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June 22, 2011 (Wednesday) 55th EOQ Congress

CONCURRENT SESSIONS
KEMPINSKI HOTEL CORVINUS

Wednesday 8:30 – 12:30
Erzsébet tér 7-8, Budapest V.

SALON REGIOMONTANUS

Wednesday 8:30 – 10:30

24.1. REFOCUSING QUALITY TO ENHANCE SERVICE TO CUSTOMERS I.

Session Chair: *György Mikó, Hungarian National Committee for EOQ, Hungary*

9.50 Evaluation of Health Tourism as a Strategic Sector in Hungary

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Evaluation of Health Tourism as a Strategic Sector in Hungary

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ABSTRACT

In recent years, the role of health tourism has become more significant in Hungary due to growing health awareness, good domestic conditions and the increasingly completed health services. Beside the conditions, Hungary has long traditions and internationally accepted references in this area; nowadays wellness tourism is becoming increasingly popular.

Hungary is one of the biggest sources of thermal waters, thus health tourism can be a vital part of the domestic tourism industry. The developments of health tourism services are also important for tourist destination.

In this paper, an overall assessment was done about the services belonging to health tourism. Applying a questionnaire survey the evaluation of a Hungarian practice was accomplished and about 100 wellness hotels were involved, from all parts of Hungary. The results indicate that quality management systems are applied in high rate, but requirements are not determined or applied precisely. In addition, an important establishment is that wellness hotels take the necessary steps to shape up the inner and outer environment perfectly, but feedbacks and direct surveys of guests are missing in many cases. The competition is strong in the market of health tourism so if Hungary wants to strengthen her position, more attention has to be paid to the implementation of quality practices.

INTRODUCTION

Health tourism is practically as old as mankind. We never give up seeking for recovery occasions from various diseases. These healing possibilities are very diverse: they can be connected with persons, plants, animals, sites.

Every culture had – and has – got its own healers named as shamans, wizards, midwives or physicians and its holy locations which have usually some kind of important natural conditions: caverns or valleys with extraordinary microclimate – for example next to salt-mines or stalactite caves, at coastlines or enclosures rounded with forests; medicinal waters of high mineral content; hot springs; certain flora.

Although there were people as early as in ancient times who visited towns or spas in order to recover, spa-hotels and medicinal baths began to spread only at the end of the 19th century and in early 20th century.

The conceptual system of health tourism

Health tourism is a complex notion referring to the kind of tourism aimed at the improvement or maintenance of health status as the real purpose of journey. Based on the utilized services, two areas could be separated within health tourism (Figure 1): medical and wellness tourism. In addition to these two areas, medical wellness is getting more and more highlight coming primarily from Western Europe.

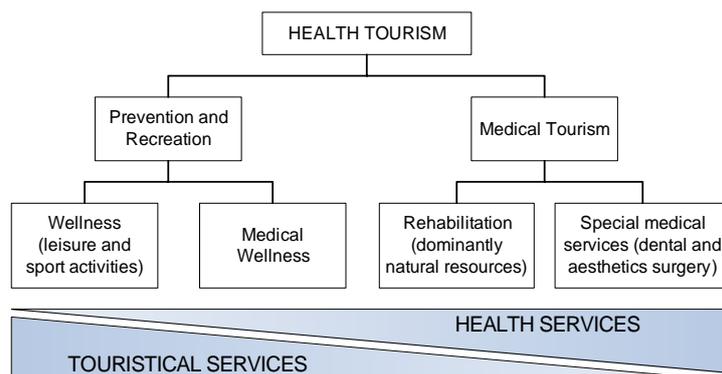


Fig. 1. The classification of Health Tourism (ESK, 2010)

Target groups of health tourism

Because of the growing personal mobility, any point of the world can be reached. Considering in addition that the European Union applies the principle of free flow of services to the healthcare as well and that some health insurers in the United States after a preliminary qualification are willing to finance insurants' treatment also overseas, we can see that the market is enormous with nearly infinite possibilities as regards health tourism. Target groups of health tourism change according to the different segments. In general it can be stated that persons with medium or higher qualifications living mainly in towns are concerned. But while wellness tourism is built upon healthy, young and middle-aged guests expecting primarily recreation and health preservation, medical tourism is waiting for middle-aged and elder people from throughout the world suffering from chronic illnesses seeking for recovery. In Europe, the ageing population creates growing demand. The medical wellness target group consists of guests independently of age suffering from slighter diseases or who want to prevent any illness on medical basis.

