-cost health care, capacity constraints at home. Stakeholders in medical tourism are the traveller (patient with companions), overseas tour operator, Hospitals in India, insurance companies, travel agents in India, tourist destinations, local tour operator, local guide, local hotels, and local shopping centres, Pradip K. Deb, (2011). Foreign medical tourists (in bound tourists) visiting India to avail medical treatment will facilitate foreign exchange revenue to India which leads to economic development. Various categories of hospitals like corporate/private/government in India can adopt unique marketing strategies to acquire foreign medical tourists market. Hospitals in India can apply Blue Ocean strategy to woo the attention of medical tourists to take medical treatment from their hospitals. Blue Ocean Strategy is the most relevant and practical of frameworks that can be applied for hospitals in an Indian context under the threat of large or highly specialised hospitals and Blue Ocean strategy can help hospitals focus on the big picture, increase demand for services, reduce cost and bring value innovation (high quality at low cost)[17].A well-coordinated effort is needed among the travel, the hospitality and the health care trade for sustainable growth of Medical Tourism Industry in India, Pradip K. Deb (2011). Availability of the low cost health care service, low cost generic medicines, high health care standards, proficiency in English, and development in advanced medical technology, well skilled doctors and availability of most modern health check equipment are the major advantages of medical tourism in India[18].
Surgical cost of US compared to US is given in Exhibit 3.

Exhibit-4- Surgical cost of US and India**

Surgery	US (USD)	India (USD)
Bypass Surgery	130,000	10,000
Heart Valve Replacement	160,000	9,000
Angioplasty	57,000	11,000
Hip Replacement	43,000	9,000
Hysterectomy	20,000	3,000
Knee Replacement	40,000	8,500
Spinal Fusion	62,000	5,500

**Source: American Medical Association (cited in allmoney.com/ health-care-cost/medical-tourism-in-india, June 2019, 2014)

As per ASSOCHAM, in order to take better medical treatment at relatively low-cost, more than   3, 200, 000 medical travellers will visit India by 2015, which facilitate the growth of medical tourism in India[19].

Advantages, Disadvantages

Reason for medical tourism in India is given in Exhibit 4 [20].

Exhibit-5- Why medical tourism in India**

Medical tourism in India is famous because of its low-cost, availability of world-class treatment for hip replacement, cardiac bypass, bone marrow transplant, eye surgery and alternative medicine. India is identified especially for heart surgery, hip resurfacing and other areas of advanced medicine[21].Main places for medical tourism in India are Delhi, Mumbai and Chennai. Apart from providing medical treatments and medical services famous hospitals in India, in general provide assistance for travel arrangements, accommodation, medical recommendation/ appointments, convalescence care and holiday packages. According to Chapal Mehra etal., (2015), public health programmes can be reached with the modern interference in the control of disease , develops the satisfaction of the patient and result of health, decreases the costs of patient and engages all stakeholders, especially the private sector, [4]. In India the healthcare outsourcing is gaining momentum because of the increased spending of US on healthcare IT services. According to Tony Mira, Founder and Group Executive officer, Ajuba Solutions India Private Limited, data gathering for hospitals would be easy because of its investment in Big data and electronic micro records and with regard to healthcare and IT solutions, Internet of Things (IOT) would be the game changer, Swathimoorthy,2015,[5].
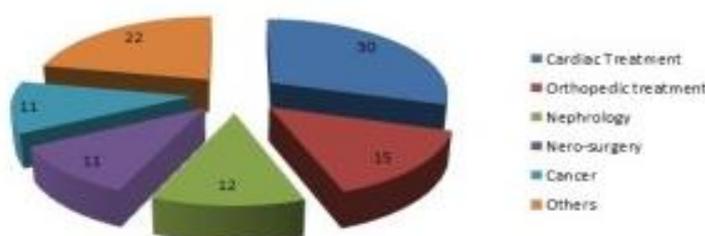

Exhibit 6: Medical Tourism treatments in India**

As shown in the exhibit-5, according to the study conducted by the Institute of tourism and travel Management, 30% of the medical tourists visited India for Cardiac treatment, 15% of the medical tourists visited India for Orthopaedic treatment and 12% of the medical tourists visited India for Nephrology.

Companies in India need to think differently to come out from Red ocean and adopt Blue Ocean Strategy. Corporate/Private/Government hospitals in India have to come out with innovative Blue ocean strategy to do business in a lucrative way. Country like India with very good infrastructure, manpower, encouraging political environment can augment the number of medical tourists visiting India. Service sector

like medical tourism with appropriate innovation can very well improve the economy of a developing country like India.

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