Report on the Supply of Health and Wellness Tourism Services in ASEAN

one vision
one identity
one community

Report on the Supply of Health and Wellness Tourism Services in ASEAN

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, and Viet Nam.

The ASEAN Secretariat is based in Jakarta, Indonesia.

Author:
Dr. Wichai Limpitikranon, Piyawan Chaiwisessakul, Nattha Lertpanyawiwat, Suthida Sattabongkod, Chanon Likitcharopathum, Pitirat Leepraphantkul and Ananya Suksathianpanich

For inquiries, contact:
The ASEAN Secretariat
Community Relations Division (CRD)
70A Jalan Sisingamangaraja
Jakarta 12110
Indonesia
Phone: (+62 21) 724-3372, 726-2991
Fax: (+62 21) 739-8234, 724-3504 E-mail: public@asean.org

Report on the Supply of Health and Wellness Tourism Services in ASEAN
Jakarta, ASEAN Secretariat, February 2026

338.4791
1. ASEAN – Health Tourism – Market Supply
2. SMEs – Cluster Development – Competitiveness

This report was prepared by Kenan Foundation Asia under the overall guidance of The Office of SMEs Promotion and The ASEAN Secretariat, and sponsored by the ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises as part of the project “Resilience, Adaptability, and Competitiveness: A Roadmap for the Health and Wellness Tourism Sector ASEAN SMEs in a Post-Crisis Age”. This project is supported by the Government of Japan through the Japan-ASEAN Integration Fund (JAIF). The views expressed in this publication are solely those of the author(s), and do not necessarily reflect the views of ASEAN Member States, the Government of Japan and the ASEAN Secretariat.

Report on the Supply of Health and Wellness Tourism Services in ASEAN

The ASEAN Secretariat

2026

List of Contents

List of Figures

List of Tables

Executive Summary

This report marks the second phase of the project on health and wellness tourism in ASEAN and expands on the findings from the initial phase, which covered Cambodia, the Philippines, Thailand and Viet Nam. The second phase broadens the scope to include five additional countries: Brunei Darussalam, Indonesia, Lao PDR, Malaysia, and Singapore. The focus remains on enhancing the competitiveness of ASEAN small and medium enterprises (SMEs) through cluster development and adherence to international quality standards to foster sustainable economic growth in the post-crisis era.

The health and wellness tourism sector in ASEAN has undergone significant growth, solidifying the region's position as a global hub for medical and wellness tourism. Thailand, Malaysia, and Singapore continue to lead the market with competitive pricing, high-quality services, and strong governmental support. Meanwhile, emerging players like Cambodia and Lao PDR are gradually carving out their niche, driven by increased investments in healthcare infrastructure and unique wellness offerings.

The COVID-19 pandemic has brought profound changes to the industry, presenting both opportunities and challenges. On the positive side, global awareness of health and wellness has surged, leading to increased demand for preventive healthcare and wellness-focused travel. The pandemic has also accelerated digital transformation, with the integration of telemedicine and digital health tools improving patient accessibility and convenience. These advancements have fundamentally shifted how patients interact with providers.

Additionally, stringent hygiene and safety protocols introduced during the pandemic have bolstered international confidence in ASEAN's healthcare services. The crisis has also underscored the importance of regional collaboration, paving the way for harmonized standards and improved competitiveness.

Simultaneously, the industry faces significant hurdles in its recovery. Global supply chain disruptions have affected the availability of medical equipment and wellness products, creating challenges for SMEs that rely heavily on consistent supply chains. Restrictions on international travel and shifting consumer behaviour have reduced the number of medical tourists, particularly from long-haul destinations.

The cost of implementing new health and safety measures has increased operational expenses, placing additional strain on smaller businesses with limited resources. Furthermore, ASEAN nations now face intensified competition from other regions that have also adapted their health tourism strategies in response to the pandemic.

These factors necessitate a strategic approach to ensure the industry's recovery and long-term sustainability. The role of health tourism clusters has become even more vital in fostering competitiveness in this challenging environment. By enabling collaboration among SMEs, healthcare providers, and government agencies, clusters help enhance specialisation, improve service standards, and create synergies that address market fragmentation and limited regional coordination.

Demand analysis across ASEAN countries highlights strong interest in health tourism, with Thailand, Malaysia, and Singapore benefiting from established markets and economies of scale that attract significant international tourist arrivals. On the other hand, countries including Cambodia, Indonesia, and Viet Nam show high growth potential due to their rising middle-class populations and increasing healthcare investments.

Factor conditions reinforce Thailand's leadership in the region, supported by its high number of Joint Commission International-accredited hospitals. Singapore’s advanced healthcare technology and Malaysia’s recognised halal healthcare offerings further underscore the region’s strengths. Emerging markets like Cambodia and Lao PDR are leveraging competitive labour costs and unique cultural resources to draw health tourists.

While the wellness tourism segment, including spas, holistic therapies, and cultural wellness experiences, holds significant promise, it remains underdeveloped in terms of standardised regional quality benchmarks. Efforts led by Malaysia and Indonesia to harmonise these standards are critical to improving service quality. Nonetheless, limited access to financing, the lack of cohesive regional policies, and persistent skills shortages continue to hinder the development of SMEs in the sector.

In response, governments across ASEAN have initiated measures to address these challenges, such as public-private partnerships in Malaysia and capacity-building programmes in Viet Nam. These efforts are crucial for creating a dynamic ecosystem that supports innovation and competitiveness.

Market segmentation reveals a diverse clientele, ranging from medical tourists seeking cost-effective surgeries to wellness tourists prioritising relaxation and holistic well-being. Each ASEAN country is capitalising on its unique strengths, with Thailand excelling in cosmetic surgery, Malaysia promoting halal healthcare services, and Singapore specialising in complex medical procedures. Meanwhile, emerging destinations like Cambodia are integrating traditional Khmer medicine with modern healthcare, offering distinctive experiences that appeal to niche markets.

The findings of this phase underscore the transformative potential of health and wellness tourism as a driver of economic growth in ASEAN. However, the industry must adapt to the evolving realities of a post-pandemic world. Strategic initiatives focused on regional collaboration, innovation, sustainability, and skills development are pivotal to ensuring long-term success. By addressing challenges and leveraging the opportunities the pandemic presents, ASEAN can position itself as a global leader in health and wellness tourism, delivering sustainable economic benefits for the region.

1 Introduction

1.1 Health Tourism

Health tourism is a relatively new concept and occurrence that began approximately two decades ago (García-Altés, 2005; Kaspar, 1990; Reisman, 2010). The international research community has defined health tourism in various ways. For example, Stojanović, Stojanović & Randelović (2010) defines health tourism as ‘travelling to other countries to seek medical treatment at a lower price or to avoid waiting lists in the country of origin’.

In this research, health tourism is separated into two components: medical tourism and wellness tourism. Last year, the United Nations World Tourism Organization (UNWTO) and the European Travel Commission (ETC) identified many tourism-related terms that will be used in this report.[1] We will use their definition of health tourism, as follows:

“Health tourism covers those types of tourism,
which has as a primary motivation, the contribution to physical,
mental and/or spiritual health through health-based activities,
which increases the capacity of individuals to satisfy their own needs
and function better as individuals in their environment and society.”

1.1.1 Medical Tourism

Medical tourism is an emerging global phenomenon (Connell, 2006; Hunter-Jones, 2005) and encompasses the broader notion of health tourism, which historically includes spa towns, coastal facilities, and other therapeutic landscapes (Lunt et al., 2011). For some, medical tourism is the act of travelling overseas for treatment and care (Carrera & Lunt, 2010; Singh, 2013). For others, it is a niche market that combines medical services with tourism packages (Connell, 2006; Yu & Ko, 2012).

Treatments and services associated with medical tourism are varied. They may range from surgeries, including heart and hip resurfacing, to plastic surgery and dental work, as well as other wellness services (Reddy, York, & Brannon, 2010).

The health tourism sector was initially driven by people seeking cheaper alternatives to cosmetic procedures. However, more vital health procedures (e.g., heart valve surgeries or knee replacements) were offered in some countries, such as Thailand, Singapore, India, and Taiwan (Ye, Oiu & Yuen, 2011; Musa et al., 2012). According to UNWTO, ETC, medical tourism is defined as follows:

“Medical tourism is a type of tourism activity which involves the use of evidence-based medical healing resources and services (both invasive and non-invasive). This may include diagnosis, treatment, cure, prevention, and rehabilitation.”[2]

[1] World Tourism Organization and European Travel Commission (2018). *Exploring Health Tourism – Executive Summary*, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284420308

[2] Ibid.

Research has noted that there are a few services that have been defined as part of medical tourism, as follows:

- ***Balneology/thermal therapies,*** which are comparable to spas, but generally include professional medical services and counselling. The term 'balneotourism' is sometimes used to refer to medical tourism for balneology.
- ***Thalassotherapy*** refers to therapeutic practices that use products of marine environments, such as the climate, seawater, seaweed, algae, mud, and sand (Smith & Puckzó, 2008).
- ***Nutrition/weight loss*** covers a wide range of treatments, including weight loss, diets, healthy eating, detoxing, anti-obesity prescriptions, and treatment of eating disorders, such as anorexia and bulimia.

1.1.2 Wellness Tourism

Wellness tourism, in general, includes medical, health, sports and fitness, adventure, and other transformational types of travel intended for one's wellbeing (Bushel and Sheldon, 2009). More specifically, according to Bushel and Sheldon, wellness tourism has been defined as a holistic mode of travel with combined objectives for physical health, beauty, longevity, consciousness, or spiritual awareness, with some connection to community and nature. The term wellness is widely associated with tourism and has been linked with health tourism since Greek and Roman times (Smith & Kelly, 2006). UNWTO and ETC define wellness tourism as:

"Wellness tourism is a type of tourism activity which aims to improve and balance all of the main domains of human life, including physical, mental, emotional, occupational, intellectual, and spiritual. The primary motivation for the wellness tourist is to engage in preventive, proactive, lifestyle-enhancing activities such as fitness, healthy eating, relaxation, pampering, and healing treatments."[3]

Research has also specified that wellness tourism includes the following:

- ***Spa*** is an acronym for Sanus per Aquam (Latin: health through water), referring to water-based therapies. Currently, it is a practice devoted to enhancing overall well-being through a range of professional services that focus on the renewal of mind, body, and spirit, and one of the fastest-growing subsectors of health tourism (Mak, Won, & Chan, 2009). Modern spas typically use plain tap water with salt or additives. Spas' benefits also include changes in temperature and water pressure on the body.
- ***Beauty and anti-ageing services*** enhance a person's body form, encompassing beauty services, cosmetics, dermatology, and ageing-related physical health and appearance (Smith & Puckzó, 2008).
- ***Sport and fitness*** are defined as experiences that promote wellness and involve participation in leisure or competitive sport settings, with opportunities to assess or improve fitness levels through a specialist (Sheldon & Park, 2009).
- ***Spiritual tourism*** includes all-purpose travel intended to search for a connection with the spiritual self (Mansfeld & McIntosh, 2009). This commonly includes visiting a revered site to engage in religious devotion.

[3] Ibid.

1.1.3 Concept of Wellness Tourism

Wellness tourism has emerged as a vital niche within the broader tourism industry, offering travellers opportunities to rejuvenate, relax, and enhance their physical and mental well-being. The figure provided illustrates a conceptual framework that organises and explains the components of wellness tourism destinations. It identifies how diverse wellness offerings are integrated into a system to meet the varied needs of tourists and deliver meaningful experiences.

Understanding Tourists' Needs: The framework's starting point is the tourist, whose wellness needs can vary significantly. Some travellers seek *single needs*, such as specific activities or services like visiting a spa, practising yoga, or engaging in a nature retreat. Others pursue *multiple needs*, requiring a combination of experiences that cater to their overall well-being, such as pairing physical activities with cultural immersion or healthy gastronomy. Addressing these needs effectively forms the foundation of the wellness of tourism experience.

Wellness Components: The Core of the Experience. At the heart of the framework are ten distinct components that collectively define wellness tourism:

- ***Hot Springs:*** Thermal water facilities offering therapeutic and wellness-focused services.
- ***Spas:*** Locations providing relaxation and rejuvenation through specialised treatments.
- ***Medical Tourism:*** Combining healthcare services, such as surgery or treatments, with wellness experience.
- ***Care of Body and Mind:*** Encompassing activities like yoga, massages, and aesthetic treatments, which focus on enhancing overall health and mindfulness.
- ***Eno-gastronomy:*** Culinary experiences that emphasise healthy eating and local gastronomy to promote well-being.
- ***Sports:*** Both indoor and outdoor physical activities that support fitness and vitality.
- ***Nature and Environment:*** Leveraging natural landscapes and settings for relaxation and holistic well-being.
- ***Culture:*** Experiencing local cultural and artistic heritage, including both tangible (e.g., monuments) and intangible (e.g., traditions) elements.
- ***Spirituality:*** Activities involving religious or mystical practices, mindfulness, or meditation to promote inner peace.
- ***Events:*** Organised activities or entertainment tailored to enhance the wellness experience.

Each of these components plays a specific role in meeting tourists' wellness expectations. Destinations often integrate multiple components, creating an enriched and diverse offering.

The Role of Wellness Destinations. A wellness destination is a system in which various actors, including businesses, producers, and intermediaries, collaborate to create cohesive wellness tourism experiences. These destinations can provide:

- ***Single-business wellness value propositions***: Focused offerings, such as standalone yoga retreat or spa centre.

- ***Multiple-business wellness value propositions***: Integrated systems where multiple components, such as spas, nature activities, and eno-gastronomy, work together to fulfil a variety of wellness needs.

The framework highlights the importance of collaboration between actors within the destination. For example, a wellness destination might combine spa services with access to cultural heritage sites and healthy local gastronomy to offer tourists a holistic experience. This integration ensures that tourists with both simple and complex wellness needs are satisfied.

The Role of DMOs and Tourist Intermediaries: Destination Management Organisations (DMOs) and tourist intermediaries serve as critical connectors within the wellness tourism system. Their role includes curating wellness offerings, ensuring their quality, and marketing them effectively to the right audience. By doing so, they align the value propositions of wellness destinations with tourists' expectations and preferences. DMOs also play a role in integrating individual businesses and fostering collaboration to offer comprehensive wellness experiences.

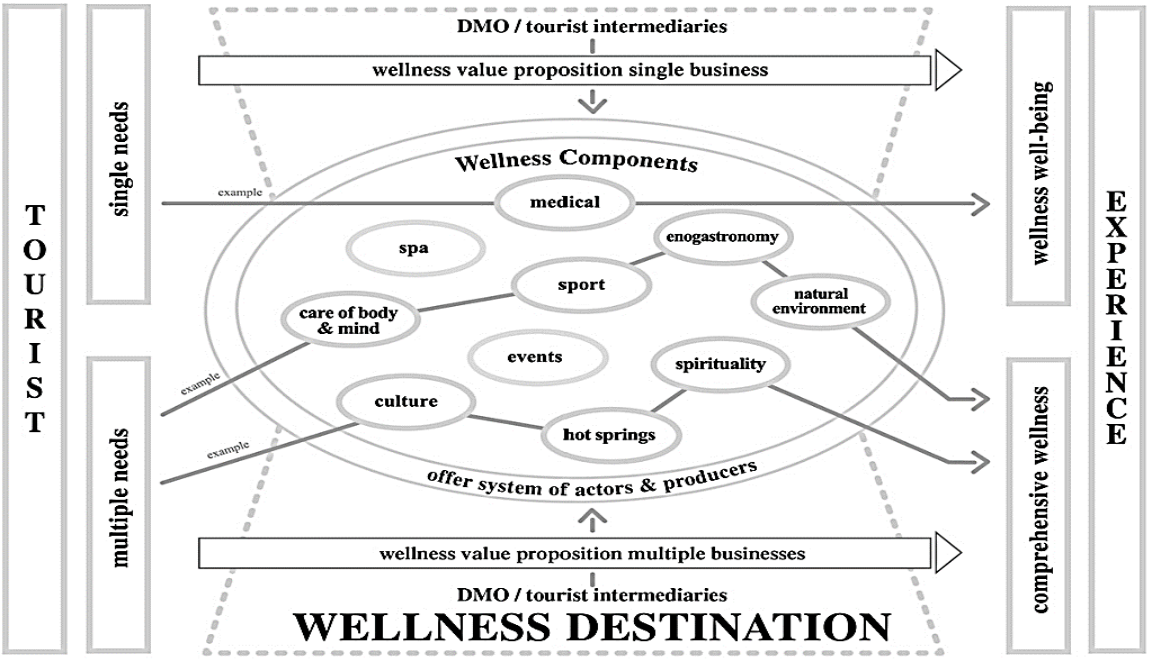
From Wellness Components to Experiences: The overarching goal of the framework is to transform wellness components into memorable tourist experiences. Wellness destinations can offer tailored experiences, ranging from addressing specific needs (e.g., a spa visit) to providing comprehensive wellness (e.g., a multi-faceted retreat involving nature, cultural immersion, and spiritual activities). The latter involves integrating several wellness components to deliver a holistic, transformative journey for the tourists.

Here, we present a comprehensive guide for designing wellness tourism destinations (Figure 1). We emphasise the importance of understanding tourists’ needs and highlighting the diverse components that contribute to wellness experiences. By integrating these components into cohesive systems, wellness destinations can cater to a broad spectrum of tourists, from those seeking single services to those desiring comprehensive, multi-faceted experiences.

Collaboration among businesses, producers, and DMOs ensures that these offerings are not only meaningful but also align with the destination’s identity and resources. Ultimately, the framework underscores the potential of wellness tourism to deliver value to both tourists and destinations, fostering growth and sustainability in this burgeoning sector.[4]

[4] Mauro, Dini., Tonino, Pencarelli. (2021). 4. Wellness tourism and the components of its offer system: a holistic perspective. Tourism Review, doi: 10.1108/TR-08-2020-0373

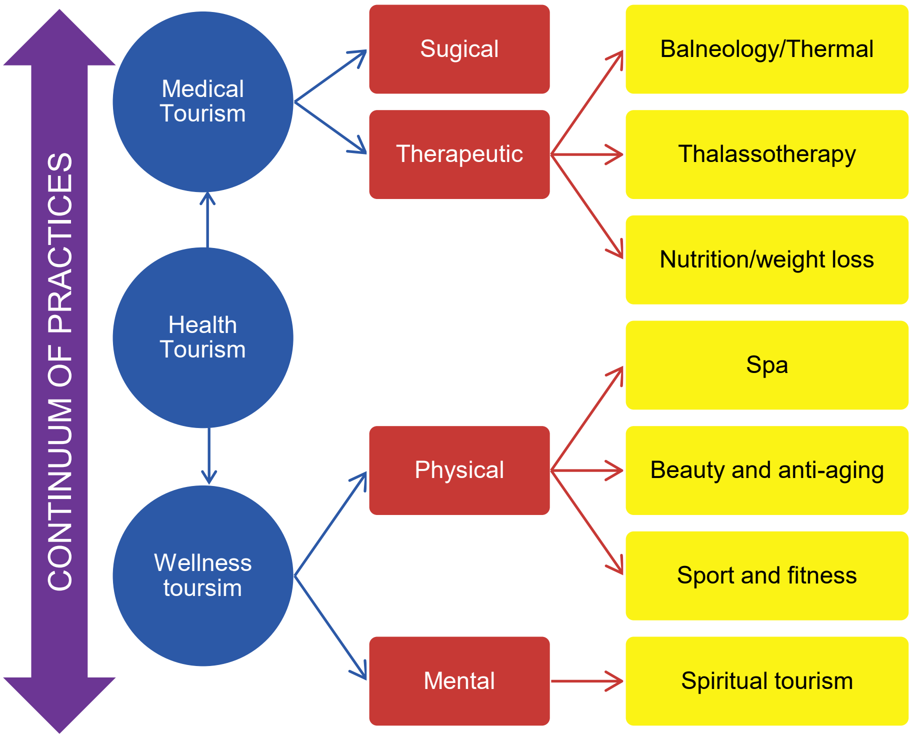
Figure 1 Wellness tourists and the wellness tourism offer system



Source: Wellness tourism and the components of its offer system: a holistic perspective by Mauro Dini and Tonino Pencarelli[5]

The definitions and components of health tourism, medical tourism, and wellness tourism, as provided above, are illustrated in Figure 2 below.

Figure 2 Differences between health tourism



Source: Padilla-Meléndez & Del-Águila-Obra (2016)

[5] https://typeset.io/pdf/wellness-tourism-and-the-components-of-its-offer-system-a-r67rwtf54b.pdf

1.2 Health Tourism Clusters

Clusters are geographic concentrations of companies or institutions interconnected in a particular field or industry that includes a set of industries and organisations vital to competition. Clusters can also refer to a set of organisations that operate in the same sector, located in the same geographic region, and are connected by means of 'buyer-supplier relations,' by technology of common property, common buyers or the same channel of distribution or concentration of workers.[6]

Based on these definitions, the health tourism cluster is composed of a group of companies and institutions related to the tourism product located in the same geographic region, which seek collective gains through joint action. Therefore, relations within the health tourism cluster can occur both vertically and horizontally as well as directly and indirectly.