Services connected with health tourism

In the first decade after the Millennium, the number of those interested in health tourism doubled in Germany. Among the inducing agents of this interest in services should be mentioned the general bad condition, overweight and physical pains but exhaustion or stress as well (Aquaprofit, 2007). In case of health tourism, good reputation and existence of natural conditions are not enough: providing some special services in the commercial quarters or private hospitals is indispensable in this touristic sector. Range of the demanded services is extremely wide beginning from dental surgery through abortion up to aesthetic surgery. The most frequent cause is that the operation is cheaper in another country. In accordance with a survey no Americans would travel for medical treatment abroad if their savings did not reach at least 200 USD; less than 10% would travel if savings were between 500 and 1000 USD. A quarter of non-insurants and 10% of insurants would travel with 1000-2400 USD savings. However, in case of savings above 10 000 USD 38% of non-insurants and a quarter of insurants would surely travel abroad (Reier, 2004).

Recent situation of the branch

Similarly to other economic branches, tourism was also concerned by the economic world crisis in 2008. Owing to the continuous investments, the number of hotel units and accommodations increased up to 2009 in Hungary. However, in 2008 went back the number

of guest nights per head and in 2009 the number of both visitors and guest nights was diminished, so the continuously growing tendency of recent years broke down. At the same time, the number of foreign visitors coming to Hungary is constantly growing. In proportion, less hotel nights are attached to more domestic guest nights; it means that people consider better what to buy and more people prefer other categories of commercial quarters instead of hotels.

There is a continuously growing interest in health tourism based upon medical services in Europe (Kincses, 2010). Further and further recommended services appear among the purposes of more and more countries or in their regional strategies. This means also state subsidies in developments and marketing activities. *Kincses* says that the Hungarian health tourism based on medicinal waters is not marketable in itself in the market of medical tourism. For better exploitation, it is necessary to complete the existing natural medicinal factors with higher added value (i.e. medical services). He stipulates that in addition to the popularization of medicinal baths more attention should be paid to the development of complex solutions to be applied to certain diseases.

MATERIALS AND METHODS

The original research imagination was to make in-depth interviews on limited samples but majority of the firms refused this notion during the previous contacts. Causes were not directly examined later but an indirect answer was nevertheless obtained to this behavior. Afterwards the questionnaire survey was extended to more institutions guaranteeing anonymity and confidentiality. Sometimes also personal interviews were taken. The questionnaires were forwarded electronically to 115 randomly selected wellness hotels. The 83% return (95 questionnaires) can be considered as a surprisingly good ratio especially because all of them were fit to process. The survey was done in summer 2010. Altogether 15 issues were included in the questionnaire while evaluations and graphical representations were arranged by an Excel program. We wanted primarily to survey, whether the hotels apply quality management systems or not and to what extent is the quality approach present in their operation. Results were compared with a sector-specific SWOT analysis as well to reveal, what kind of development possibilities are justified in this field.

RESULTS

Results of the questionnaire survey

87 hotels (92%) out of the 95 ones are operated as Ltd. [limited liability company] being an extremely high proportion. Joint stock companies operate a small part of them (5%) while the share of deposit companies (2%) and foundations (1%) is negligible.

None of the examined hotels is owned by the state or by the church. Nearly all of them are privately owned: 68% of them have Hungarian owners, 10% foreign owners and 19% mixed owners.

In most hotels (64%) the number of employees was between 100 and 150; 12% employs less than 50 people while there are scarcely hotels in the remaining categories. These figures apply to all associates beginning from the shift through those working in the catering establishments up to the therapy, irrespective of the positions held.

Regarding the applied quality management systems responses at the first glance suggest a positive result. 85% declared that they had such management system but at the same

time it is striking that exclusively certifications according to the Standard ISO 9001 are concerned. It should be noted here that considering the available information there were also a lot of units among the non-respondents describing themselves as „green” or „outstandingly environment conscious” hotels. None of the 95 hotels had ISO 14001 or EMAS system highlighting the environment focused practical implementations. However, we cannot find any hotel applying the ISO 22000 food safety standard or having Medical Wellness certification. 78% of the respondents employ quality responsible or expert(s) as indicated in Figure 2.

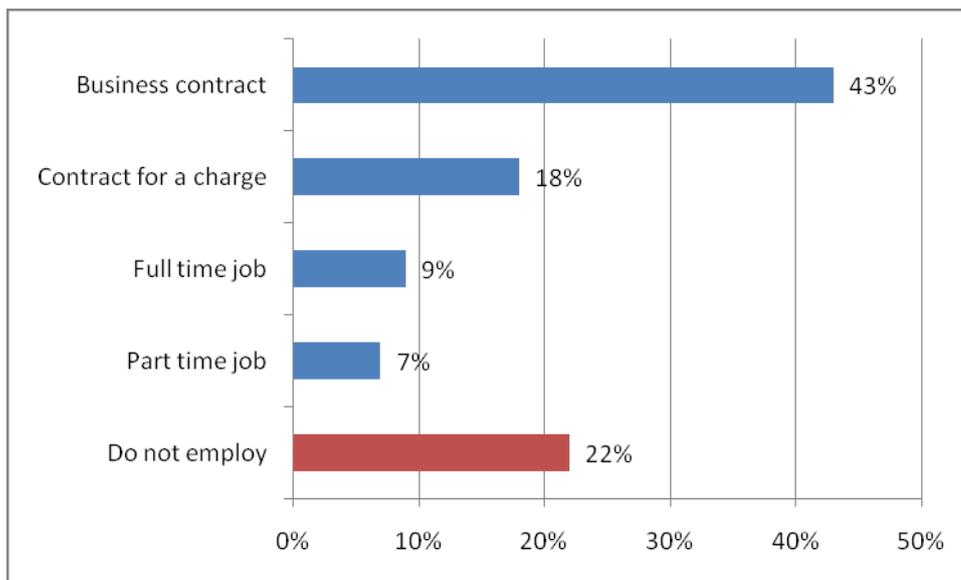


Fig 2. How do you employ quality responsible or expert?

Most firms employ the appropriate persons under business contract. It means in practice that the partner setting up the system provides the consigner with continuous inspection under contract. This can be advantageous from several points of view, e.g. professionalism is ensured and less expense is involved.

Considering today’s market and competition situations it is essential for the developments to measure the satisfaction of guests consuming the different services. Results obtained were shocking: 83% of the respondents do not collect any information from their guests while also from the remaining 17% only 4% investigate the satisfaction level when guests leave personally or on questionnaires! These measurements and analyses should be treated at strategic level!

Relating to the measurements we should have known, what happens to the guests’ feedbacks, whether they are documented or no, where and how they appear in processes forming the services. Feedbacks are treated in 75% of the hotels surveyed but most of them (64%) do not preserve documentation half a year. Not more than 1% said that these documents are upheld more than 5 years. Such a practice is inadequate to compare feedbacks in medium or long term as well as to analyze trends. It is even more distressing that a quarter of the respondents seem not to pay enough attention to the feedback received from their guests. After this it is not surprising that majority of the hotels does not deal with the feedbacks. Altogether 24% of them think the guests’ opinions such important to be worth to use them in planning, correction or preventing activities, mentioning them possibly during management audits. Most stunning is at the same time the sincere opinion that 76% do not utilize these information at all!

Asking further questions, exclusively those units' answers were considered where management systems were run; as it had appeared earlier, this could be identified in this sample with the standardized application of ISO 9001. Only a few respondents (12%) compare regularly operation of the quality management system with the Quality Manual while 56% declare to adopt the process descriptions in the operation. It can be seen to be contradictory but reflects actually the lack or shortcomings of the management and inner audits while nevertheless conformity is reached at the certifying audits. Based upon the replies obtained the Quality Manual is available for every associates either directly online (36%) or in printed form as hard copy (34%) or indirectly through a charged colleague (12%) respectively. Only 8% told that this document was not available for everyone.