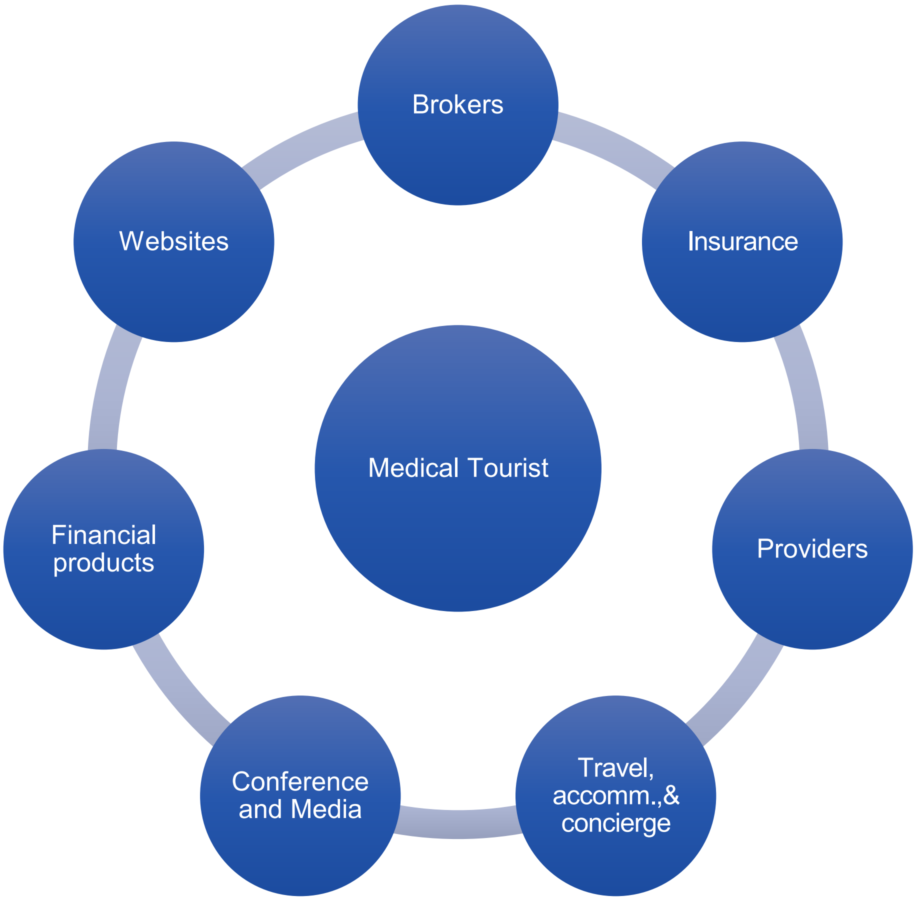
One of the most important factors of the health tourism cluster is collaborative action between local authorities, core business associations and local small and medium businesses. Tourism boards, public organisations, and government agencies play a vital role in encouraging the development of the health tourism cluster through their direct roles and responsibilities in the promotion of the tourism sector.

Other important factors include awareness of and contact with companies to establish or strengthen platforms for cooperation or new forms of collaboration, together with joint actions to improve the service standards. Well-established clusters in the health tourism industry can result in companies' specialisation, skills enhancement and better service provision, and positive synergy between enterprises and the designated competition.

Figure 3 below explains the connectedness among the medical tourism cluster members, including brokers, providers of medical services, providers of insurance services, providers of websites, conference and mass media services. These multi-level services provided with commercial interests are intertwined to serve medical tourists and produce the most efficient results (Lunt et al., 2011).

[6] *Porter, M. E. (1998). Clusters and the New Economics of Competition. Harvard Business Review, 76(6), 77–90.*

Figure 3 Key Actors in the Medical Tourism Ecosystem



Source: Lunt et al. (2011)

1.3 Service Standards

There are several healthcare-related accredited standards that are internationally recognised across the world. This report focuses on the two described below.

1.3.1 Joint Commission International (JCI)

For medical tourism, the JCI is the world's leader in healthcare accreditation and evaluation of the quality and patient safety of healthcare services. JCI has a rigorous process for developing international standards. It measures, identifies, and shares best practices in patient safety and quality of care services. The JCI service provides solutions to assist healthcare organizations to improve their performance and achieve their outcomes.

Their clients include hospitals, healthcare organisations, government ministries, public health agencies, academic institutions, and businesses. JCI's standards include accreditation surveys, surveyor education programmes, Ambulatory Care Standards, Clinical Laboratory Standards, Care Continuum Standards, Hospital Standards, Primary Care Standards, Clinical Care Programme Certification Standards, Home Care Standards, and Long-Term Care Standards.

1.3.2 International Organization for Standardization (ISO)

In the realm of wellness tourism, the International Organization for Standardization (ISO) established the ISO 17679 in 2016, which aimed at wellness spas with a focus on the improvement of supporting processes and the quality of service provided to clients.

ISO 17679 can be applied with all types and sizes of wellness spas even if the spa is part of another institution, such as accommodation facilities, fitness centres and hospitals. Notably, the ISO 17679 does not apply to the operation of medical spas and thalassotherapy centres, medical professions, medical training, and any religious performances.

1.4 Significance of Sector

1.4.1 ASEAN's Tourism Sector

In 2023, the number of visitors to ASEAN countries reached approximately 100 million, which is about 70% of pre-pandemic levels from 2019. The tourism sector continues to be a vital part of the ASEAN economy, contributing around 12% to the region's GDP. In 2022, the tourism industry contributed over US$241 billion to the GDP of the six largest ASEAN economies (Indonesia, Thailand, Singapore, Malaysia, Viet Nam, and the Philippines). Thailand remains a leader in tourism, with substantial contributions to its economy.

In 2023, it welcomed around 28 million tourists, generating approximately US$30 billion in travel service exports. Malaysia and Singapore follow closely, generating US$14.9 billion and US$6 billion, respectively. The Philippines, however, saw only about 5 million foreign visitors in 2023, around 61% of its pre-pandemic levels. This indicates that while recovery is underway, it lags other major ASEAN economies.[7]

1.4.2 ASEAN's Healthcare Sector

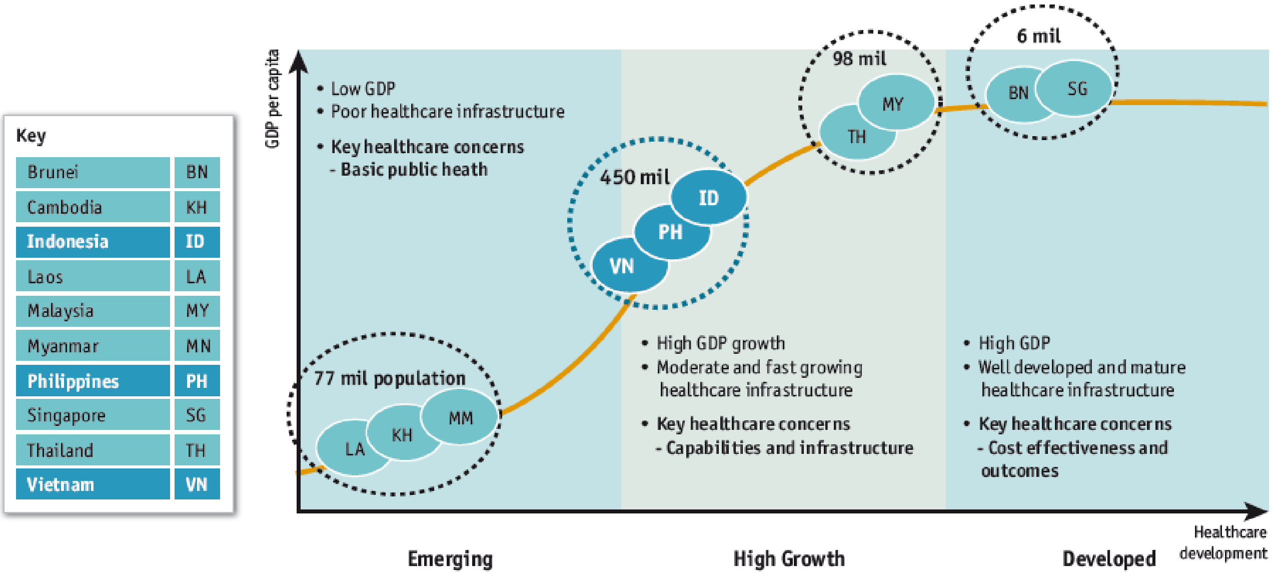
The stronger the health tourism sector, the higher the demand will be for healthcare. Health tourism creates a demand for consumers and expenditure on hospitality services in the healthcare sector. In order to get a better understanding of the context behind health-related tourism, we will analyse the healthcare sector in ASEAN countries and categorise it into four different types by market potential: 1) developed healthcare markets; 2) maturing healthcare markets; 3) ASEAN's high-growth powerhouse triad; and 4) untapped but emerging markets.

Developed Healthcare Markets

Singapore and Brunei Darussalam are ASEAN's most developed healthcare markets and the two smallest countries by population size in the ASEAN region. Singapore has developed a healthcare system that integrates high-quality care with innovative technology, serving as a testbed for new healthcare delivery models aimed at addressing critical challenges such as ageing and chronic diseases. Additionally, the country has also created the 'Super platforms' in healthcare clusters to co-develop and test the use of new technology and healthcare solutions with industry partners. However, the cost of medical services is still considerably high in comparison to neighbouring ASEAN countries such as Thailand and Malaysia.

[7] US-ASEAN Business Council. (2024). Recovery of ASEAN Tourism Expected In 2024. Retrieved from https://www.usasean.org/article/recovery-asean-tourism-expected-2024
The Outbox. (2023). SEA Tourism Performance in December 2023. Retrieved from https://the-outbox.com/sea-tourism-performance-dec-2023/

Figure 4 ASEAN Country Clusters by Healthcare Development and GDP per Capita



Source: The Economist Intelligence Unit[8]

Maturing Healthcare Markets

Thailand and Malaysia continue to evolve as significant players in the healthcare market within the ASEAN region. Thailand maintains its position as a leader in medical tourism, with the healthcare market projected to grow at a compound annual growth rate (CAGR) of approximately 3.2% from 2023 to 2028. The country benefits from a robust local healthcare system, offering a wide range of services that attract international patients.

In contrast, Malaysia's healthcare expenditure is forecasted to grow at a CAGR of 8.3% during the same period, driven by an ageing population and the increasing prevalence of chronic diseases. The Malaysian government has invested heavily in public-private partnerships, with a healthcare budget increase announced for 2023 and 2024, aiming to enhance integration between public and private sectors. Additionally, Malaysia is positioning itself as a premier medical tourism destination, targeting over 1 million medical tourists annually and projecting its healthcare market value to reach approximately 127 billion ringgit (US$30 billion) by 2027.

Both countries are focusing on technological advancements and improved service delivery to meet the growing demands of their respective healthcare markets.[9] [10] [11] [12]

[8] The Economist Intelligence Unit (2016). *South-East Asia: The New Emerging Healthcare Market Challenge*.
[9] Fitch Solutions. (2024). Malaysia's healthcare market will be one of the fastest growing in ASEAN. Retrieved from https://www.fitchsolutions.com/bmi/healthcare/malaysias-healthcare-market-will-be-one-fastest-growing-asean-14-06-2024
[10] ASEAN Briefing. (2024). Malaysia's Healthcare Sector: A Rising Giant in ASEAN. Retrieved from https://www.aseanbriefing.com/news/malaysias-healthcare-sector-a-rising-giant-in-asean/
[11] Asian Insiders. (2024). Why is the Malaysian Medical Device Industry Thriving?. Retrieved from https://asianinsiders.com/2024/07/30/malaysian-medical-device-industry/
[12] Statista Market Forecast. (2024). Hospitals - Malaysia. Retrieved from https://www.statista.com/outlook/hmo/hospitals/malaysia

ASEAN's High-growth Powerhouse Triad

The three powerhouses of healthcare market growth are Indonesia, the Philippines, and Viet Nam—ASEAN's most populous countries. In 2023, annual GDP growth for each country averaged between 5% and 7%. The annual GDP of each country was at 5.2–6.5%.[13]

This economic growth will fund public health expenditure on infrastructure and expand public health insurance coverage. Private health expenditure is also expected to grow due to increased household consumption in the middle and wealthy classes.

However, there are some key healthcare problems in these three countries about poor distribution and overburdened healthcare facilities. The governments have addressed these problems by spending more money to upgrade healthcare infrastructure. For example, Viet Nam, the Philippines, and Indonesia added 100,000 hospital beds to address the lack of hospital bed capacity in the region.

Since the initial plan to add 100,000 hospital beds across Viet Nam, the Philippines, and Indonesia by 2020, all three countries have made measurable progress in addressing hospital bed shortages and strengthening healthcare infrastructure. However, ongoing efforts are still required to ensure equitable access and quality care.

Viet Nam has advanced its infrastructure goals with a national plan aiming to reach 45 beds per 10,000 people by 2050. The government is increasingly encouraging private sector participation, targeting 15% of total hospital beds from private providers by 2030. Infrastructure upgrades and a regionalised hospital network strategy are also underway.

The Philippines continues to struggle with low bed density, currently at approximately 0.5 beds per 1,000 people. The Department of Health (DOH) aims to triple this figure. New legislation has expanded public hospital capacity, particularly at the Philippine General Hospital, and authorised the construction of regional medical facilities to decentralise services. In 2023, the government allocated approximately PHP 296.3 billion (around US$5.4 billion) to the health sector, which includes PHP 23 billion for the Health Facilities Enhancement Program (HFEP). This funding is aimed at purchasing medical equipment and upgrading health facilities across urban and rural areas.[14]

Indonesia has expanded its bed capacity from 1.04 beds per 1,000 people in 2017 to 1.20 by 2020. Recent investments, including a US$262 million emergency preparedness project by the Islamic Development Bank and major private sector contributions are expected to significantly boost capacity and resilience, especially in urban areas. While substantial gains have been achieved, particularly in response to the COVID-19 pandemic, challenges remain in rural service coverage, human resource availability, and long-term sustainability. Continuous investments and integrated health policy reforms will be vital to meet growing demand and ensure quality care across the region.

[13] Asian Development Bank. (2023). Asian Development Outlook 2023: Economic trends in Southeast Asia. Retrieved from https://www.adb.org/publications/asian-development-outlook-2023

[14] Asian Development Bank. (2023). Securing Health Care for All | Partnership Report 2023. Retrieved from https://www.adb.org/multimedia/partnership-report2023/our-stories/securing-health-care-for-all

Untapped but Emerging Markets

Myanmar, Cambodia and Lao PDR are untapped but emerging markets. Myanmar's healthcare expenditure relative to GDP is one of the lowest in the world. As of 2023, healthcare spending is estimated to account for approximately 1.5% of the country's GDP.[15]

Relative to other ASEAN member states, Myanmar's healthcare system is still poor. However, the country is trying to increase government spending on healthcare and aims to provide universal health coverage for its population by 2030.

Cambodia and Lao PDR also have undeveloped healthcare markets with less investment and attention from the governments. The markets in the two countries are driven by private healthcare providers due to insufficient government efforts to meet local healthcare demands. Out-of-pocket payments and contributions from non-government sources represent the largest share of healthcare expenditure.

In Cambodia, malaria treatment is primarily provided by the private sector, even though anti-malarial are available free of charge by the public healthcare sector due to the perceived poorer quality of government services and facilities. Similarly, most non-communicable diseases (NCDs) are diagnosed and treated in private healthcare facilities because no clinical guidelines exist to support the care of NCDs. Additionally, diabetes care is not included in Cambodia's basic healthcare package.

1.4.3 ASEAN's Health Tourism Sector

The ASEAN health tourism sector has grown exponentially in recent years and is an emerging, complex and rapidly changing sector.[16] It is predicted to continue growing at a faster rate than the general tourism industry, as more travellers focus on health and well-being.

Although health tourism was shown to be the fastest-growing segment, there are no official statistics for the sector at the global and regional levels. Health tourism is also still poorly defined. Data on it is limited, fragmented, and often unreliable and uses varying definitions and concepts based on geographical, linguistic characteristics, and the wide variety of related cultural traditions. Available data on the market forecasts in terms of earnings and expenditure from health-related travel differ widely, making it challenging to estimate the market size of health tourism. Estimations in numbers can vary widely depending on the definition used in the measurement.[17]

In this report, we define health tourism as an umbrella term of medical tourism and wellness tourism. In the following section, we review the estimated market size of ASEAN's health tourism according to these two subtypes.

---

[15] Statista. (2023). Health expenditure as a share of GDP in Myanmar from 2010 to 2023. Retrieved from https://www.statista.com/statistics/1127070/myanmar-health-expenditure-as-share-of-gdp/

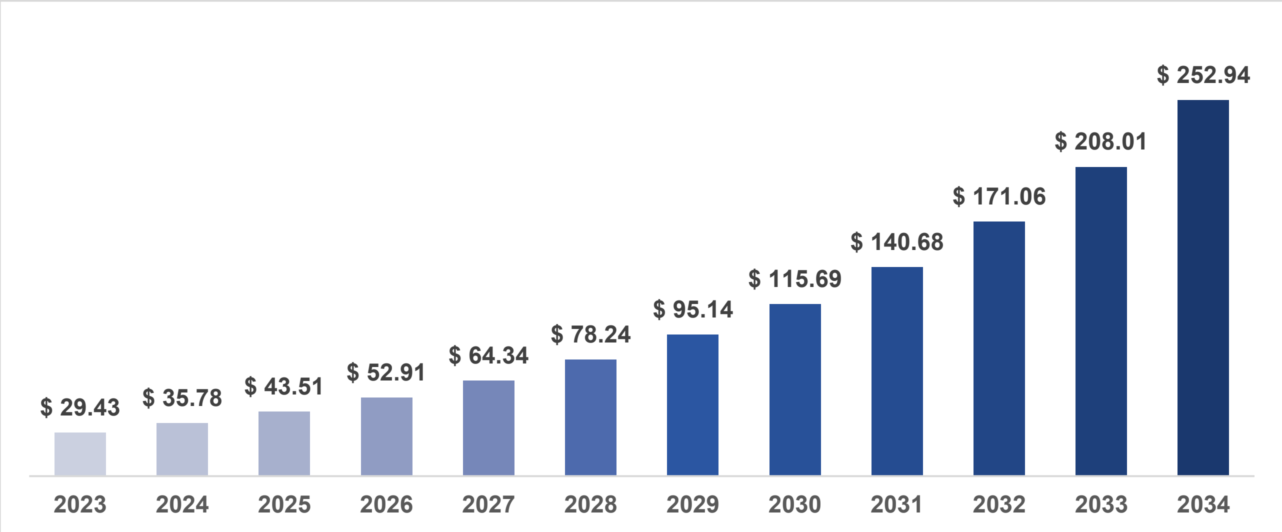
[16] World Tourism Organization and European Travel Commission (2018). *Exploring Health Tourism.* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284420209.

[17] Ibid.

1.4.4 ASEAN's Medical Tourism

The market estimation of global medical tourism started from US$29.43 billion in 2023, expected to reach US$252.94 billion in 2034 (Figure 5). [18]

Figure 5 Estimation of the market size of medical tourism[19]



Source: Ile & Țigu (2017), Grand View Research[20], Zion Market Research[21]

Medical tourism in ASEAN has experienced rapid growth in recent years, with large inflows of international patients. The key market drivers are high-quality healthcare delivery services, affordable travel and accommodation, reputable medical expertise and competitive rates. The market leader is Thailand, accounting for 50% of patient share in ASEAN markets, followed by Singapore and Malaysia.[22] All three countries are recognised for their internationally accredited facilities, qualified medical staff, and consistently high standards of care.

In 2024, medical tourism across Thailand, Singapore, and Malaysia is expected to continue its upward trajectory, supported by each country's strong healthcare infrastructure, strategic government support, and growing global demand for affordable, high-quality care. Thailand is anticipated to remain the leading destination in ASEAN, owing to its extensive network of internationally accredited hospitals and competitive pricing. Singapore continues to attract patients seeking premium healthcare services, particularly in complex treatments and diagnostics, while Malaysia has been steadily strengthening its position in the sector through ongoing investment, public-private collaboration, and patient-centred initiatives under the Malaysia Healthcare Travel Industry Blueprint 2021–2025.[23]

---

[18] Planning Malaysia (2023). Exploring Medical Tourism Competitiveness in Malaysia, Thailand, and Singapore: The Indonesian Tourists' Perspectives. Planning Malaysia, 21(30). DOI: 10.21837/pm.v21i30.1403

[19] Medical Tourism Market Size to Hit US$ 252.94 Bn By 2034

[20] Grand View Research (2019). *Medical Tourism Market Size, Share, Industry Trend Report, 2019-2026.* https://www.grandviewresearch.com/industry-analysis/medical-tourism-market.