At the very end of the questions, series information were sought for the benefits of the organizations entailed by the implementation of the quality management system. The respondents think to be the best advantage of the system that success probability is higher at the introduction of a new service than before. It is tightly connected that according to 26% also the introduction costs of the new services were reduced (Figure 3).

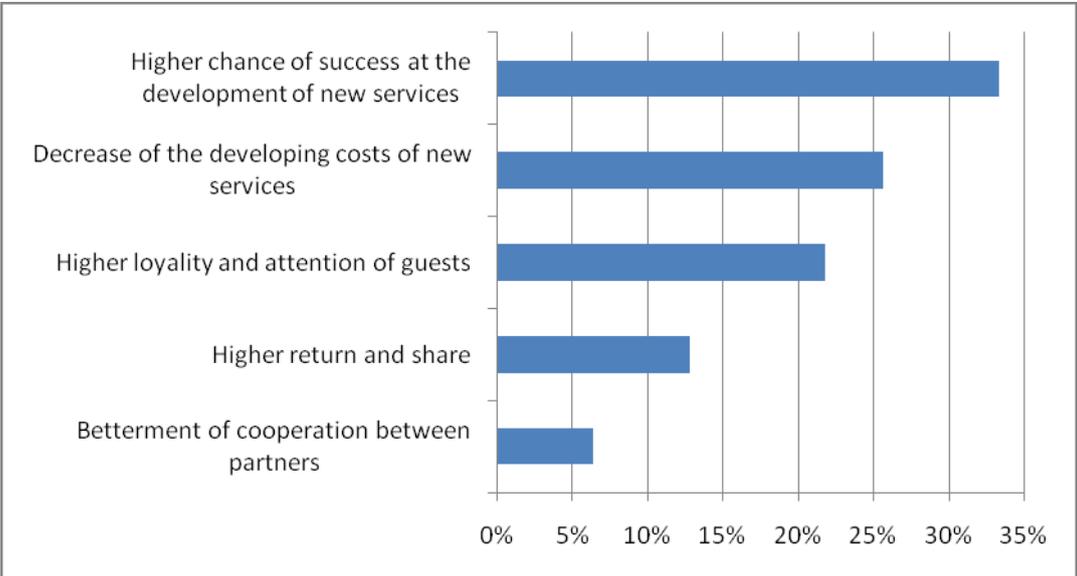


Fig 3. What advantages came after developing quality management system?

At summing up the questionnaires and evaluating the figures, there is some contradiction now and then. This is because the respondents were not enough careful when they answered the questions or they are not aware of the real advantages of the quality management systems.

It is shocking that only a few hotels are regularly collecting data from the guests despite the fact that the relevant technical conditions could be created easily and at relatively low costs. It was surprising that even units sacrificing energy, money and time for the implementation and certification of the quality management systems, how do not take any care of their maintenance and development. This fact corresponds to the result that no due emphasis is laid on the associates' information and the control of their activities. These negative aspects can bring about reduced level of the services provided as early as in medium term inducing market losses and consequently economic losses as well.

SWOT Analysis

Hungarian health tourism is analyzed with full particulars in the development strategic document prepared in 2007 (Aquaprofit, 2007). Our own analysis was developed during the consultations with the respondents to the questionnaire. Results achieved are briefly summarized as follows:

Strengths

Due to the coexistence of several factors, Hungary is in an extremely good position as possible destination of health tourism. International reputation and recognition of the Hungarian medical sciences, the Hungarian medical education and training as well as the high professional and technical level of Hungarian public health and the developed check-up programs are equally attractive factors. We have a large selection of climatic health resorts with rich medicinal and thermal resources objected to a very severe qualification system. At last, the internationally modest price level of accommodation and the related services attract a large number of domestic and foreign guests. All of the above-mentioned elements are existing factors we need „only” to preserve them, not more.