[21] Zion Market Research (2018). *Medical Tourism Market by Treatment Type (Cancer Treatment, Orthopaedic Treatment, Fertility Treatment, Cardiovascular Treatment, Neurological Treatment, and Others): Global Industry Perspective, Comprehensive Analysis, and Forecast, 2017–2024.*

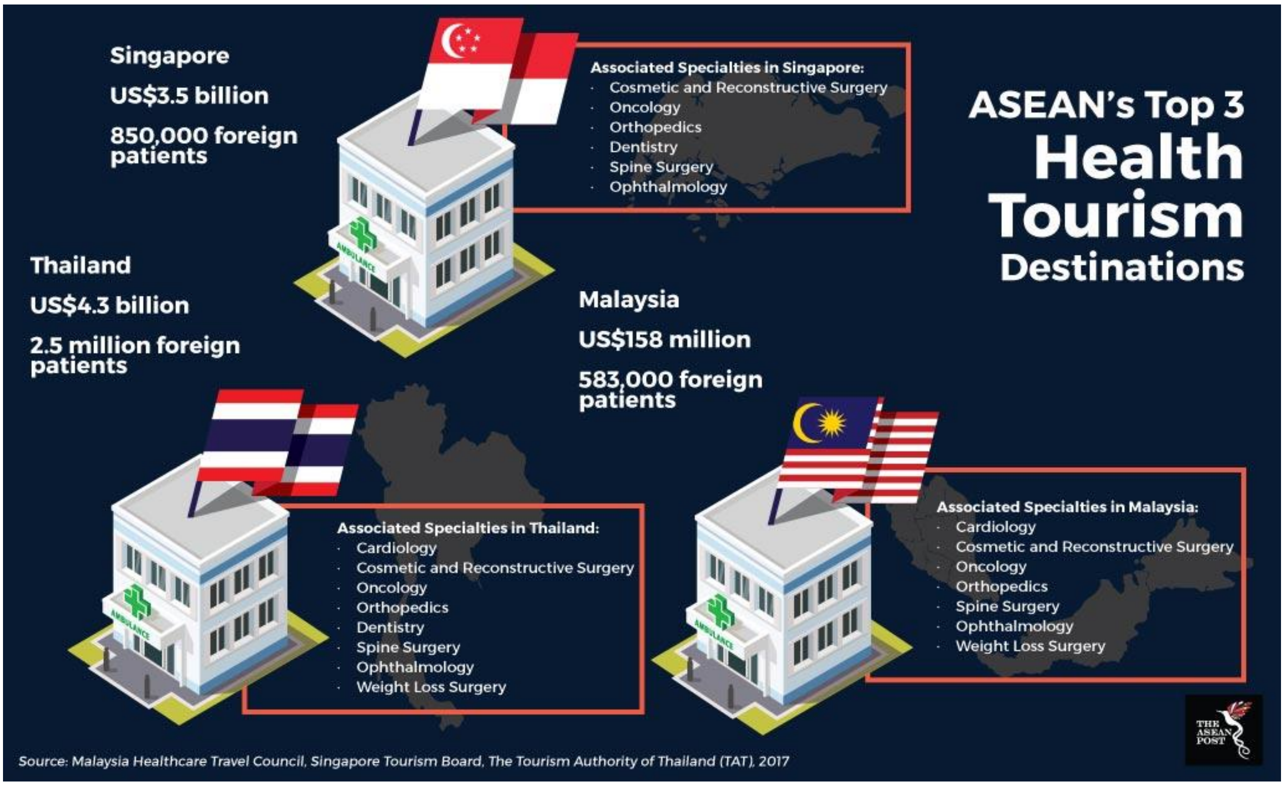
[22] Thailand still share 50% in 2023 report

DBS Group Research. (2023). Thailand leads Singapore in attracting medical tourists. Retrieved from https://www.businesstimes.com.sg/international/asean/thailand-leads-singapore-attracting-medical-tourists-dbs

[23] Kasikorn Research. (2023). Medical Tourism Outlook for 2024. Retrieved from https://www.kasikornresearch.com/en/analysis/k-econ/business/Pages/Medical-Tourism-CIS3442-27-10-2023.aspx

Foreign medical tourists are a crucial contributor to private healthcare revenue. For example, in Thailand, foreign medical tourists account for roughly 40%–60% of private hospitals' revenue and will continue to be the key revenue growth driver.

Figure 6 Top 3 MT destinations in ASEAN



Source: MHTC, Singapore Tourism Board (STB), The Tourism Authority of Thailand

ASEAN is increasingly recognised for its diverse medical niches, particularly in medical tourism, which has become a significant sector for several member countries. Below is an overview of the medical niches prevalent in various ASEAN countries:

Key Medical Tourism Destinations

1) Thailand

Thailand is a leader in medical tourism, attracting approximately 2 million medical tourists annually. The country is known for its competitive pricing and high-quality healthcare services, particularly in areas such as:

- *Cosmetic Surgery:* Thailand is famous for affordable cosmetic procedures, including breast augmentations and facelifts.
- *Dental Care:* Many patients travel for dental treatments due to lower costs compared to Western countries.
- *Fertility Treatments:* The country has gained recognition for advanced reproductive technologies.

Thailand attracted approximately 3.07 million medical tourists in 2023.[24]

[24] Statista. (2023). Medical tourism in Thailand - statistics & facts. Retrieved from https://www.statista.com/topics/12559/medical-tourism-in-thailand/

2) **Malaysia**

Malaysia has established itself as a prominent player in the medical tourism market, welcoming around 840,000 medical tourists, with a significant number coming from neighbouring Southeast Asian countries. Key niches include:

- *Halal Medical Services:* Malaysia promotes halal pharmaceutical products and healthcare services, catering to Muslim patients.
- *Cardiology and Orthopaedics:* The country is noted for its advanced treatments in these fields.

Malaysia attracted approximately 1 million medical tourists in 2023.[25]

3) **Singapore**

Singapore is recognised for high-end medical services. Its niches include:

- *Complex Surgeries:* Singapore specialises in intricate surgical procedures and offers cutting-edge healthcare technology.
- *Chronic Disease Management:* With a focus on NCDs, Singapore provides comprehensive care for chronic conditions.

Emerging Trends and Regulations

The ASEAN region's approach to medical tourism is characterised by ongoing efforts to enhance regulatory frameworks and improve healthcare accessibility. Countries including Malaysia and Viet Nam are developing strategies that emphasise local pharmaceutical production and innovative healthcare solutions. Moreover, the integration of technology in healthcare services and the establishment of international accreditation standards (like JCI) are crucial factors driving growth in this sector.

As the region continues to recover from the COVID-19 pandemic, the demand for medical tourism is expected to rebound, with an increasing focus on quality care and specialised services. In summary, the ASEAN countries are carving out distinct niches within the medical tourism market by leveraging their unique strengths and addressing specific patient needs. As competition grows among these nations, innovation and quality will be key drivers of success in attracting international patients.

Medical Tourism Index

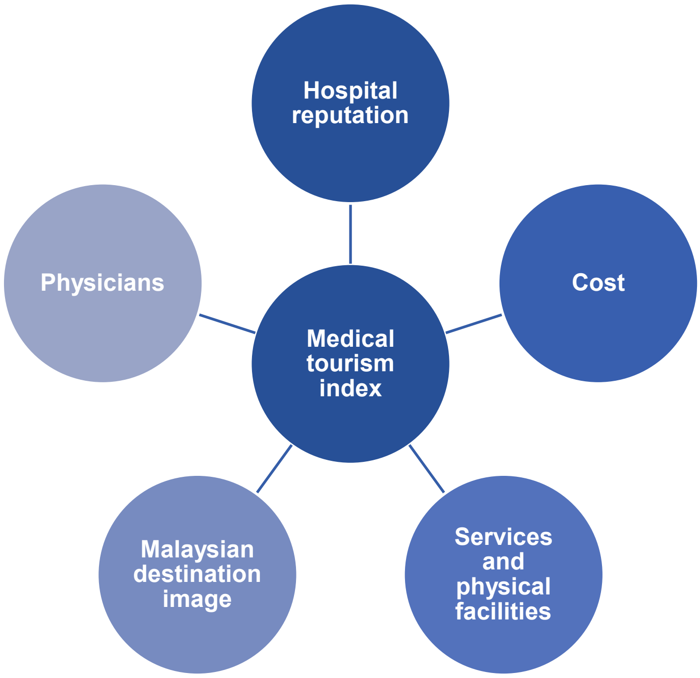
The Medical Tourism Index (MTI) is an integrated index composed of indicators concerned with cost, services and physical facilities, physical or medical doctors, hospital reputation and destination image (

[25] Statista. (2023). Number of medical tourists in Malaysia from 2010 to 2023. Retrieved from https://www.statista.com/statistics/1013809/medical-tourists-numbers-malaysia/

Figure 7). The selection of the index is based on the important factors which incorporate three stakeholders: the tourists themselves, the service providers, and the destination image.[26]

[26] https://www.researchgate.net/publication/281893944. Developing_an_index_for_medical_tourism.

Figure 7 Dimensions of the MTI model



The MTI evaluated several ASEAN countries, excluding Myanmar, based on factors such as destination attractiveness, safety, and quality of care. Singapore ranks 2nd globally with a high score of 76.43, reflecting its advanced healthcare, safety, and reputation as a premier medical destination. Thailand ranks 17th with a score of 66.83, known for its affordability, specialised treatments, and hospitality. The Philippines ranks 24th with a score of 64.99, emerging as a competitive medical tourism destination with affordable services (Table 1).

These data underscore Singapore's global leadership in medical tourism, while Thailand and the Philippines hold strong positions with opportunities for further development and investment.

Table 1 MTI score in 2020–2021

Country	Global Ranking	Overall MTI Score
Singapore	2	76.43
Thailand	17	66.83
Philippines	24	64.99

Source: http://www.medicaltourismindex.com

1.4.5 ASEAN Wellness Tourism

Wellness tourism has become a travel trend in recent years and is becoming an emerging market segment in some ASEAN countries. While medical tourists seek treatment solely for medical purposes, wellness tourism is assumed to be pursued by healthy people who care about health and seek physical fitness or improvement, spiritual balance, and cultural as well as relaxation experiences.

The global wellness tourism market was valued at approximately US$720 billion in 2019 and has seen significant growth since 2018. Thailand is a market leader for wellness tourism in ASEAN region. The country was ranked 4th in Asia and 13th in the global market with

US$12.0 billion in revenue and 530,000 people employed in the industry. Indonesia was ranked 7th in Asia and 17th in the world market with US$6.9 billion in revenue generated and 8.3 million trips taken in 2017. Malaysia has moved into the world's top twenty for the first time with revenue amounting to US$5.0 billion and direct employment of 180,000 million people in the country (Table 3).

Table 2 Market size estimation of wellness tourism

Year	Research Company	Estimates
2018	Global Wellness Institute	US$639.4 billion
2019	Global Wellness Institute	US$720 billion (projected)
2020	Global Wellness Institute	US$814.6 billion
2021	Global Wellness Institute	US$810.14 billion
2022	Grand View Research	US$814.6 billion
2023	The Business Research Company	US$823.6 billion
2024	The Business Research Company	US$904.1 billion (projected)

Source: Global Wellness Institute[27], Statista[28]

Table 3 ASEAN's key players in wellness tourism

	Number of Trips (millions)	Direct Employment (millions)	Expenditures (US$ billions)	World Rank in 2017
Thailand	12.5	0.53	US$12.0	13
Indonesia	8.3	1.31	US$6.9	17
Malaysia	8.3	0.18	US$5.0	18

Source: Global Wellness Institute (2018)

[27] Global Wellness Institute (2018). *Global Wellness Economy Monitor*.
[28] Statista (2019). *Global market size of the wellness tourism industry from 2012 to 2017*. https://www.statista.com/statistics/318605/global-market-size-of-the-wellness-tourism-industry.

2 Brunei Darussalam

2.1 Introduction: Overall Scenario

Brunei Darussalam is actively positioning itself as a growing destination for health and wellness tourism by leveraging its natural beauty and high-quality healthcare services. Below is an overview of the current landscape and future potential of this emerging sector in Brunei Darussalam.

Brunei Darussalam is recognised for its resource-rich economy, primarily driven by oil and natural gas. However, the government is increasingly focusing on diversifying its economy, with tourism, particularly health and wellness tourism, identified as a key area for growth. This shift aligns with Brunei Darussalam's broader goals of promoting sustainable and eco-friendly tourism practices.[29]

Brunei Darussalam's health and wellness tourism offers several unique advantages:

- *High Standards in Healthcare:* The country boasts modern medical facilities like the Jerudong Park Medical Centre (JPMC) and the Pantai Jerudong Specialist Centre (PJSC), which provide specialised services such as cardiology, cancer treatment, and rehabilitation.[30] JPMC is noted for its international accreditation, which assures patients of high-quality care.
- *Natural Landscapes:* The unspoiled natural environment is a significant draw for tourists seeking tranquillity and wellness. Attractions like Tasek Merimbun and Eco-friendly accommodations, such as Sumbiling Eco Village offer serene settings conducive to relaxation and rejuvenation.[31]
- *Cultural Emphasis on Well-being:* Brunei Darussalam's cultural traditions promote a lifestyle centred on well-being, which complements its health tourism initiatives. This includes integrating traditional healing practices with modern healthcare services.[32]

The Brunei Darussalam government is implementing strategies to enhance its medical tourism offerings:

- *Medical Packages:* Initiatives are underway to create attractive medical packages for international visitors, promoting Brunei Darussalam as a viable alternative to more established destinations like Thailand and Malaysia.
- *Infrastructure Improvements:* The Health System and Infrastructure Master Plan aims to ensure that healthcare services are accessible and sustainable, supporting the overall vision of enhancing the quality of life in Brunei Darussalam.
- *International Collaborations:* Partnerships with foreign institutions are being explored to introduce advanced medical procedures, further establishing Brunei Darussalam as a competitive player in the regional health tourism market.

While still in its nascent stages compared to regional leaders, Brunei Darussalam's health and wellness tourism sector is poised for growth. By capitalising on its high healthcare standards, pristine natural environments, and cultural values centred on well-being,

---

[29] Brunei Darussalam has potential for medical tourism: Minister | The Star
[30] Medical - Brunei Darussalam Tourism Official Site
[31] Wellness Attractions in Brunei Darussalam | Wellness Destinations | Visit Southeast Asia
[32] Ibid

Brunei Darussalam aims to attract international visitors seeking both medical care and holistic wellness experiences. This strategic focus not only supports economic diversification but also aligns with sustainable tourism practices essential for preserving the country's rich natural heritage.[33]

Figure 8 Jerudong Park Medical Centre[34]

Source: JPMC Brunei Darussalam

Figure 9 Brunei Darussalam Landscape – Tasek Merimbun

Source: Brunei Darussalam Tourism[35]

[33] Brunei Darussalam has potential for medical tourism: Minister | The Star
[34] https://www.jpmcBrunei Darussalam.com/
[35] https://www.Brunei Darussalamtourism.com/Brunei Darussalamplaces/tasek-merimbun/

2.2 Definition of Cluster

2.2.1 Defining the Service

Brunei Darussalam's health and wellness tourism sector encompasses a diverse range of services designed to improve physical, mental, and spiritual well-being. These services cater to both domestic and international visitors, and include:

- ***Medical Tourism:*** Brunei Darussalam offers top-tier healthcare services with advanced medical facilities providing specialised treatments. Key services include surgery, diagnostic procedures, rehabilitation programmes, and specialised medical services such as cardiology and oncology. Medical tourists are typically drawn to Brunei Darussalam due to the country's reputation for maintaining high healthcare standards and the availability of specialised services that may not be accessible in neighbouring countries.[36]
- ***Spa and Relaxation Services:*** Luxury hotels and resorts in Brunei Darussalam offer world-class spa experiences, featuring a combination of modern therapies and traditional wellness techniques. Services range from massages and body treatments to aromatherapy, skin care, and hydrotherapy, all designed to promote relaxation and rejuvenation.
- ***Traditional Brunei Darussalam Healing Practices:*** Rooted in Malay cultural heritage, traditional healing in Brunei Darussalam includes treatments such as herbal medicine, cupping therapy (known locally as *Bekam*), and spiritual healing methods. These practices are gradually being integrated into wellness tourism to offer a culturally immersive experience.
- ***Wellness Retreats and Programmes:*** Wellness retreats in Brunei Darussalam offer programmes focusing on holistic well-being. These retreats combine meditation, yoga, healthy nutrition, and detox programmes with spa services, providing visitors with an all-encompassing approach to mental, emotional, and physical health.
- ***Eco-Wellness Tourism:*** Brunei Darussalam's vast rainforests and protected nature reserves provide a serene backdrop for wellness experiences. Visitors can participate in eco-tourism activities such as nature walks, bird watching, and forest therapy, which emphasise mental rejuvenation through immersion in nature. This form of Eco-wellness is particularly popular in the Temburong District, home to the Ulu Temburong National Park, which is known for its pristine wilderness and tranquillity.[37] [38]

---

[36] Niche healthcare services to attract more medical tourists into Brunei Darussalam - The Scoop
[37] Ministry of Health - Health System and Infrastructure Masterplan
[38] Sultan and Prime Minister of Brunei Darussalam to visit Thailand between 28 and 29 April 2024

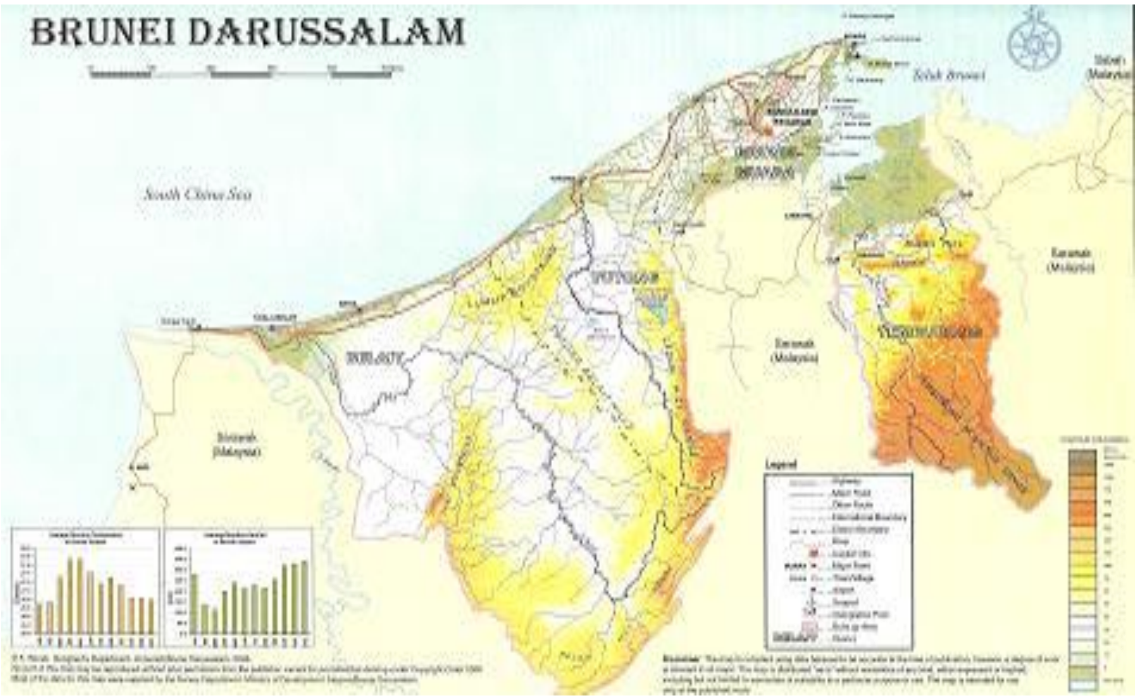
Figure 10 Temburong National Park

Source: BIMP-e Asia[39]

2.2.2 Geographical Location

The geographical concentration of health and wellness services in Brunei Darussalam is strategically distributed across key areas, each offering unique services that cater to both local and international visitors.

Figure 11 Brunei Darussalam Map



Source: K. Becek, Geography Department, University of Brunei Darussalam

[39] https://www.bimp-eaga.asia/article/transforming-temburong-Brunei Darussalam-darussalam-eco-friendly-town

Bandar Seri Begawan (Capital City)

- *Healthcare Institutions:* This area hosts major healthcare facilities, including the Raja Isteri Pengiran Anak Saleha Hospital and the JPMC, which are pivotal in attracting medical tourists seeking specialised care. JPMC is recognised for its advanced medical services, particularly in cardiology and oncology.
- *Wellness Services:* Many luxury hotels and spas are in Bandar Seri Begawan, providing a range of wellness services such as spa treatments, relaxation therapies, and holistic health programmes. These establishments enhance the city's appeal as a wellness destination.[40]

Temburong District

- *Eco-Tourism Hub:* Known as the "Green Jewel of Brunei Darussalam", Temburong is a significant centre for eco-tourism and nature-based wellness experiences. Visitors can engage in activities like rainforest treks and canopy walks, which promote mental well-being through immersion in nature.
- *Wellness Resorts:* The district features wellness resorts and eco-lodges that cater to tourists looking for a combination of adventure and relaxation. These facilities often offer programmes that integrate wellness practices with eco-tourism activities.[41]

Jerudong

- *Medical Facilities:* Jerudong is home to the JPMC, one of Brunei Darussalam's premier medical facilities offering high-quality services, including cardiology and rehabilitation. It is also associated with the Pantai Jerudong Specialist Centre, which specialises in cancer treatment.[42]
- *Wellness Centres:* The area includes various wellness facilities that focus on preventive health, relaxation therapies, and comprehensive health programmes designed to enhance overall well-being.[43]

Brunei Darussalam's health and wellness services are concentrated primarily in Bandar Seri Begawan, Temburong District, and Jerudong. Each region contributes uniquely to the sector by combining high-quality medical care with wellness experiences that leverage Brunei Darussalam's natural beauty and cultural heritage. This strategic distribution supports the country's goal of becoming a competitive player in the health and wellness tourism market.

2.2.3 Market Size, Employment and Segmentation

2.2.3.1 Market Size

While specific data on the market size of Brunei Darussalam's health and wellness tourism sector is limited, the sector has been witnessing a gradual increase in demand. The government has identified health and wellness tourism as a key area for development, with initiatives to attract more international visitors, particularly from neighbouring Southeast Asian nations such as Malaysia, Singapore, and Indonesia.

[40] Medical - Brunei Darussalam Tourism Official Site
[41] Niche healthcare services to attract more medical tourists into Brunei Darussalam - The Scoop
[42] Brunei Darussalam has potential for medical tourism: Minister | The Star
[43] Championing Healthy Lifestyles In Brunei Darussalam - IHH Healthcare Berhad

The market has been growing steadily, driven by:

- High standards of healthcare in Brunei Darussalam, appealing to medical tourists
- The emergence of eco-wellness tourism, capitalising on Brunei Darussalam's abundant natural resources
- Increasing interest in alternative and traditional healing practices offers a unique cultural experience to tourists

2.2.3.2 Employment

The health and wellness tourism sector contributes to employment in several fields:

- ***Healthcare professionals:*** Doctors, surgeons, nurses, physiotherapists, and other medical staff work in hospitals and clinics catering to both local patients and international medical tourists.
- ***Spa and wellness centre staff:*** These include massage therapists, spa managers, beauty technicians, and wellness consultants.
- ***Traditional healers:*** Practitioners of traditional Malay medicine play a role in offering alternative therapies that appeal to both domestic and international visitors.
- ***Hospitality workers:*** Employees in eco-resorts and wellness retreats provide services related to health and wellness tourism, from accommodations to food services.
- ***Support staff in medical facilities:*** These include administrative staff, translators for international patients, and customer service personnel.

Although exact employment figures are not available, the sector is expected to generate more jobs as Brunei Darussalam continues to promote this niche market.

2.2.3.3 Segmentation

The health and wellness tourism market in Brunei Darussalam encompasses a variety of service offerings and can be segmented based on service type, tourist origin, and the purpose of travel. This segmentation reflects the diversity of services available in Brunei Darussalam's health and wellness sector, as well as the different motivations that bring both domestic and international tourists to experience its offerings.

Segmenting by Service Type

Brunei Darussalam's health and wellness tourism sector provides a range of services catering to different health and wellness needs:

- ***Medical Treatments:*** These services primarily include curative surgeries and diagnostic procedures, targeting tourists who travel specifically for medical care. Brunei Darussalam's healthcare facilities, such as JPMC, are known for their high standards, offering a reliable option for medical tourists in need of surgeries, check-ups, and specialised treatments.[44]
- ***Spa and Relaxation Services:*** Spas in Brunei Darussalam offer a range of relaxation and beauty treatments, often combining luxury with local ingredients. These services

[44] Ministry of Health Brunei Darussalam. (2023). *Standards in healthcare services and medical tourism in Brunei Darussalam*.

appeal to tourists seeking a break from their routines and looking for stress relief. Wellness centres are held to strict hygiene and quality standards by the Ministry of Primary Resources and Tourism, ensuring a high level of service.[45]

- ***Traditional Healing Practices:*** Traditional treatments, such as herbal medicine and cupping, are part of Brunei Darussalam's cultural heritage. While less regulated than modern medical facilities, these practices are increasingly documented and standardised to ensure safety for tourists interested in alternative healing.[46]
- ***Wellness Retreats and Programmes:*** Wellness retreats in Brunei Darussalam incorporate practices such as yoga, meditation, and detox programmes. These retreats are designed to promote holistic health, focusing on both mental and physical wellness. Brunei Darussalam's natural landscapes enhance the appeal of these programmes, providing a serene environment for rejuvenation.[47]
- ***Eco-Wellness Experiences:*** Brunei Darussalam offers eco-wellness experiences in protected areas like Ulu Temburong National Park. Activities include forest therapy, eco-tours, and other nature-based wellness experiences that emphasise environmental conservation and wellness benefits.[48] These experiences appeal to tourists interested in immersing themselves in nature while prioritising health and sustainability.

Segmenting by Tourist Origin

- ***Domestic Tourists:*** Local visitors, particularly from Bandar Seri Begawan and neighbouring areas, make up a significant portion of wellness tourists. Domestic tourists often seek preventive health services and relaxation, using wellness experiences as part of their regular self-care routine. As awareness of health and wellness grows among locals, this segment has seen increased engagement with local wellness facilities.[49]
- ***International Tourists:*** Brunei Darussalam's proximity to other Southeast Asian countries makes it an attractive destination for regional tourists seeking high-quality wellness services. Visitors primarily come from neighbouring countries such as Malaysia, Indonesia, and Singapore. Additionally, Brunei Darussalam attracts tourists from the Middle East and China, who are drawn by its healthcare standards and wellness offerings. International tourists tend to seek a mix of wellness experiences, from medical treatments to eco-wellness activities, particularly in nature-rich areas like Ulu Temburong National Park.[50]

Segmenting by Purpose of Travel

Tourists visiting Brunei Darussalam's health and wellness sector also vary based on the primary purpose of their travel:

---

[45] Ministry of Primary Resources and Tourism. (2023). *Guidelines for wellness and spa tourism in Brunei Darussalam*.
[46] Brunei Darussalam Tourism Board. (2023). *Traditional healing practices and wellness tourism in Brunei Darussalam*.
[47] Ibid
[48] Brunei Darussalam Forestry Department. (2023). *Eco-wellness and conservation efforts in Ulu Temburong National Park*.
[49] Brunei Darussalam Times. (2022). *Local engagement in health and wellness tourism in Brunei Darussalam*.
[50] ASEAN Tourism Research Association. (2023). *Trends in Southeast Asian health and wellness tourism*.

- ***Curative:*** This segment includes tourists travelling to Brunei Darussalam specifically for medical treatments, surgeries, or therapeutic procedures. Brunei Darussalam's high standards in healthcare, along with recognised medical facilities, attract individuals seeking reliable medical care (Ministry of Health, Brunei Darussalam, 2023).
- ***Preventive:*** This group is focused on maintaining their health through preventive services, including regular spa visits, wellness check-ups, and wellness retreats. These tourists view wellness as a way to sustain long-term health and often incorporate wellness routines into their travel plans.[51]
- ***Rejuvenation and Relaxation:*** Many tourists come to Brunei Darussalam simply for relaxation and mental rejuvenation. This segment is interested in stress relief, mental wellness, and general relaxation, often seeking spa services, eco-wellness experiences, and retreats that provide a tranquil environment for stress management.

Brunei Darussalam's health and wellness tourism market offers a broad spectrum of services that cater to various health and wellness needs. By segmenting the market based on service type, tourist origin, and purpose of travel, Brunei Darussalam can effectively cater to diverse groups of tourists, each with unique needs and motivations.

The country's commitment to quality standards in healthcare, spa services, traditional healing, and eco-wellness experiences enhances its reputation as a wellness destination, appealing to both regional and international visitors. This segmentation framework allows Brunei Darussalam's tourism sector to strategically address the preferences of different tourist groups and optimise their experiences in a way that aligns with Brunei Darussalam's goals for sustainable and high-quality tourism development.

2.2.4 Quality Standards

Brunei Darussalam's health and wellness tourism sector is built on a foundation of stringent quality standards, ensuring that medical tourists and wellness seekers alike receive exceptional care. By adhering to internationally recognised standards and maintaining high levels of service across medical, wellness, traditional, and eco-tourism experiences, Brunei Darussalam has established itself as a reliable destination for health-conscious travellers.

- ***Quality Standards in Medical Facilities:*** Brunei Darussalam's healthcare facilities are internationally acclaimed for their quality, particularly the JPMC, which holds accreditation from the JCI. This accreditation highlights JPMC's commitment to patient safety and service excellence, placing it on par with leading hospitals worldwide. In addition to JPMC, other hospitals in Brunei Darussalam implement rigorous quality control measures to protect patient safety and ensure high standards of care. These practices attract medical tourists who prioritise both reliable medical services and a safe, supportive environment for recovery.
- ***Standards in Spa and Wellness Centres:*** The spa and wellness sector in Brunei Darussalam also reflects the country's commitment to quality. The Ministry of Primary Resources and Tourism oversees the regulation of wellness centres, enforcing hygiene standards and service quality requirements that ensure a safe and comfortable experience for all visitors. Many wellness centres and spas in Brunei Darussalam feature luxury treatments that incorporate locally sourced ingredients, adding an element

[51] World Health Organization Brunei Darussalam Report. (2022). *Health and preventive wellness tourism in Brunei Darussalam*.

of cultural authenticity and sustainability to the experience. This use of local resources not only enhances the quality of treatments but also supports environmental conservation, as local ingredients reduce the need for imported products and align with Brunei Darussalam's ecological values.

- ***Safeguarding Traditional Healing Practices:*** Brunei Darussalam also recognises the value of traditional healing practices, though these are subject to fewer regulations than conventional medical facilities. However, the government has been working to document and standardise these practices to increase both safety and efficacy. This ongoing effort involves certifying traditional healers and developing guidelines that aim to protect both locals and tourists from unverified treatments. As part of this initiative, the government seeks to preserve cultural heritage while ensuring that traditional healing remains a safe, viable option within the wellness tourism landscape.
- ***Eco-Wellness Experiences with Conservation at the Core:*** Eco-wellness is an integral aspect of Brunei Darussalam's tourism offerings, combining wellness activities with the country's commitment to environmental preservation. Brunei Darussalam's Eco-wellness experiences are concentrated in protected areas, such as the renowned Ulu Temburong National Park, which operates under strict conservation guidelines. These regulations protect Brunei Darussalam's rich biodiversity and ensure that wellness activities, such as nature walks, meditation retreats, and forest therapy, are conducted responsibly. By promoting eco-wellness experiences within protected areas, Brunei Darussalam provides tourists with immersive wellness opportunities that harmonise with its natural surroundings, allowing travellers to benefit from nature without compromising the country's ecological integrity.
- ***Emphasis on Skilled Human Resources:*** Brunei Darussalam places a strong emphasis on the training and development of its healthcare and wellness professionals, recognising that high-quality services require skilled and dedicated staff. Continuous education programmes are a cornerstone of this approach, ensuring that medical personnel, spa technicians, and hospitality workers remain well-informed about international standards in their fields. This focus on professional development is critical to maintaining Brunei Darussalam's reputation for quality in health and wellness tourism, as it enables service providers to meet or exceed the expectations of international visitors consistently.

Brunei Darussalam's commitment to strict quality standards across its health and wellness tourism sector has made it a standout destination for those seeking both medical treatments and wellness experiences. Through rigorous regulation of medical facilities, wellness centres, traditional healing, eco-wellness, and human resources, Brunei Darussalam offers travellers a unique and trustworthy experience that aligns with international standards.

These standards not only ensure the well-being of tourists but also contribute to Brunei Darussalam's broader goals of cultural preservation, environmental conservation, and sustainable tourism development. By prioritising quality and sustainability, Brunei Darussalam continues to strengthen its position in the global health and wellness tourism market, offering experiences that blend high-quality care with the richness of its natural and cultural heritage.

2.3 Cluster Map

Brunei Darussalam's health and wellness tourism sector is an emerging field that seeks to combine high-quality medical services with the nation's rich eco-tourism offerings. To better understand how this industry operates, it is essential to organise the various players into a cluster map, which highlights the key actors involved in supplying core activities, delivering services, and offering ancillary support. The cluster map can be divided into three primary categories: *Suppliers, Service Providers, and Other Support*.

The suppliers form the backbone of the industry by providing the essential resources needed for health and wellness services. Their contributions span medical, wellness, and eco-tourism-related products that enable service providers to offer high-quality, sustainable experiences.

- ***Medical Equipment Suppliers***: These are international suppliers of advanced medical technology such as MRI machines, surgical instruments, and diagnostic equipment. Their contributions are vital for healthcare institutions offering specialised treatments.
- ***Pharmaceutical Suppliers:*** Pharmaceutical companies, both local and international, provide the medicines and healthcare products that medical facilities rely on to treat patients. This includes everything from prescription drugs to over-the-counter treatments.
- ***Wellness Product Suppliers***: These suppliers focus on eco-friendly and sustainable wellness products, including herbal treatments, organic oils, and traditional remedies. These products are often integrated into spa treatments and wellness programmes to offer a natural approach to healing.
- ***Eco-tourism Infrastructure Providers***: Suppliers in this category provide materials and resources for eco-friendly infrastructure, which is critical for Brunei Darussalam's eco-tourism sector. This includes solar power systems, biodegradable building materials, and sustainable transportation options for eco-resorts.
- ***Food and Beverage Suppliers***: Providers of locally sourced, organic, and healthy foods contribute to the wellness centres, retreats, and resorts. These suppliers support Brunei Darussalam's focus on holistic wellness through proper nutrition, which plays an integral role in many wellness programmes.

Figure 12 Tenaga Suria Brunei Darussalam – Brunei Darussalam's very own solar farm

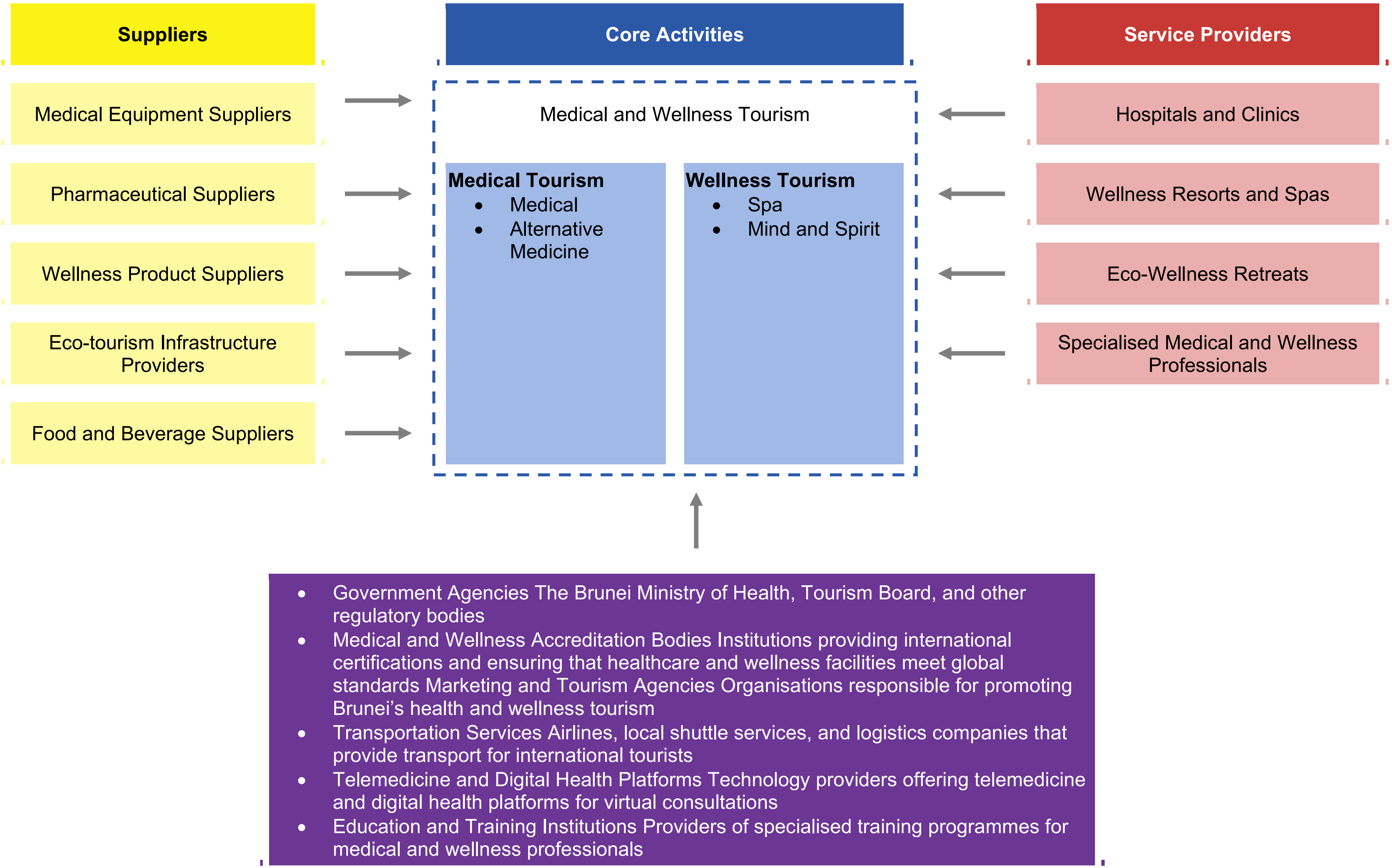
Source: Solar Brunei Darussalam[52]

[52] https://solarBrunei Darussalam.com/2015/11/19/tenaga-suria-Brunei Darussalam-Brunei Darussalams-very-own-solar-farm/

The service providers are the main actors in delivering health and wellness tourism experiences. Their services range from clinical medical treatments to holistic wellness therapies that make Brunei Darussalam's offerings unique.

- ***Hospitals and Clinics***: These are the central institutions for delivering medical services, catering to both local and international patients. Brunei Darussalam's renowned hospitals, such as the JPMC and Gleneagles Jerudong Park Medical Centre, offer specialised treatments in areas like cardiology, oncology, and orthopaedic surgery.
- ***Wellness Resorts and Spas***: Facilities like wellness resorts and spas offer a variety of services, including spa treatments, traditional therapies, and wellness retreats.
- ***Eco-Wellness Retreats***: These providers offer a blend of wellness and eco-tourism services. Their programmes typically include nature walks, mindfulness practices, and eco-friendly living experiences. In Temburong, wellness resorts emphasise sustainability and the health benefits of reconnecting with nature.
- ***Specialised Medical and Wellness Professionals***: Doctors, therapists, and wellness practitioners (such as spa therapists and eco-tourism guides) are crucial in delivering services. Specialists in various fields, including alternative medicine and meditation, enhance the diversity of health and wellness offerings in Brunei Darussalam. These are the organisations and services that provide critical support to the sector, ensuring that the health and wellness tourism ecosystem functions efficiently. Though they are not directly involved in service delivery, their contributions are essential for the industry's overall success.
- ***Government Agencies***: Agencies like the Brunei Darussalam Ministry of Health and the Brunei Darussalam Tourism Board play a pivotal role in policy development, regulation, and international promotion. They ensure that health and wellness tourism aligns with national development goals and attracts global attention.
- ***Medical and Wellness Accreditation Bodies***: Institutions that provide international certifications, such as the JCI, help ensure that healthcare and wellness facilities in Brunei Darussalam meet global standards. Accreditation is crucial for building international trust and credibility.
- ***Marketing and Tourism Agencies***: These agencies are responsible for promoting Brunei Darussalam as a health and wellness tourism destination. They collaborate with travel agencies to pack unique medical and eco-wellness experiences, targeting international markets.
- ***Transportation Services***: Airlines and local transportation services play a key role in connecting international tourists to Brunei Darussalam's health and wellness facilities. Transportation services, including eco-friendly options for travelling to wellness retreats in Temburong, support the nation's emphasis on sustainability.
- ***Telemedicine and Digital Health Platforms***: As technology continues to shape healthcare, telemedicine platforms allow international patients to consult with Brunei Darussalam-based doctors before and after their treatment. These platforms also facilitate ongoing patient care and data management.
- ***Education and Training Institutions***: Training programmes for medical and wellness professionals are critical to maintaining a skilled workforce. Institutions offering specialised programmes in eco-tourism and hospitality management contribute to the sector's long-term sustainability by training the next generation of professionals.

Figure 13 Cluster map Brunei Darussalam



Source: Compiled by Kenan Foundation Asia (2025)

2.4 Value Chain/Global Value Chain

The health and wellness tourism industry in Brunei Darussalam is emerging as a promising area for economic development, supported by the nation’s abundant natural resources, high medical standards, and robust government backing. A value chain analysis of Brunei Darussalam's health and wellness sector provides insight into the activities that underpin this industry and highlights key areas where Brunei Darussalam can secure a competitive edge. This essay examines the primary and support activities involved in Brunei Darussalam's health and wellness tourism, as well as the factors that position the country as a unique destination for eco-conscious and health-focused travellers.

In Brunei Darussalam’s health and wellness tourism, inbound logistics focuses on sourcing advanced medical equipment, utilising natural resources, and obtaining quality spa products. Medical facilities such as JPMC import cutting-edge medical technology to meet international standards. The availability of high-quality medical resources attracts tourists from neighbouring countries who seek advanced healthcare in a reliable environment.

Additionally, Brunei Darussalam’s natural assets, like its pristine rainforests, support the wellness sector by providing ingredients for herbal treatments, oils, and organic products. These resources form the foundation for Brunei Darussalam’s eco-wellness offerings, positioning the country as a leader in sustainable tourism. Moreover, wellness centres source both local and international spa products, such as essential oils and herbal remedies, catering to diverse consumer preferences and enhancing the wellness experience.

Operations in Brunei Darussalam's health and wellness tourism involve transforming these inputs into services that appeal to health tourists. Hospitals like JPMC offer high-quality healthcare supported by JCI accreditation. The integration of specialised medical procedures with wellness treatments creates a holistic recovery package that attracts medical tourists.

Wellness resorts and spas offer a range of services from traditional massages to modern wellness practices such as yoga and detox programmes, often complemented by eco-tourism experiences like forest bathing. Brunei Darussalam’s Temburong District, known for its eco-wellness retreats, provides luxury lodging and nature-based activities, allowing visitors to enjoy the country’s biodiversity sustainably.

In outbound logistics, Brunei Darussalam emphasises the distribution and delivery of comprehensive health and wellness packages. Medical tourism packages, often designed with regional and international travel agencies, promote Brunei Darussalam’s offerings to key Southeast Asian markets, including Malaysia, Singapore, and Indonesia. The government ensures accessible transportation and well-maintained infrastructure, facilitating smooth travel for medical and wellness tourists.

Marketing and sales strategies focus on promoting Brunei Darussalam’s high standards in healthcare and eco-wellness tourism. The Brunei Darussalam government highlights the international accreditation of hospitals like JPMC, reinforcing the credibility of its medical tourism. Eco-wellness branding is also prominent, positioning Brunei Darussalam as an ideal destination for nature-based wellness experiences. By targeting high-end travellers from nearby ASEAN countries, Brunei Darussalam appeals to eco-conscious tourists seeking exclusive wellness experiences in untouched natural settings.

The service component of Brunei Darussalam's health and wellness tourism emphasises after-sales support to enhance customer satisfaction. Healthcare facilities provide virtual consultations and follow-up services for international patients, which adds value to the medical tourism experience and fosters repeat visits. Wellness tourists benefit from personalised care, often receiving recommendations for maintaining wellness practices and access to Brunei Darussalam's online wellness communities. These services enable tourists to continue their wellness journey even after their visit.