Weaknesses

The most significant factors are the following: instability of public health and financial problems. High professional vs. low related service level and imperfect command of languages. None duly selective central marketing strategies, weak or absent communication among the market players and an ever-growing competition within the market segment. Infrastructure with Budapest in the centre, missing resettlement and regional development as well as the very poor conditions of certain historical baths. One development direction should be in any case to evolve adequate communication among the stakeholders, while the infrastructural developments are the other field needing considerable financial resources.

Opportunities

Our opportunities lie in the better exploitation of our strengths and in the elimination of our weaknesses that can be summed up in the following:

- Renewal of the national marketing strategy and developing a homogeneous profile with the participation of all market players.
- Exploitation of possibilities embedded in medical tourism and in the expansion of medical wellness.
- Survey of special demands to make up complete service packages.
- To set up a unified qualification system.
- Concluding service contracts with foreign health insurance companies.
- Revival of the traditional Hungarian hospitality.
- Reactivation of the bathing culture, reconstruction of the baths.
- Better utilization of the geographical location of Hungary.
- Educating the youth to health conscious behaviour in order to make them a wellness target group when grow up.
- Reduction of seasonality.
- Development of complementary services.

As it can be seen from the list above, Hungary has a lot of opportunities to strengthen her market positions.

Threats

The following factors are mostly threatening the domestic development and prosperousness of this branch:

- Sharpening competition within the region.
- Market continues to be saturated with low demand.
- Wellness becomes mass product – there are too many service providers, low level and worsening price / value proportion.
- Mistrust and falling demand originating from the lack of qualifications.
- More rigorous and reduced public health support.
- Exodus of well-trained professionals to abroad.
- Damage and changes of the natural healing factors.
- Unreasonable utilization of the European resources.

CONCLUSIONS

Hungary is waiting in a good position for settling of the economic world crisis and revival of the demand in the field of health tourism, too. Developments concerning this sector have not been totally stopped; the operators prefer rearrangement of costs and activity rationalization within the possible solutions. Proceeding conditions are given in total.

On the side of the sending countries there emerge again a growing demand for Hungary: related to 2008 both travelers' number and revenues are rising. However, we should also consider strengthening of other regional countries in this market. As to Slovenia and Slovakia, the use of Euro gives them a special comparative advantage ensuring easier comparisons with the price and service relations of for example Germany or Austria.

The nationwide marketing strategies need serious revision and amplification because in the present-day form they involve not always the most effective solutions in order to convince the markets. As regards subjects, the communications are somewhat one-sided over sighting several aspects. Properly they lay great stress on the utilization of medicinal waters but for example, the developing bicycle tourism is not duly presented.

Contrast between the qualification conditions of hotel investments and classifications as well as the services provided thereof raises a great problem. While the former is strictly regulated, the latter is occasional: it is at the operators' discretion where he/she goes to an independent certifying organization or not. The National Tourism Quality Award introduced from 2005 and accredited by HOTREC is more and more popular, but among the award winners, the number of health tourism services is not high for the time being, although this number shows an upward tendency.

Despite the fact that certification against the Standard ISO 9001 has already appeared and diffused also in this field, adaptation of special requirements would be needed just to this market segment. From among the related domestic possibilities, the National Tourism Quality Award should be mentioned as well as the certification package developed by the TÜV Rheinland Group covering the entire sector from the basic requirements through the suppliers' qualifications up to the operation tests of hotels with special profile.

In order to qualify the organizational units of the Hungarian health tourism, however, such a special evaluation system should be practically elaborated as soon as possible, which equally considers the internationally adopted guidelines (e.g. the new classification system of hotels), the diversity and level of healthcare as well as the environment infrastructure. This would be

within a relatively short time the internationally accepted concept of continuing certifications in Hungary that had already been started.

For the time being, the greatest problem comes from the lack of communication realizing the special strategic ideas of health tourism. There is no a common forum where the operators, the different service providers as well as the competent leaders of municipalities and the government could harmonize their concepts developing common objectives realization projects. This has to be changed as soon as possible because none of the countries can afford to live only in the past neglecting the necessary steps towards the future in this field being so important from national economic point of view.

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