The Brunei Darussalam government provides substantial support to the health and wellness tourism industry through infrastructure development. Policies, financial incentives, and regulatory frameworks foster growth, with public-private partnerships promoting sustainable tourism practices. Investments in wellness facilities ensure that Brunei Darussalam's offerings meet international standards, creating a solid foundation for future growth.

Human resource management is another key support activity. Brunei Darussalam invests in recruiting, training, and developing skilled healthcare and wellness professionals, including doctors, therapists, and eco-tourism specialists. Continuous professional development opportunities keep staff up to date with international best practices, allowing Brunei Darussalam to maintain its reputation for high-quality services.

Technology development plays an increasingly important role in Brunei Darussalam's health and wellness sector. Telemedicine and digital services provide international patients with virtual consultations and follow-up care, while wellness centres use digital platforms to manage bookings and monitor wellness progress. Additionally, Brunei Darussalam's focus on sustainable practices in wellness, such as using solar energy in eco-lodges and implementing sustainable waste management, aligns with global trends toward eco-friendly travel.

Finally, the procurement process ensures that high-quality resources, including medical supplies and eco-friendly wellness products, are sourced effectively. Hospitals rely on reputable international suppliers for medical equipment, and wellness resorts prioritise local, eco-friendly products, supporting local communities and minimising environmental impact.

Brunei Darussalam's health and wellness tourism sector stands to gain a competitive advantage by integrating its natural resources, high medical standards, and government support. The country's unique rainforests and biodiversity enable it to offer eco-wellness experiences that are difficult for competitors to replicate. By combining wellness services with untouched nature, Brunei Darussalam creates a premium experience that attracts tourists seeking both relaxation and sustainability.

The quality of Brunei Darussalam's medical services also strengthens its competitive position. By integrating internationally accredited healthcare with traditional healing and wellness services, Brunei Darussalam offers a comprehensive health tourism experience that appeals to tourists looking for both advanced medical treatments and holistic care.

Government support is instrumental in fostering a competitive advantage in Brunei Darussalam's health and wellness tourism sector. By promoting eco-friendly practices, the government positions Brunei Darussalam as a destination that aligns with the global shift toward sustainable travel, helping attract eco-conscious tourists from around the world.

In conclusion, Brunei Darussalam's health and wellness tourism industry has immense potential to become a leading player in the regional market. By leveraging its natural resources, maintaining high standards in healthcare, and emphasising sustainability, Brunei Darussalam can attract an increasing number of health and wellness tourists.

A well-structured value chain, supported by government initiatives and investments in modern facilities, will allow Brunei Darussalam to establish itself as a premier destination for eco-conscious and health-focused travellers. This strategic approach ensures that Brunei Darussalam is not only a safe and high-quality health destination, but also a unique and environmentally responsible choice for tourists in Southeast Asia.

Figure 14 Global Value Chain Brunei Darussalam

Value Chain Brunei

Suppliers | **Customers**

Firm Infrastructure

- Government Support: The Brunei government plays a crucial role in creating a supportive infrastructure for health and wellness tourism by enacting policies and ensuring high standards of healthcare
- Investment in Wellness Facilities: Both government and private sector stakeholders invest in modern wellness facilities and eco-resorts, creating a framework for sustained tourism growth.

Human Resource Management

- Skilled Healthcare and Wellness Professionals: Brunei invests in training skilled doctors, therapists, spa staff, and traditional healers
- Continuous Professional Development: Brunei’s medical professionals and wellness practitioners are encouraged to participate in ongoing training

Technology Development

- Telemedicine and Digital Services: Brunei is developing telemedicine services to support medical tourism
- Sustainable Practices in Wellness: Investments are made in eco-friendly technologies for wellness resorts

Procurement

- Medical Supplies and Equipment: Hospitals source high-quality medical equipment
- Eco-Friendly Wellness Products: Wellness resorts focus on sourcing locally produced

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Medical Facilities and Equipment 2. Natural Resources for Wellness 3. Spa and Wellness Products	1. Healthcare Services 2. Wellness and Spa Services 3. Eco-Wellness Retreats	1. Medical Tourism Packages 2. Travel and Transportation	1. Promotions for Medical Tourism 2. Eco-Wellness Branding 3. Targeted Campaigns for Southeast Asia	1. Post-Treatment Care 2. Tourist Support

Source: Compiled by Kenan Foundation Asia (2025)

2.5 SWOT Analysis

As Brunei Darussalam aims to diversify its economy beyond oil and gas, health and wellness tourism has emerged as a promising sector with significant potential. With its unique natural resources, quality medical facilities, and government support, Brunei Darussalam is well-positioned to capitalise on the growing global demand for wellness tourism. However, this emerging sector also faces significant challenges that must be addressed to ensure its success. By evaluating the strengths, weaknesses, opportunities, and threats (SWOT) associated with Brunei Darussalam's health and wellness tourism, we can better understand its potential and identify strategic steps to overcome obstacles.

Strengths

Brunei Darussalam possesses several foundational strengths that support its vision to develop health and wellness tourism as part of its economic diversification strategy:

- **Free Healthcare for Citizens**: Brunei Darussalam's citizens benefit from a robust public healthcare system, ensuring universal health access. This reflects strong national health governance and provides a supportive backdrop for international medical collaboration.

- **Advanced Medical Facilities**: Facilities such as JPMC, which has received international accreditation, enhance Brunei Darussalam's credibility in health tourism. These modern institutions create foundations for medical-tourist confidence.

- **Pristine Environment for Eco-Tourism**: Brunei Darussalam is home to well-preserved rainforests, biodiversity-rich reserves, and natural retreats, particularly in the Temburong District. These natural assets offer a tranquil and therapeutic setting ideal for eco-wellness tourism.

- **Government Infrastructure Support**: Brunei Darussalam's government actively supports health and wellness tourism development as part of its broader economic diversification. Investment in regulatory frameworks, land use planning, and promotion of traditional healing practices reflects a strong policy commitment to this emerging sector.

Weaknesses

While Brunei Darussalam has clear advantages, several internal constraints must be addressed to realise its health and wellness tourism potential fully:

- **Lack of Internationally Accredited Hospitals**: Outside of JPMC, Brunei Darussalam lacks a wide network of internationally recognised health institutions, which limits global patient confidence and referrals.

- **Small Healthcare Workforce**: The country's population size and limited pool of specialised health and wellness professionals constrain its ability to scale services to meet international tourism demands.

- **Limited Infrastructure for Wellness Tourism**: Although medical infrastructure exists, the development of luxury wellness resorts, spa centres, and wellness-focused transportation/logistics remains underdeveloped.

- **Lack of Global Visibility**: Brunei Darussalam is not widely known internationally as a health or wellness tourism destination. The absence of major promotional campaigns, online presence, or health-focused branding contributes to low awareness and market reach.

Opportunities

Brunei Darussalam is well-positioned to capitalise on key global and regional trends that align with its national vision:

- **Eco-Friendly Wellness Retreat Development**: With its commitment to environmental preservation, Brunei Darussalam can develop exclusive wellness resorts that emphasise sustainability, natural healing, and eco-therapy, particularly in Temburong.
- **Integration of Traditional and Modern Care**: Brunei Darussalam can offer culturally rich experiences by blending Islamic traditional medicine and Malay healing practices with modern wellness services, catering to growing global demand for holistic health.
- **Partnerships for Accreditation and Improvements**: Strategic collaborations with regional hospitals, ASEAN medical institutions, or global health brands can help Brunei Darussalam elevate standards, improve training, and expand international referrals.
- **Regional Connectivity Expansion**: Improvements in air and land transport links within Southeast Asia offer Brunei Darussalam the opportunity to attract wellness tourists from nearby high-income nations such as Malaysia and Indonesia.

Threats

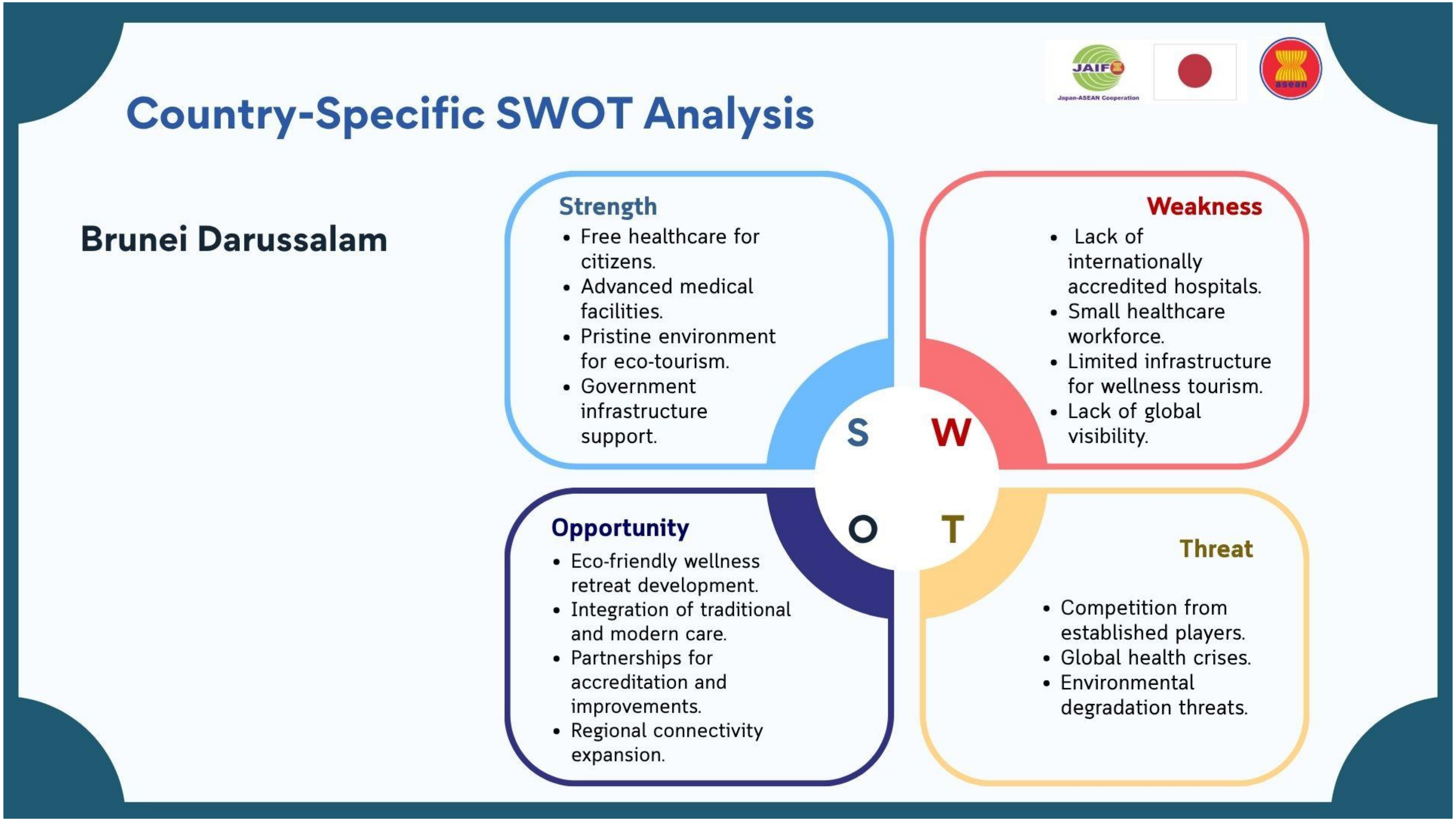
Despite promising prospects, Brunei Darussalam faces several external threats that could impede the growth of its health and wellness tourism sector:

- **Competition from Established Players:** Countries including Thailand, Malaysia, and Singapore already have strong reputations, globally marketed services, and extensive infrastructure. Competing with these mature destinations requires strategic differentiation and niche targeting.

- **Global Health Crises:** As seen during the COVID-19 pandemic, sudden global health emergencies can drastically affect international travel and consumer confidence. Brunei Darussalam’s small market and reliance on inbound travel make it particularly vulnerable to such disruptions.

- **Environmental Degradation Threats:** Brunei Darussalam’s wellness tourism relies heavily on its pristine environment. Any threats to its forests, biodiversity, or air/water quality, whether from domestic development or regional climate change, could diminish its eco-tourism appeal.

Figure 15 SWOT analysis Brunei Darussalam



Source: Compiled by Kenan Foundation Asia (2025)

2.6 TOWS Matrix

The TOWS matrix offers a strategic approach to strengthening Brunei Darussalam's health and wellness tourism sector by aligning its internal strengths and weaknesses with external opportunities and threats. By examining and applying the TOWS framework. Brunei Darussalam can develop comprehensive strategies that support the growth and sustainability of this emerging sector.

	Strengths (S) 1) Rich natural resources and Eco-Tourism (S1) 2) High-Quality Medical Facilities (S2) 3) Government Support (S3) 4) Cultural Integration of Traditional Healing (S4) 5) other wellness destinations. (S5) 6) Skilled (S6)	**Weaknesses (W)** 1) Limited International Recognition (W1) 2) Small Domestic Market (W2) 3) Underdeveloped Tourism Infrastructure (W3) 4) Limited Air Connectivity (W4)
Opportunities (O) 1) Growing Global Demand for Wellness Tourism (O1) 2) Diversification from Oil and Gas (O2) 3) Regional Southeast Asian Market (O3) 4) Expansion of Spa and Wellness Centres (O4)	**S-O Strategies** • Leverage rich natural resources and eco-tourism to meet global demand for wellness tourism (S1 + O1) • Promote high-quality medical facilities and government support to attract regional tourists (S2, S3 + O3) • Expand spa and wellness centres using government and private sector support (S3 + O4)	**W-O Strategies** • Increase international recognition through targeted marketing campaigns (W1 + O1, O4) • Develop tourism infrastructure to capitalise on the growing demand (W3 + O1, O3) • Enhance air connectivity with regional hubs to attract Southeast Asian tourists (W4 + O3) • Encourage local demand while targeting international visitors (W2 + O1, O3)
Threats (T) 1) Competition from Established Health and Wellness Destinations (T1) 2) Environmental Degradation (T2) 3) Economic Dependence on Oil (T3) 4) Pandemic-Related Uncertainty (T4)	**S-T Strategies** • Differentiate from established destinations through unique eco-wellness experiences (S1, S4 + T1) • Sustain environmental practices to preserve Brunei Darussalam's eco-wellness appeal (S3 + T2) • Reduce economic dependency on oil by growing the wellness tourism sector (S3, S5 + T3) • Promote health safety and wellness post-pandemic to mitigate uncertainty (S2, S3 + T4)	**W-T Strategies** • Improve infrastructure to compete with established regional destinations (W3 + T1) • Focus on niche marketing to counter competition from larger markets (W1 + T1) • Strengthen environmental protections to counter potential degradation (W2 + T1) • Develop robust pandemic-resilient wellness offerings (W3, W4 + T4)

2.7 Diamond Analysis

Porter's Diamond Model is an insightful framework for understanding the competitive advantages of nations in specific industries. By applying it to Brunei Darussalam's emerging health and wellness tourism sector, we can identify the factors that contribute to its growth and potential. The model consists of six key elements: factor conditions, demand conditions, related and supporting industries, firm strategy, structure and rivalry, government, and chance. Each of these elements interacts to shape the dynamics of the industry, providing a roadmap for Brunei Darussalam's aspirations to become a hub for health and wellness tourism.

Factor conditions refer to the inputs and resources that a country has at its disposal, which are essential to the development of a competitive industry. In Brunei Darussalam's case, the factor conditions that support its health and wellness tourism sector are diverse and unique.

- **Natural Resources** play a significant role. The Temburong District is an eco-tourism hotspot, known for its pristine rainforests and biodiversity. It offers nature-based wellness retreats that attract tourists looking for mental and physical rejuvenation in an environmentally serene setting. Moreover, Jerudong's modern wellness facilities, including the Jerudong Park Medical Centre, provide state-of-the-art healthcare services, catering to both medical tourists and wellness seekers.
- **Skilled Labour** is another critical component. Brunei Darussalam's health and wellness sector relies on highly trained healthcare professionals, including doctors, nurses, and therapists. These professionals deliver a range of medical services to international standards. Furthermore, staff in wellness resorts, spa centres, and traditional healers contribute to a broader wellness offering, ensuring that the experience is holistic and culturally rich.
- **Healthcare and Tourism Infrastructure** are vital supporting factors. Brunei Darussalam has modern healthcare facilities, such as hospitals accredited by international organisations like the JCI, which boosts the country's credibility as a destination for medical tourism. The tourism infrastructure, including wellness resorts and eco-tourism destinations, supports a complementary stream of wellness services that extend beyond medical care to spa treatments, relaxation services, and traditional healing practices.

The demand conditions in Brunei Darussalam's health and wellness tourism sector are shaped by both domestic and international factors.

- **Domestic Demand** is growing as Brunei Darussalam becomes increasingly aware of the benefits of wellness services, such as traditional healing and preventive care. This growing interest from local consumers helps create a stable base for the industry and drives innovation in the services offered.
- On the other hand, **International Demand** is a crucial driver. Brunei Darussalam attracts tourists from neighbouring Southeast Asian countries who seek curative and preventive wellness experiences. This includes medical treatments, spa services, and nature-based wellness retreats. The appeal of eco-wellness, particularly in locations like the Temburong District, also resonates with international tourists who are interested in combining wellness with eco-tourism. As global trends shift toward wellness and sustainability, Brunei Darussalam is in a prime position to cater to these

niche markets. The success of the health and wellness tourism in Brunei Darussalam is closely tied to the strength of its related and supporting industries.

- **Medical Equipment Suppliers** ensure that Brunei Darussalam's healthcare facilities are equipped with the latest technology, essential for providing high-quality medical services to international patients. This support enhances the competitiveness of Brunei Darussalam's medical tourism offering.
- **Tourism and Hospitality industries** also play a significant role. Hotels, eco-resorts, and restaurants are integral to supporting wellness retreats and eco-tourism experiences. They provide the accommodation and hospitality needed to attract and retain wellness tourists. Furthermore, the presence of local traditional healers adds a unique dimension to Brunei Darussalam's wellness offerings, differentiating it from competitors by integrating cultural and traditional healing practices.
- **Spa and Wellness Centres** in Bandar Seri Begawan and other regions are expanding, adding variety to the services available and ensuring that tourists can access modern and traditional wellness treatments. These centres also employ a significant number of individuals, contributing to the overall growth of the sector.

Firm strategy and structure in Brunei Darussalam's health and wellness tourism sector is shaped by the country's drive to diversify its economy beyond oil and gas.

- **The Government of Brunei Darussalam** plays a leading role by actively promoting health and wellness tourism. This strategic emphasis is part of broader efforts to develop non-oil sectors, making tourism and wellness key areas of investment. The government's support is reflected in various promotional initiatives and investment in infrastructure.
- **Private sector initiatives** have also emerged, with investments in wellness resorts, medical tourism facilities, and eco-wellness retreats. While domestic rivalry within the health and wellness sector is currently limited due to the industry's nascent stage, this offers businesses the opportunity to differentiate themselves by focusing on quality and unique experiences, such as eco-wellness or traditional healing.

Brunei Darussalam maintains ***high regulatory standards*** to ensure that its health and wellness tourism sector meets international expectations.

- **Medical Facilities** are required to adhere to stringent quality standards. JPMC, for example, is JCI-accredited, which reassures international tourists of the quality of care they can expect.
- **Spa and Wellness Centres** are regulated by the Ministry of Primary Resources and Tourism to ensure they maintain high standards of hygiene and service. This regulation ensures that Brunei Darussalam's wellness tourism sector aligns with the expectations of international wellness tourists, who seek a clean, safe, and relaxing environment.
- In addition, **eco-tourism activities** must adhere to environmental conservation regulations. Protected areas, such as those in Temburong, are managed to ensure that wellness experiences do not come at the cost of environmental degradation. These regulatory measures help maintain Brunei Darussalam's reputation as a responsible and high-quality wellness destination.

Chance also plays a significant role in shaping Brunei Darussalam's health and wellness tourism sector.

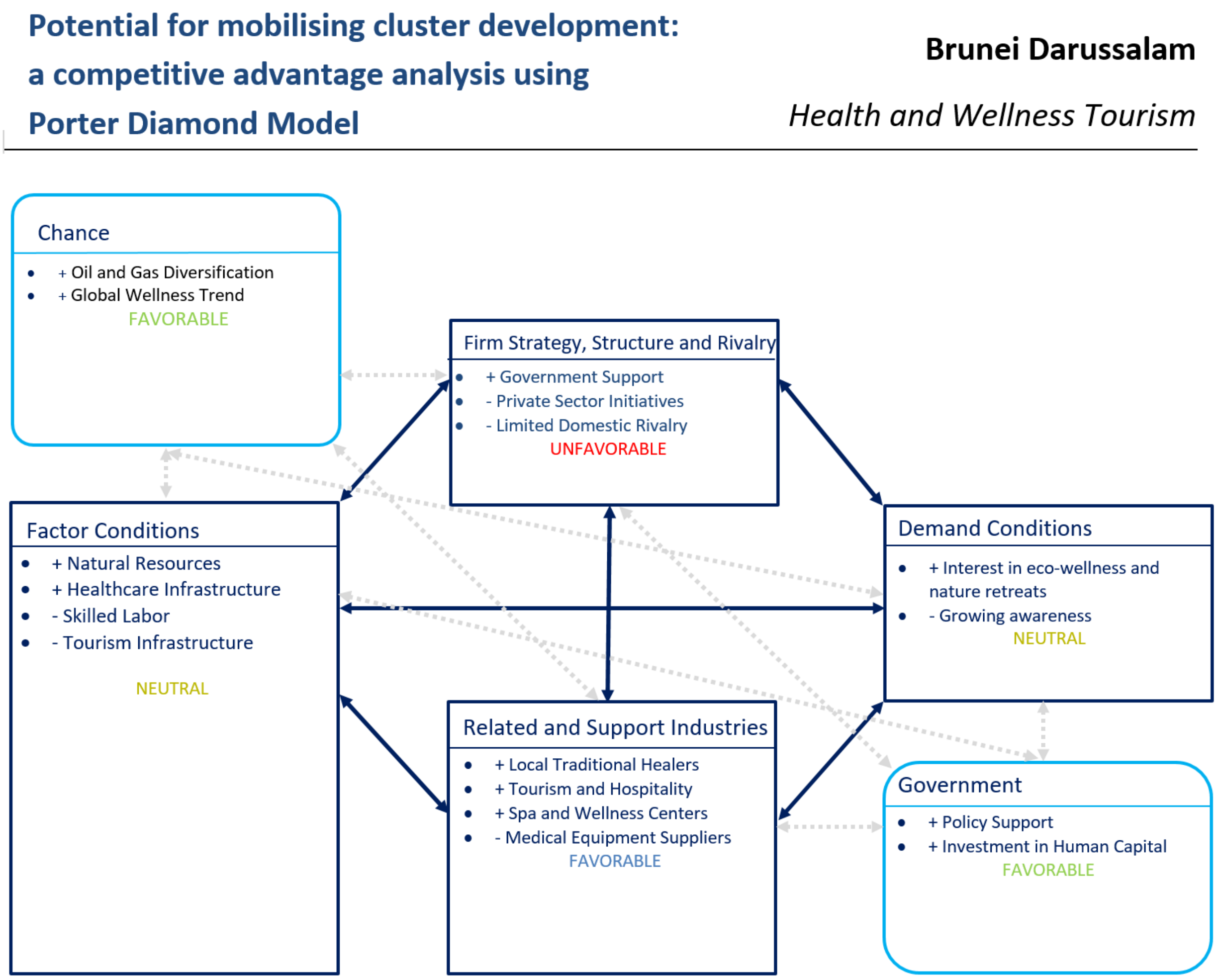
- **Oil and Gas Diversification** is perhaps the most significant chance factor. As Brunei Darussalam looks to reduce its dependency on oil and gas, tourism and wellness emerge as priority sectors for diversification. This creates opportunities for investment and growth in the health and wellness sector.
- Additionally, **the global wellness trend** provides a favourable environment for Brunei Darussalam to capitalise on. As more people worldwide seek wellness experiences, particularly those that combine health with eco-friendly practices, Brunei Darussalam can position itself as a destination for eco-wellness tourism. This global trend is creating new markets for Brunei Darussalam's wellness offerings, particularly among tourists from Southeast Asia and beyond.

The Government of Brunei Darussalam plays a central role in shaping the development of health and wellness tourism.

- Proactive **policy support** has helped establish the country as an emerging player in this sector. The government's investments in tourism infrastructure, healthcare, and eco-wellness destinations demonstrate a commitment to creating a sustainable and competitive industry.
- In addition to promoting wellness tourism, the government also invests in **human capital**. Training healthcare professionals, wellness staff, and traditional healers ensures that Brunei Darussalam's workforce is equipped to meet international service standards, further enhancing the country's competitiveness in the global health and wellness tourism market.

In conclusion, the application of Porter's Diamond Model to Brunei Darussalam's health and wellness tourism sector highlights the strengths and opportunities that are shaping its growth. With abundant natural resources, skilled labour, government support, and growing demand from both domestic and international markets, Brunei Darussalam is well-positioned to become a leading destination for health and wellness tourism in Southeast Asia. However, continuous investment in infrastructure, workforce development, and regulatory frameworks will be crucial to realising the full potential of this sector.

Figure 16 Diamond Model Brunei Darussalam



Source: Compiled by Kenan Foundation Asia (2025)

2.8 Problems Identified

Brunei Darussalam's medical and wellness tourism sector has significant potential due to its natural environment, robust healthcare infrastructure, and government support for sustainable tourism. However, various challenges hinder its growth and ability to compete on a global scale. Below is an analysis of the key problems facing this sector, categorised by the core areas of concern.

Limited Global Recognition and Marketing Challenges

One of the major issues in Brunei Darussalam's medical and wellness tourism is its limited visibility in the global tourism market. Despite its advanced medical facilities and pristine eco-tourism destinations, Brunei Darussalam struggles to position itself as a leading destination for health and wellness. The following factors contribute to this challenge:

- **Lack of Branding and Awareness***:* Brunei Darussalam has not effectively established a strong brand identity for its medical and wellness tourism sector. This limits its appeal to international tourists who are more familiar with destinations like Thailand, Singapore, or Malaysia.
- **Insufficient International Marketing Efforts:** While the Brunei Darussalam Tourism Board and other agencies promote eco-tourism, specific campaigns targeting medical

and wellness tourism are underdeveloped. This results in a lack of awareness among potential international clients about the quality of healthcare and wellness services available.

Gaps in Infrastructure and Service Delivery

Although Brunei Darussalam boasts advanced healthcare facilities such as JPMC and Gleneagles Jerudong Park Medical Centre, certain infrastructure and service gaps limit the overall tourist experience:

- **Accessibility Challenges:** Brunei Darussalam's limited direct international flight connections make it difficult for international medical tourists to access the country easily. Additionally, transportation to eco-wellness retreats in areas like Temburong remains underdeveloped.
- **Limited Range of Services:** While Brunei Darussalam offers high-quality medical care, the range of specialised medical services and wellness programmes remains narrow compared to regional competitors. There is a need to diversify wellness offerings, including alternative medicine, yoga, and comprehensive detox programmes, to attract a wider audience.
- **Dependence on Imported Inputs:** The medical sector heavily relies on imported equipment, pharmaceuticals, and wellness products. This dependency increases costs and may affect the timely delivery of services.

Workforce and Skill Gaps

A skilled workforce is crucial for delivering exceptional health and wellness services. However, Brunei Darussalam faces challenges in this area:

- **Shortage of Specialised Professionals:** There is a limited number of specialists in areas like alternative medicine, eco-tourism guides, and wellness programme facilitators. This shortage affects the variety and quality of services offered.
- **Need for Training Programmes:** While Brunei Darussalam has general education institutions, the availability of specialised training for medical tourism, wellness hospitality, and eco-tourism remains limited. This restricts the sector's ability to maintain a high standard of service.

Policy and Regulatory Constraints

Although government support exists, gaps in policy frameworks and regulations create barriers to the sector's growth:

- **Limited Accreditation and Standards:** Brunei Darussalam has few internationally accredited facilities and programmes in the medical and wellness sectors. Without recognised certifications such as those provided by the JCI, it is difficult to build trust among international tourists.

- **Underdeveloped Sustainability Policies:** While Brunei Darussalam emphasises eco-tourism, there is limited integration of sustainability practices in wellness tourism policies. More structured guidelines are needed to ensure that all wellness facilities meet eco-friendly and sustainable tourism standards.

Challenges in Integrating Eco-Tourism with Wellness Tourism

Brunei Darussalam has unique opportunities to integrate its lush natural environment with wellness tourism, but several obstacles impede this:

- **Inadequate Eco-Tourism Infrastructure**: Eco-wellness retreats in regions like Temburong require better infrastructure, such as sustainable lodging, transportation, and facilities for outdoor activities. The lack of infrastructure discourages tourists seeking a seamless wellness experience.

- **Fragmented Coordination**: Collaboration between eco-tourism providers, wellness resorts, and medical institutions remains underdeveloped. Without an integrated approach, Brunei Darussalam cannot fully leverage its natural and medical resources.

Cost Competitiveness

Brunei Darussalam faces stiff competition from neighbouring countries that offer high-quality medical and wellness tourism at a lower cost:

- **Higher Operational Costs***:* The reliance on imported medical equipment, pharmaceuticals, and eco-tourism infrastructure increases operational expenses, making Brunei Darussalam less competitive in terms of pricing.

- **Limited Budget Options for Tourists***:* While Brunei Darussalam targets high-end medical tourists, it lacks affordable wellness programmes or budget-friendly eco-tourism options, narrowing its appeal to a broader demographic.

Limited Use of Technology and Digital Platforms

Technology can significantly enhance the health and wellness tourism experience, but its adoption in Brunei Darussalam is limited:

- **Underdeveloped Telemedicine Services***:* While telemedicine is becoming a global trend, its implementation in Brunei Darussalam’s medical tourism sector is still in its infancy. This limits pre-treatment consultations and post-treatment follow-ups with international patients.

- **Insufficient Digital Marketing***:* Digital platforms and social media are underutilised for promoting Brunei Darussalam's health and wellness tourism. This restricts the ability to reach tech-savvy.

Brunei Darussalam's medical and wellness tourism sector holds immense promise, leveraging the country's advanced healthcare facilities and natural resources. However, challenges such as limited global recognition, infrastructure gaps, workforce shortages, and policy constraints hinder its growth. Addressing these issues requires a multifaceted approach that includes strategic marketing, investments in infrastructure, skill development, and the integration of sustainability practices. By tackling these problems, Brunei Darussalam can position itself as a competitive and appealing destination for health and wellness tourism in the global market.

3 Cambodia

3.1 Introduction: Overall Scenario

The travel and tourism sector is one of the most important sectors influencing Cambodia's economy. In 2019, the travel and tourism sector accounted for 25.8% of the country's Gross Domestic Product (GDP) (approximately US$7.3 BN), and generated 2.33 million job positions, representing 25.3% of the total employment (WTTC, 2023).

Despite the effects of the COVID-19 pandemic on Cambodia's economic growth rate, the travel and tourism industry can recover quickly, once again becoming one of the most crucial sectors in the country's economy. In 2023, the travel and tourism sector contributed US$2.9 billion to the national GDP and 2.09 million jobs, or13.2% of total GDP and 22.3% of the total jobs, respectively (WTTC, 2023). In terms of economy size, Cambodia's wellness tourism ranked 85th in the world (Global Wellness Institute, 2024).

In terms of healthcare and wellness tourism, Cambodia boasts world-class hospitals such as the Royal Phnom Penh hospital and Royal Angkor Hospital (SCB, 2021). The emergence of this country as an important healthcare travel destination for foreigners is due to the increase of specialised medical treatments and affordable healthcare services ranging from cosmetic surgery, medical procedures, spa, to dental treatment.

Apart from general healthcare services, tourists from other countries may experience certain medical treatments which they are unable to access in their home country, such as healthcare services that incorporate cultural elements and Khmer medicine with modern health treatment, which can enhance their satisfaction (Medical Tourism Magazine, n.d.).

According to Treatians, an Indian medical tourism company (Treatians, 2024), the Cambodian government is actively implementing policies to improve the quality of healthcare services to attract more international medical tourists. Moreover, frameworks and regulations have been established to foster confidence in terms of medical standards among tourists around the world.

With the support of the government through various regulations, foreign investors can set up hospitals and invest in medical and wellness sectors in Cambodia (EuroCham Cambodia, 2021). Many medical firms from countries in Asia, including Thailand, Viet Nam, Singapore, and Japan, have recently opened their medical hubs in Cambodia.

3.2 Definition of Cluster

3.2.1 Defining the Service

The wellness tourism cluster in Cambodia concentrates principally on traditional Khmer massages and spa health tourism (Cambodia Tourism, 2018).[53] In recent years, the rise of medical tourism in Cambodia has been prominent, and the services have successively expanded from common health tourism services to high-end dental treatment and alternative health services. While the exact number of health visitor arrivals in Cambodia is not known, the growth trends for health services are relatively high due to the country's fast-developing economy, which has led to an escalating number of private hospitals and global franchise

[53] Cambodia Tourism. (2018). *Massage and Spa.* Retrieved from http://cambodia-tourism.org/see-do/massage-spa/

health service providers from Thailand, Viet Nam, Singapore and Japan opening branches in Cambodia (Export.gov. 2018).[54]

The Ministry of Health in Cambodia estimates that 40-50% of the Cambodian population uses traditional medicine. While there is no record of a formal survey, and the procedure of traditional health services is not yet supported by national health insurance, the changes and developments in tourist behaviour in Cambodia indicate that there is a need for transformation of tourism strategies in relation to the expansion of services within the cluster.

The Royal Government of Cambodia has actively pursued tourism management plans to enhance the growth of the tourism sector since 2018. Notably, the Tourism Development Plan 2021-2025 was established to address challenges posed by the COVID-19 pandemic and to promote sustainable tourism practices.[55]

Moreover, the interview findings with key government officials and policy makers confirm that the Royal Government of Cambodia plans to pay stronger attention to the health tourism sector, particularly in terms of training and business operations incentives to support SMEs' competitiveness and growth.

3.2.2 Geographical Location

The emerging health tourism establishments in Cambodia are primarily located in Phnom Penh, Siem Reap and Sihanouk Ville Bliss Spa, Aura Spa, and Samata Spa (Cambodia Tourism, 2018).[56] The map below shows the locations of cluster development. Most establishments are located in and around major tourism destinations of Phnom Penh and Siem Reap, with an increasing number of boutique health centres operating in lesser-known locations of Sihanoukville, Ratanakiri, Kampong Thom, Kratie, Kampot and Kep.

The destinations marked with yellow dots are areas where cluster development can be seen. Most of these destinations have at least 1 to 3 major spa and wellness resorts. Phnom Penh, the capital of Cambodia, is the only city that has a wide range of establishments covering the health tourism cluster.

[54] Export.gov. (2018). *Healthcare Resource Guide: Cambodia.* Retrieved from https://2016.export.gov/industry/health/healthcareresourceguide/eg_main_108570.asp
[55] Tourism ministry to boost growth, meet development goals." Phnom Penh Post, 2023. https://phnompenhpost.com/business/tourism-ministry-boost-growth-meet-development-goals

[56] Cambodia Tourism. (2018). *Massage and Spa.* Retrieved from http://cambodia-tourism.org/see-do/massage-spa/

Figure 17 Map of health tourism cluster

Source: Elaborated by Kenan Foundation Asia (2019)

The gateway to the Angkor region, Siem Reap, focuses largely on spa and wellness services that are specifically catered to international travellers, with most services linked to cultural tourism and the combination of mind, body and spirit therapy. While there are other small clusters of health tourism in Ratanakiri, Kampong Thom, Sihanoukville, Kratie, Kampot and Kep, these clusters are much smaller and less concentrated than those found in Phnom Penh and Siem Reap.

3.2.3 Market Size, Employment and Segmentation

3.2.3.1 Market Size

In 2023, Cambodia attracted approximately 5.43 million international tourists, a 139.5% increase from 2022. The top sources of visitors included Thailand, Viet Nam, and China, with tourism revenue reaching over US$3 billion.[57] [58] [59]

Although there are a growing number of health formations, including traditional Khmer massage centres, spa establishments, and wellness centres in Cambodia’s major cities, the Royal Government of Cambodia has not yet conducted a study specific to the market size of this sector or incorporated health tourism in the country’s strategic tourism plan. Presently, most SMEs operate under their own guidelines in both marketing and business operations.

[57] Khmer Times. (2023). Cambodia welcomes nearly 5.5 million foreign tourists in 2023. Retrieved from https://www.khmertimeskh.com/50129606/cambodia-welcomes-nearly-55-million-foreign-tourists-in-2023/

[58] Phnom Penh Post. (2023). Tourism revenue soars in 2023. Retrieved from https://phnompenhpost.com/national/tourism-revenue-soars-in-2023

[59] Ministry of Tourism of the Kingdom of Cambodia. (2023). Annual report on tourism statistics.

Furthermore, the in-depth study and qualitative interviews revealed that registered SMEs in this sector are a fraction of the number of businesses operating in the industry.

As of 2023, the Cambodian spa industry has expanded significantly, with over 100 spa facilities, a mix of standalone spas and those integrated into hotels and resorts. This growth reflects a rising demand for wellness services among both locals and tourists.[60]

3.2.3.2 Employment

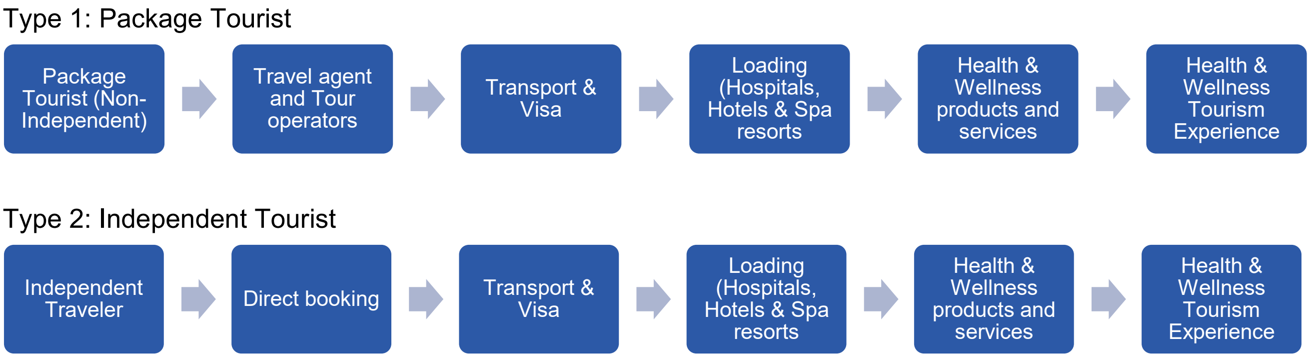
According to the UNDP's 2024 report, Cambodia faces challenges such as high inequality and a large informal economic sector. Persistent disparities in human development within the country, including insufficient levels of a high-skilled workforce, hinder long-term socio-economic development.[61]

A survey conducted by the EuroCham HR Forum 2024 addressed the skills gap as a top priority for Cambodia's economic development. 74% of businesses face difficulties in hiring qualified staff due to skills shortages.[62]

3.2.3.3 Segmentation

According to empirical research conducted by McDonnell, Sakal and Petocz (2008) on market segmentation of international tourism to Cambodia based on the benefits sought and travel motivations, there are two distinguishable clusters: independent travellers and package tourists.[63] The findings suggest that both groups share the same interests in cultural tourism, which provides a solid link to health tourism.

Figure 18 Cambodia's market segmentation



Source: Kenan Foundation Asia (2019)

---

[60] Data Bridge Market Research. (2023). Global spa market size, industry statistics & growth forecast by 2030. Retrieved from https://www.databridgemarketresearch.com/reports/global-spa-market

[61] United Nations Development Programme. (2024). *Making our future: New directions for human development in Asia and the Pacific*. UNDP. https://www.undp.org/asia-pacific/publications/making-our-future-new-directions-human-development-asia-and-pacific

[62] EuroCham Cambodia. (2024). Developing Cambodia's human resources – EuroCham HR Forum 2024. Retrieved from https://b2b-cambodia.com/articles/forging-pathways-to-success-developing-cambodias-human-resources-eurocham-hr-forum-2024/

[63] McDonnell, Sakal, Petocz. (2008). *Development of international tourism to Cambodia: the role of benefit segmentation.* Retrieved on 8 February 2019 from https://www.researchgate.net/publication/266020848_Development_of_international_tourism_to_Cambodia_the_role_of_benefit_segmentatio

Wellness establishments are adapting to incorporate local culture and heritage into their offerings.[64] A prominent example of this type of wellness service is Navutu Dreams Resort and Wellness Retreat in Siem Reap, which combines guided mindfulness meditation and holistic healing sessions with a blessing by local monks and a local community tour to explore the temples of Angkor (Navutu Dreams, 2019).[65]

Likewise, several similar high-end spa and wellness centres also incorporate health and wellness services with mindfulness programmes and herbal treatments. For instance, old-style health therapies, alternative and traditional medicine, acupuncture, osteopathy are combined with Khmer massages, yoga, sports therapy and meditation (Cool Sense, 2019; Navutu Dreams, 2019).[66] [67]

Most of these wellness centres have professional therapists and health practitioners. Founded in 2000, Bliss Spa is by far the first independent spa in Phnom Penh with in-house therapists, Bliss Spa has been delivering unique treatments and wellness packages such as detox escapes, Cambodian Koki Scrubs, and herbal wraps (Bliss Spa, 2018).[68]

Another establishment in Phnom Penh, Samata Health and Wellness Studio, is considered the first of its kind in the Kingdom that offers a wide range of holistic therapies and functional medicine services, including physiotherapy, acupuncture, chiropractic, aromatherapy, yoga, pilates and Reiki (Samata, 2018).[69] Based on the interview findings, the majority of their customers come from direct advertising and word of mouth, with most customers being tourists and short-term visitors.

3.2.4 Quality Standards

Even though Cambodia's massage and spa industry does not have a formal accreditation system, most of the wellness and health resorts employ professionals and qualified therapists. Despite this, massage and spa centres that are operating on a smaller scale generally do not have professionally trained staff (Eurocham, 2018; Nagaworld, 2018).[70] In response, the Ministry of Tourism's Education and Training Department has pointed out the need to set a requirement for massage and spa businesses to employ at least 30% professionally trained and certified therapists (Phnompenh Post, 2015).[71]

The Ministry of Health's annual report outlines strategic initiatives aimed at improving health infrastructure and service delivery, including updates on training programmes for healthcare professionals and quality assurance measures.[72] In doing so, the Directorate General for Health has implemented healthcare policies and strategies to strengthen the quality of national health programmes, including providing technical assistances to health organisations and coordinating with bilateral, multilateral and international agencies to manage health services activities (Ministry of Health, Cambodia, 2018).[73]

---

[64] Euromonitor International. (2024). *Beauty and personal care in Cambodia*. Passport. Retrieved from https://www.euromonitor.com

[65] Navutu Dreams. (2019). *Southeast Asia Wellness Retreat.* Retrieved on 8 February 2019 from https://navutudreams.com/

[66] Cool Sense Massage and Spa. (2019). *Home.* Retrieved on 19 February 2019 from https://www.coolsense-spa.com/

[67] Navutu Dreams. (2019). *Southeast Asia Wellness Retreat.* Retrieved on 8 February 2019 from https://navutudreams.com/

[68] Bliss Spa. (2018). *About us.* Retrieved from http://blissspacambodia.com/about/

[69] Samata. (2018). *About us.* Retrieved from http://samata-cambodia.com/about-us/

[70] Nagaworld. (2018). *Spa.* Retrieved from https://www.nagaworld.com/play/spa/

[71] Newer reference same info: CEFCambodia. (2023). Technical and vocational education and training in Cambodia: Significance, challenges, and ways forward. Retrieved from https://cefcambodia.com/2023/09/18/technical-and-vocational-education-and-training-in-cambodia-significance-challenges-and-ways-forward/

[72] Ministry of Health, Cambodia. (2023). *Annual report 2023*.

[73] Ministry of Health. (2018). *DG for Health.* Retrieved from http://moh.gov.kh

The government of Cambodia emphasises creating employment opportunities and promoting local economic development through the diversification of business investment by encouraging the succession of mainstream SMEs. This is to generate positive economic impacts in tourism-related businesses, particularly in the niche tourism markets (Toyo University, 2017).[74]

3.3 Cluster Map

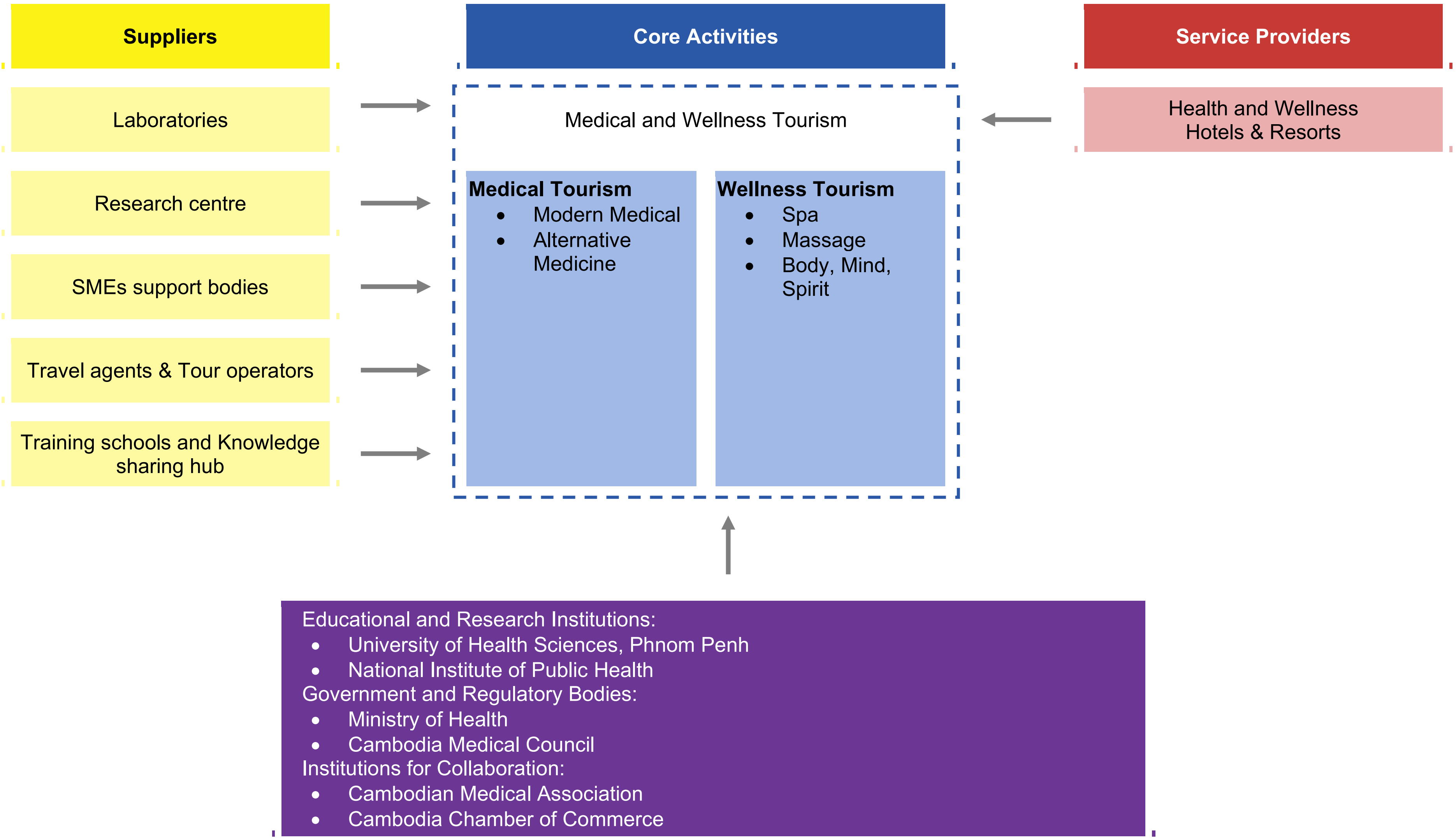
The health tourism cluster in Cambodia can be divided into three groups of key actors:

- Medical tourism
- Alternative medicine and herbal medicine-based tourism
- Spa and Wellness tourism

Each sector plays a crucial role in shaping Cambodia's health tourism cluster, contributing to its attractiveness and competitiveness in the global market for medical tourism. Most small and medium-sized businesses operate within the spa and wellness tourism industry, followed by alternative health products and services, herbal medicine-based tourism, and medical tourism. Most of the attractions are located around Cambodia’s capital, Phnom Penh, and some major tourist destination across the country such as Siem Reap, Ratanakiri, Kampong Thom, Kratie, Kampot, Kep and Sihanoukville.

[74] Toyo University. (2017). *Sustainable Development and Tourism – Cases in Cambodia.* Retrieved from https://www.toyo.ac.jp/uploaded/attachment/110832.pdf

Figure 19 Cluster map of Cambodia



Source: Compiled by Kenan Foundation Asia (2025)

List of Actors

1) **Medical Tourism: Key Players**
   - Royal Phnom Penh Hospital (JCI accredited Since 02 June 2017), Phnom Penh
   - Royal Angkor International Hospital (BDMS Network), Siem Reap
   - Singapore Medical Center by DrMAP, Phnom Penh
   - RoomChang Dental Hospital, Phnom Penh
   - Apsara Dental Clinic, Phnom Penh
   - First Center Polyclinic, Sihanoukville and Phnom Penh
   - Sen Sok International University Hospital, Phnom Penh
   - Sunrise Japan Hospital, Phnom Penh
2) **Alternative and Herbal Medicine, Body, Mind and Spirit Centres: Key Players**
   - Cool Sense Massage and Spa, Siem Reap
   - Hariharalaya Yoga and Meditation Retreat, Siem Reap
   - Angkor Bodhi Tree Retreat and Yoga Centre, Siem Reap
   - Essence of Health, Phnom Penh
   - Natural Wellness Centre, Phnom Penh
   - Vagabond Temple, Kep and Sihanoukville
   - Banteay Srey Project, Kampot
   - La Plantation, Kampot
   - Senteurs d'Angkor, Siem Reap
3) **Spa and Wellness Tourism: Key Players**
   - Bliss Spa, Phnom Penh
   - Bodia Spa, Phnom Penh and Siem Reap
   - Samata Health and Wellness Studio, Phnom Penh
   - Navutu Dreams Resorts and Wellness Retreat, Siem Reap
   - Wayist Spiritual Energy Center (Certified and licensed Pneumatherapists), Siem Reap
   - Ratanakiri Paradise Hotel and Spa, Ratanakiri
   - Terres Rouges Lodge, Ratanakiri
   - Sambor Village, Kampong Thom
   - Glorious Hotel and Spa, Kampong Thom
   - Rajabori Villas, Kratie
   - Jasmine Spa, Kampot
   - Nibi Spa, Kampot
   - Oasis Spa, Kampot
   - Let's Relax Spa, Phnom Penh

- Sarai Resort and Spa, Siem Reap
- Sofitel Angkor Phokeethra Golf & Spa Resort, Siem Reap and Sofitel Phnom Penh
- Real Spa Cambodia, Siem Reap
- Angkor Century Resort and Spa, Siem Reap
- Flora Spa Cambodia, Phnom Penh
- Frangipani Spa, Siem Reap
- Khmer relief Spa, Siem Reap
- Little Prince Resort & Spa
- De Kampuchea Spa, Siem Reap
- Tropical Boutique Spa, Siem Reap
- Lotus dream spa, Siem Reap
- Lemongrass Garden, Siem Reap
- Empress Residence Resort and Spa, Siem Reap
- Kaya Spa, Siem Reap

Table 4 Destinations where health tourism cluster can be identified

Destinations	Medical Tourism	Wellness Tourism	Spa Tourism	Alternative Health Services
Phnom Penh	√	√	√	√
Siem Reap	√	√	√	√
Ratanakiri			√	
Kampong Thom		√	√	
Kratie			√	
Sihanoukville		√	√	√
Kep		√	√	√
Kampot		√	√	√

Source: Elaborated by Kenan Foundation Asia (2019)

3.4 Value Chain/Global Value Chain

Health tourism is generally seen as an exclusive activity, but this is not the case in Cambodia, where the distinctive capability of the health tourism sector is typically combined with other special interest tourism as an inclusive experience. For example, a combination of cultural and spa tourism, where the tourism experience is specifically tailored to meet needs that create an authentic transformational tourism experience and, at the same time, maintain positive local engagement with the community and its people (Biddulph & Scheyvens, 2018).[75]

Cambodia's health tourism revolves around the massage and spa tourism sector. According to a study by Hun and Rittirod (2015), factors that influence the consumers' attitude towards using spa services in Phnom Penh are the following: to get healthy (42.75%); the need for relaxation (32.3%); improving skin and beauty (20.3%); and for weight loss (4.8%). Most

[75] Biddulph, R. & Scheyvens, R. (2018). Introducing inclusive tourism. *Tourism Geographies*, 20(4), 583-588.

people learned about the spa services from their friends (39.7%), followed by personal experience (24.81%), family (17.9%), sales staff (11.7%), the group of famous (5.8%), and other (0.2%).[76]

Due to its proximity to Thailand, affluent patients from Cambodia travel to Thailand for medical tourism purposes. The Thai government launched a smart visa scheme and possible visa extension to medical tourists who meet the criteria, further driving demand.[77] The lower cost of transportation makes healthcare services more accessible and affordable.[78]

In May 2024, the World Bank approved a US$40 million project aimed at improving skills training and labour market services in Cambodia. This initiative focuses on enhancing the quality and relevance of job-related skills among the workforce, particularly in sectors that require medium-skilled occupations, including health tourism.[79]

Cambodia requires continuous support in skill development and knowledge transfer of human capital from Thailand, particularly in providing health services such as Thai massage certification and medical services (Bangkok Hospital, 2018; Khmer Massage, 2018).[80] [81] Furthermore, it is reported that AJT Holdings, a Thai health care consultancy, and Singapore Medical Centre (SGMC) have partnered to open a high-quality medical centre in Phnom Penh, utilising medical professionals from Singapore, the US, and Thailand, with an aim for the new facility to be a medical tourism hub (UTCC, 2018).[82]

Cambodia's workforce development relies heavily on functional and technical skill upgrading from its regional network. However, public sector involvement has been somewhat limited as the majority of SMEs conduct skills transfer under their own guidelines. Since there is no industry association locally in the spa and wellness sector, workforce development of soft and technical skills is limited. Most of the establishments with high-quality standards are foreign-run hotels and spa centres, with expatriates in senior management positions.

---

[76] Hun, S. and Rittirod, T. (2015). Factors influence the consumers' attitude of using spa service in Phnom Penh, Cambodia. *FerVAAP.* 158-164.

[77] KPMG. (2018). *Medical Tourism.* Retrieved on 15 January 2019 from https://assets.kpmg.com/content/dam/kpmg/th/pdf/2018/03/th-medical-tourism-industry-focus-secured.pdf

[78] Penn LDI. (2023). *Transportation remains a big barrier to health care*. Retrieved from https://ldi.upenn.edu/our-work/research-updates/transportation-remains-a-big-barrier-to-health-care/

[79] World Bank. (2024). *World Bank approves US$40 million project to improve skills for better jobs in Cambodia*. Retrieved from https://www.worldbank.org/en/news/press-release/2024/05/23/world-bank-approves-40-million-project-to-improve-skills-for-better-jobs-in-cambodia

[80] Bangkok Hospital. (2018). *Caring for Cambodia – Royal Phnom Penh Hospital.*

[81] Khmer Massage. (2018). *Khmer Academy of Massage Therapy.*

[82] UTCC. (2018). *Cambodia: Phnom Penh looks to medical tourism.*

Figure 20 Global value chain of Cambodia

Value Chain Cambodia

Suppliers | **Customers**

Firm Infrastructure

- Foreign-Owned and Managed: Most high-end spas and wellness centres are foreign-owned, as Cambodian SMEs lack the expertise to manage such operations. Foreigners typically fill senior management roles, contributing to the overall infrastructure.
- Investment in Medical Facilities: Investment from regional players (e.g., AJT Holdings, Bangkok Hospital) helps develop the infrastructure required to position Cambodia as a medical tourism destination.

Human Resource Management

- Skill Deficiency and Expatriate Dependence: There is a significant gap in technical and soft skills within the Cambodian workforce, especially in senior positions in spa and wellness centres. Cambodia relies heavily on skills development programmes from international organisations like ADB and Swisscontact, as well as Thailand's contribution to skill transfer.
- Certification Programmes: Partnerships with Thai institutions allow for certifications in health and wellness (e.g., Thai massage certification), but there are few structured local programmes to train Cambodians.

Technology Development

- Limited Innovation in Local Facilities: Technological advancements in wellness and medical tourism are minimal at the local level. High-end facilities that attract international clients often rely on advanced medical technologies and equipment from Thailand, Singapore, and the US, making them reliant on foreign innovation.
- Digital Presence: Cambodia's digital infrastructure for marketing and managing health tourism operations remains underdeveloped, with limited investment in technology for customer relationship management or service improvements.

Procurement (Acquiring the goods and services that the firm needs to operate effectively; applicable to both primary and support activities)

- Spa and Wellness Products: The procurement of high-quality spa products and equipment is largely from international markets due to the lack of local production. Cambodia imports many of the materials used in high-end spa services
- Medical Equipment: Medical centres catering to medical tourists also rely on imported medical technology and equipment from Thailand, Singapore, and other developed nations.

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Input from Neighbouring Countries 2. Supply of Spa Products and Equipment	1. Spa and Wellness Services 2. Healthcare Facilities	1. Limited Local Market Penetration 2. Reliance on Word-of-Mouth and Personal Networks	1. Cultural and Spa Tourism Packages 2. Partnerships with international Medical Brands 3. Online and Social Media Channels	1. Customer Support and Follow-up Services 2. Spa and Wellness Standards

Source: Compiled by Kenan Foundation Asia (2025)

3.5 SWOT Analysis

Strengths

Cambodia has several comparative advantages that position it well for growth in the health and wellness tourism industry:

- **Low-Cost Healthcare**: Cambodia offers medical services at significantly lower prices than many developed countries, making it an attractive destination for medical tourists, especially those paying out of pocket or without insurance coverage.

- **Growing Private Healthcare Sector**: The private health sector in Cambodia is steadily expanding, supported by government incentives and emerging demand. This growth allows for more specialised clinics and wellness centres to enter the market.

- **Cultural Heritage and Natural Beauty**: Cambodia's rich cultural and historical landscape, including sites like Angkor Wat, offers a strong pull for tourists. These destinations provide a unique backdrop for wellness retreats and holistic healing experiences, helping differentiate Cambodia's offerings from competitors.

- **Reduced Waiting Times**: Unlike public health systems in some Western countries, Cambodia can offer quicker access to medical procedures. This appeals to medical tourists who are facing long wait times at home and need prompt treatment.

- **Government Support and Emerging Ecosystem**: The Cambodian government has shown a commitment to supporting the sector through policy and development initiatives. Although a dedicated health and wellness tourism association does not yet exist, there is evidence of growing collaboration among stakeholders and development partners.

- **Potential for Unique Health-Wellness Packages**: The diversity of Cambodia's environment, ranging from ancient temples to tranquil natural settings, can be bundled into tailored health and wellness tourism experiences, enhancing customer value and market appeal.

Weaknesses

Despite its potential, Cambodia faces several internal challenges that hinder the full development of its health tourism sector:

- **Limited Access to Specialists**: There is a shortage of specialised medical professionals, which limits the country's ability to offer a broad range of advanced treatments.

- **Perception of Low Healthcare Quality**: Cambodia's healthcare system continues to face a perception challenge, particularly among international visitors who are uncertain about safety standards and medical outcomes.

- **Reliance on Out-of-Pocket Expenses**: Many Cambodians and foreign patients must pay directly for healthcare services, as insurance systems (both domestic and international) are not well integrated, limiting patient affordability and confidence.

- **Lack of International Accreditation**: A significant number of healthcare facilities lack international recognition (e.g., JCI accreditation), which reduces trust among foreign patients and hinders partnerships with international insurers and medical travel facilitators.

- **Shortage of Tourism-Specific Skills and Infrastructure**: There are insufficient training programmes tailored to health and wellness tourism, which affects the quality of customer service. In addition, transport and information and communication technology (ICT) infrastructure remain underdeveloped, hampering the overall patient experience.

- **Ineffective Marketing and Branding**: Cambodia currently lacks a unified branding strategy to promote its health and wellness tourism advantages. As a result, it remains under the radar compared to regional competitors like Thailand or Malaysia.

Threats

A few external risks threaten Cambodia’s ability to compete in the health and wellness tourism market successfully:

- **Fierce Regional Competition**: Established medical tourism hubs such as Thailand, Singapore, and Malaysia already have international reputations, accredited hospitals, and mature ecosystems, posing significant challenges for Cambodia to differentiate itself.

- **Limited Crisis Resilience**: Cambodia's health system and tourism sector have shown vulnerability to global shocks, including pandemics and economic downturns. Without robust risk management systems, recovery could be slow.

- **Technological Gaps**: Outdated ICT infrastructure limits the ability to offer digital services like online consultations, booking platforms, and post-treatment follow-ups, all increasingly expected by global patients.

- **Environmental Risks from Overdevelopment**: Rapid urbanisation and unregulated tourism expansion may lead to environmental degradation, reducing the appeal of nature-based and wellness tourism.

- **Health and Safety Concerns**: Tourists may be deterred by risks such as malaria, foodborne illness, or petty crime. Without clear and credible health and safety communication, these concerns could negatively affect tourist confidence.

Opportunities

Cambodia is well-positioned to capitalise on several favourable global and regional trends:

- **Rising Demand for Affordable Health Tourism**: With healthcare costs rising globally, patients from developed countries are increasingly seeking affordable medical options abroad. Cambodia’s cost competitiveness makes it an alternative.

- **Favourable Regional Demographics**: The expanding middle class in nearby ASEAN countries and other parts of Asia Pacific presents a growing market of consumers who are both health-conscious and willing to travel.

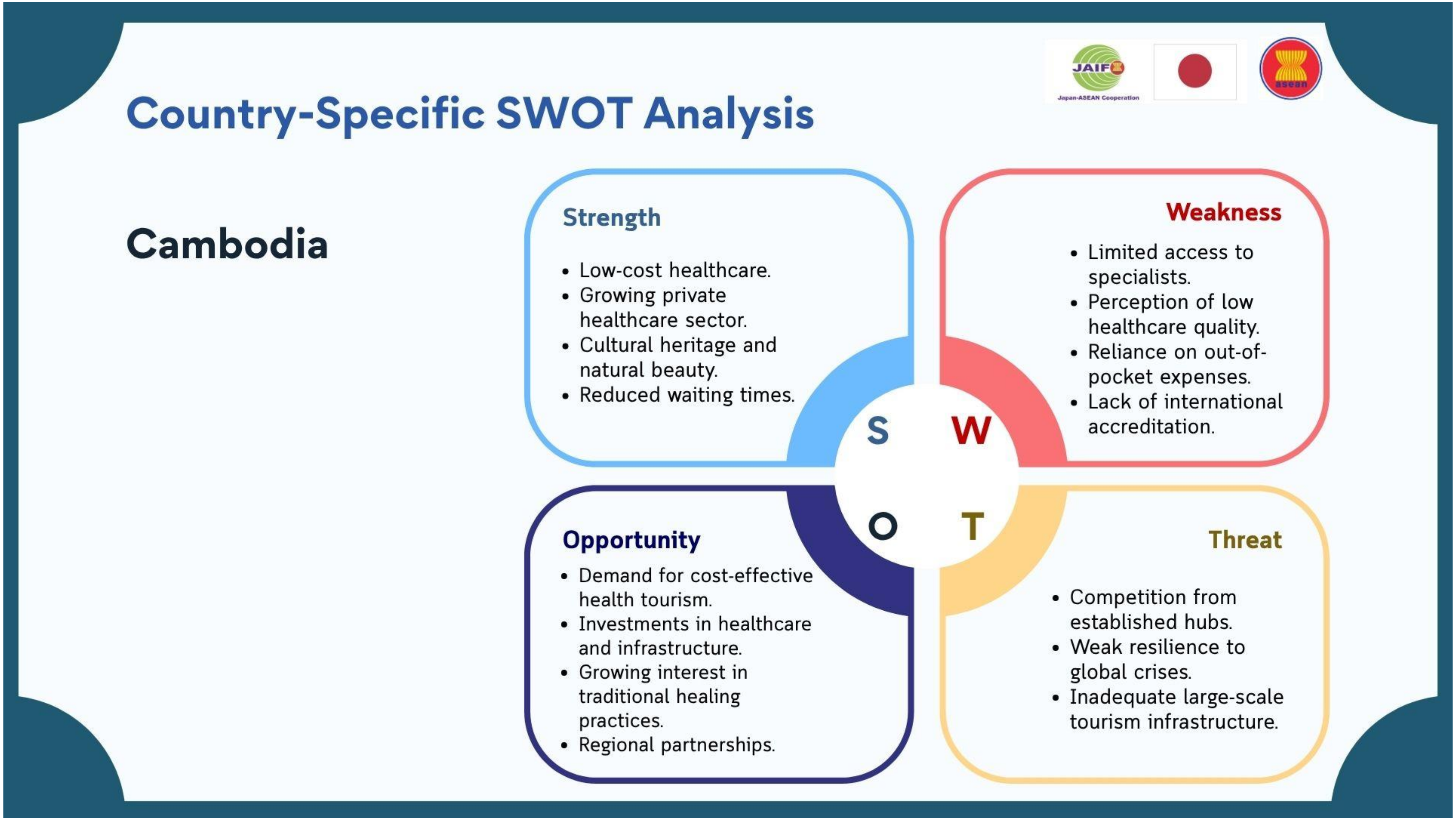
- **Global Ageing Population**: The increase in elderly populations across the world is driving demand for treatments, check-ups, and wellness services. Cambodia can tap into this demand by offering integrated health and rejuvenation packages.

- **Appeal of Traditional Healing**: There is a growing international interest in holistic and traditional healing practices. Cambodia can leverage its indigenous and herbal traditions to attract wellness seekers.

- **Public-Private Partnerships and Donor Engagement**: There is strong potential to build capacity through regional partnerships and support from international donors focused on inclusive tourism and healthcare development.

- **Shorter Wait Times and Quicker Procedures**: Many patients in countries like the UK, Canada, and Australia face months-long waits for procedures. Cambodia could offer a quicker, cost-effective solution that improves access and experience.

Figure 21 SWOT Analysis Cambodia



Source: Compiled by Kenan Foundation Asia (2025)

3.6 TOWS Matrix

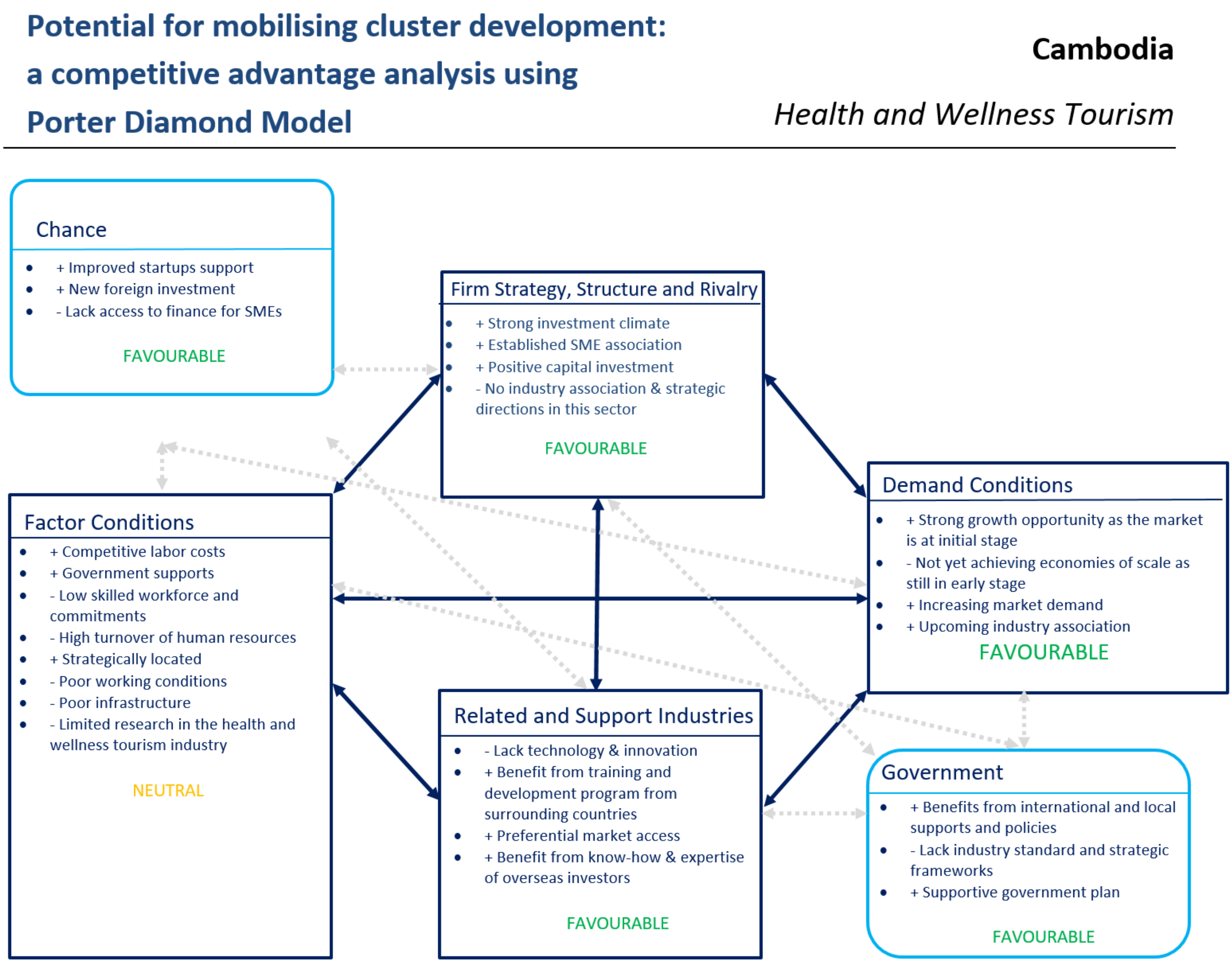
TOWS matrix considers the strengths, weaknesses, opportunities, and threats.

	Strengths (S) 1) Government support for industry growth (S1) 2) Collaborative ecosystem (S2) 3) Strong public-private partnerships (S3) 4) Established cultural & heritage tourism (S4) 5) Diverse resources (historical sites, natural beauty) (S5)	**Weaknesses (W)** 1) Limited access to finance for SMEs (W1) 2) Shortage of skilled professionals (W2) 3) Lack of focused marketing efforts (W3) 4) Inadequate infrastructure (W4)
Opportunities (O) 1) Surging Global Demand for Health Tourism (O1) 2) Cost-Competitive Advantage (O2) 3) Reduced Waiting Times in Cambodia's Healthcare System (O3) 4) Expanding Middle Class in the Asia-Pacific Region (O4)	**S-O Strategies** • Develop culturally-integrated wellness packages (utilises S4 & exploits O1) • Leverage government support and public-private partnerships for infrastructure development (S1, S3 & addresses T3) • Train workforce in health & wellness tourism (strengthens S2 to capitalise on O1)	**W-O Strategies** • Partner with international institutions to secure funding for SMEs (W1 & addresses O1) • Collaborate with regional partners for knowledge sharing and skill exchange programmes to address the shortage of skilled professionals, capitalising on the rising global demand for health tourism (W2, O1) • Partner with regional or international investors to improve infrastructure in the health tourism sector, leveraging the potential of Cambodia's booming health tourism market (W4, O1)
Threats (T) 1) Intense Competition from Neighbouring Southeast Asian Countries (T1) 2) Gaps in Competitiveness Compared to Other ASEAN Nations (T2) 3) Technological Limitations (outdated technology and inadequate ICT systems) (T3) 4) Environmental Threats Due to Rapid Economic Development (T4) 5) Potential Health Risks (T5)	**S-T Strategies** • Utilise government support and public-private partnerships to improve infrastructure and technology (S1, S3 & addresses T3) • Leverage established cultural tourism to promote eco-friendly health tourism practices (S4 & addresses T4) • Develop clear communication plans to address health risks and safety concerns (S2 & addresses T5)	**W-T Strategies** • Collaborate with regional partners for investment opportunities and technology transfer (W1, W4 & addresses T2, T3) • Partner with NGOs for sustainable development practices to address environmental threats (W4 & addresses T4) • Invest in ICT infrastructure development and training to improve competitiveness (W3, W4 & addresses T2, T3)

3.7 Diamond Analysis

Cambodia has strong demand conditions and is growing in competitiveness in related and supporting industries, as well as in firm strategy and development and favourable input conditions. Still, Cambodia lacks industry standards and policy frameworks in the health tourism development. As the health industry is relatively new in Cambodia, there are opportunities for new entrants, supportive government plans, and a strong investment environment.

Figure 22 Diamond Model Cambodia



Source: Compiled by Kenan Foundation Asia (2024)

Table 5 Cambodia's diamond score

Porter's determinants	Score	Remarks and Status
Factor conditions	2.86	
1) Competitive labour costs	5	Low labour costs make Cambodia more competitive amongst rival countries
2) Government support	3	Supportive government contributes greatly to SME competitiveness
3) Low skilled workforce and commitment	2	Reliance on training and development from regional and global networks
4) High turnovers of human resources	2	High turnover remains major issues for SMEs due to increased training costs
5) Strategically located	4	Enhance access to/from bordering countries including Thailand, Lao PDR & Viet Nam
6) Poor infrastructure	2	Poor infrastructure reduces accessibility to other towns outside travel destinations
7) Limited research in the health tourism industry	2	Minimal research done in the field of health tourism contributes to the lack of updated statistics, market research, and up-to-date industry information
Demand conditions	3.25	
1) Strong growth opportunity as the market is at initial stage	4	Strong growth and development possibilities increase opportunities for expansion
2) Not yet achieving economies of scale as still in early stage	2	Limits the opportunity for SMEs to expand, lack the know-how in the industry, lack industry-specific associations and technical supports
3) Increasing market demand	4	Strong growth in tourism demand and market growth in medical & wellness tourism
4) Upcoming industry association	3	Setting up of industry association increases the sharing of knowledge & know-how
Firm strategy, structure and rivalry	3.50	
1) Strong investment climate	4	Benefits from international and local investments and industry expansion
2) Established SME association	5	SME association accelerates growth, integration opportunities & productivities
3) Positive capital investment	4	Positive investment climate enhances SME development & network extension
4) No industry association & strategic directions in this sector	1	Each SME operates under its own guidelines and quality framework which limits cluster development and competitiveness due to the lack of network hub
Related and supporting industries	3.50	
1. Lack technology and innovation	1	Lack the first point of contact as most SMEs are not familiar with technology to develop usable websites which limit the communication channel with consumer
2. Benefit from training and development programme from surrounding countries	4	Cambodia benefits from skills transfer from Thailand, Singapore, Viet Nam to name a few particularly the know-how and established quality standard structure
3. Preferential market access	4	Improve trade & investment from relative market access and bilateral trade flows
4. Benefit from know-how and expertise of overseas investors	5	High number of international NGOs support the transferring of knowledge from expatriates to local staffs which increase business environment & competitiveness

Code: (1 – highly unfavourable, 2 – unfavourable, 3 – neutral, 4 – favourable, 5 – highly favourable)
Source: Kenan Foundation Asia (2019)

Key factors affecting the potential for mobilising cluster development in Cambodia within the health tourism sector include, but are not limited to:

Innovation and Technology

Like most developing countries, Cambodia lacks technological capabilities to enhance the flow of information. Taking the area of innovation into account, the Royal Government of Cambodia plays a pivotal role in supporting industry involvement in developing regulatory frameworks, establishing national policies, and setting accreditation requirements to improve the quality of training programmes (ADB, 2018).[83]

At a national level, the United Nations Educational, Scientific and Cultural Organization (UNESCO) Phnom Penh works closely with the Ministry of Planning to support the National Committee on Science, Technology and Innovation in areas of creation and implementation of policies for sustainable development to improve guidelines and strategies (Open Development Cambodia, 2015; UNESCO, 2018).[84] [85]

Research and Development (R&D)

In 2022, the CLMV (Cambodia, Laos, Myanmar, Viet Nam) region had 18.15 million international visitors. The region is recovering from the COVID-19 outbreak period with over 1000% increase in visitors from 2021. In 2023, Cambodia alone reached approximately 5.1 million tourists, with a large percentage from mainland China. Direct GDP of travel and tourism is over 14% and could be closer to 26% when considering the related sector.[86] [87]

The Ministry of Tourism of Cambodia is responsible for formulating tourism policies in line with national strategic development plans, conducting market research and tourism-related research, publishing findings and maintaining standards and quality of the tourism services (Tourism Cambodia, 2018).[88]

Financial Access and Capacity

In Cambodia, the Council for Development of Cambodia (CDC) has a pivotal role in promoting public and private sector investment and related decision-making (CDC, 2018).[89] In August 2023, the Ministry of Tourism signed an MOU with Visa to support the growth of tourism through data-driven insights, marketing expertise, and digital transformation initiatives. This collaboration aims to create a more competitive tourism sector by enhancing digital payment systems and promoting financial literacy among local businesses.[90]

[83] ADB. (2018). *Toward adopting a skills development fund for Cambodia*. Retrieved from https://www.adb.org/sites/default/files/publication/401746/adb-brief-090-skills-development-fund-cambodia.pdf

[84] Open Development Cambodia. (2015). *Science and technology*. Retrieved from https://opendevelopmentcambodia.net/topics/science-and-technology/

[85] UNESCO. (2018). *National Science, Technology and Innovation Policy*. Retrieved from http://www.unesco.org/new/en/phnompenh/natural-sciences/science-education-and-policy/national-science-technology-and-innovation-policy/

[86] Asian Development Bank (ADB). (2023). Tourism in many GMS countries show strong and steady recovery. Retrieved from https://greatermekong.org/g/tourism-many-gms-countries-show-strong-and-steady-recovery

[87] Fitch Solutions. (2023). Cambodia's tourism industry vital to economic recovery post-pandemic. Retrieved from https://www.fitchsolutions.com/bmi/tourism/market-snapshot-cambodias-tourism-industry-vital-economic-recovery-post-pandemic-strong-upside-stems-events-and-government-support-01-06-2023

[88] Tourism Cambodia. (2018). *The Ministry of Tourism of Cambodia.* Retrieved from http://www.tourismcambodia.org/

[89] CDC. (2018). *Investment Trend.*

[90] Visa Collaborates with Ministry of Tourism to Accelerate Tourism Growth. (2023). Retrieved from Phnom Penh Post

3.8 Problems Identified

Key challenges and barriers in enhancing tourism development in Cambodia include the lack of technological progress, inadequate infrastructure, a rudimentary healthcare system, a lack of education and training, a need for financial assistance for small and medium enterprises, and a lack of supportive investment policies (UNDP, 2018).[91] Due to its close linkage to medical tourism, the main obstacles that limit Cambodia's health tourism market include the shortage of skilled professionals and health and wellness workers, lower aggregate health indicators compared to its neighbours, and the lack of hygiene and international services standards (Carruthers, 2018; Marady & Huaifu, 2017). [92] [93]

Nevertheless, Cambodia's dental care segment is experiencing an increased medical tourism demand from developed countries such as Japan, Australia and the Middle East, with around 20 clinics that meet ISO certification and international standards (Export.gov, 2018).[94] One of Cambodia's leading hospitals, Royal Phnom Penh Hospital, is a member of the Bangkok Dusit Medical Services Group (BDMS), allowing Cambodian and medical tourists to have access to its first and only JCI-accredited hospital in Cambodia (Bangkok Hospital, 2018).[95]

Cambodia gains solid tourism growth based on tourism cooperation to enhance connections and corridors, as well as in tourism public-private partnerships enhancement for both international and intra-regional tourism under the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy (ACMEC). Key limitations and support requirements in Cambodia in the health tourism industry include the following:

Organisational Support

At an organisational level, Sokha Hotels & Resorts, one of Cambodia's largest hotel operators employing over 2,500 staff in the country, focuses on employees' training and development as well as providing opportunity in career growth (Sokha Hotels, 2018).[96]

At an industry-specific level, the Asian Development Bank and the Mekong Tourism Coordination Office provide mentoring, marketing and investment advisory services for tourism businesses in CLMV countries (UNWTO, 2018).[97] Additionally, the Ministry of Tourism of Cambodia manages tourism development at a national level and offers ongoing support to tourism organisations in terms of licensing, standards, quality management and strategic development (Tourism Cambodia, 2018).[98]

In 2018, the Cambodian government increased healthcare spending by 16% compared to 2017.[99] [100]

---

[91] UNDP. (2018). *Draft country programme document for Cambodia (2019-2023).*

[92] Carruthers, M. (2018). *Is Cambodia the next wellness destination?* Retrieved from https://www.travelbeginsat40.com/2018/04/is-cambodia-the-next-wellness-destination/

[93] Marady, H. & Huaifu, X. (2017). Why people prefer seeking care from one country to other countries: a case study from Cambodia. *MOJ Public Health*, 6(4), 373-376.

[94] Export.gov. (2018). *Healthcare Resource Guide: Cambodia.*

[95] Bangkok Hospital. (2018). *Caring for Cambodia – Royal Phnom Penh Hospital.*

[96] Sokha Hotels. (2018). *Career.*

[97] UNWTO. (2018). *Global report on inclusive tourism destinations – Model and success stories.*

[98] Tourism Cambodia. (2018). *Duties of the Ministry of Tourism.*

[99] NagaCorp Ltd. (2023). *Tourism statistics report*.

[100] Fitch Solutions. (2023). *Market snapshot: Cambodia's tourism industry vital to economic recovery post-pandemic*. Retrieved from https://www.fitchsolutions.com/bmi/tourism/market-snapshot-cambodias-tourism-industry-vital-economic-recovery-post-pandemic-strong-upside-stems-events-and-government-support-01-06-2023

- 2018: The average length of stay was 6.6 days.
- 2019: The average length of stay increased to 7.0 days.
- 2020: The average length of stay decreased to 6.2 days, likely due to the impact of the COVID-19 pandemic.
- 2021: The average length of stay was reported at 15.5 days, reflecting changes in travel patterns during the pandemic.
- 2022: The average length of stay returned to 13.5 days as tourism began to recover.

National Strategies

According to the tourism development strategic plan 2012–2020[101], the Royal Government of Cambodia set five fundamental principles for tourism development:

1) Enhance freedom of tourism business through free market economy policy to diversify tourism activities
2) Implement open sky policy to improve travel facilitation and transportation
3) Cooperate with private sector and development partners
4) Enhance engagement and integration of community-based tourism, sustainable tourism, benefit sharing, job creation and protection
5) Support legitimate tourism benefits and quality tourism development

Furthermore, the Ministry of Industry and Handicraft of Cambodia has outlined key implications and strategic directions which were incorporated into the National Strategic Development Plan 2013–2018. The directions include building SME clusters through the promotion of sectoral associations, improving access to enable technology and information, and developing workshop and training programmes and standardised benchmarks for SME to improve the level of compliance and capacity development (JICA, 2015).[102]

Resources Management

Cambodia's Human Development Index (HDI) value was 0.582 in 2017, ranking at 146 out of 189 countries and below the average of 0.645 for countries in the medium human development group (UNDP, 2018).[103]

In 2022, the tourism sector continues to be a significant source of employment, with estimates suggesting it generates around 1.14 million jobs directly and indirectly. The growth in tourist numbers is expected to enhance job opportunities within the sector further.[104]

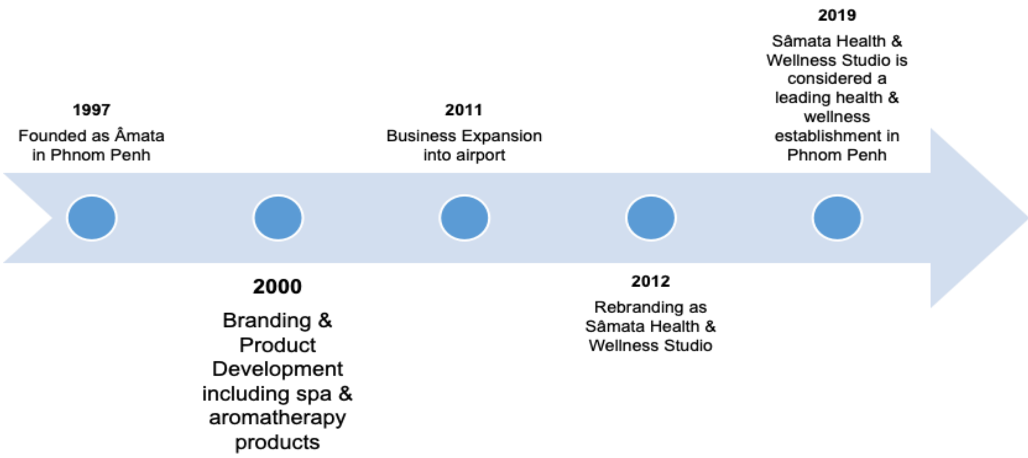
[101] Tourism Cambodia. (2012). *Tourism Development Strategic Plan 2012-2020.*
[102] Japan International Cooperation Agency. (JICA). (2015). *Project for strategic strengthening of small and medium enterprise (SME) support system.*
[103] UNDP. (2018). *Human development indices and indicators: 2018 statistical update: Cambodia.* Retrieved from http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/KHM.pdf
[104] World Travel & Tourism Council. (2023). *Travel & tourism economic impact 2023*. WTTC. Retrieved from https://researchhub.wttc.org

3.9 A Case Study: Sâmata Health and Wellness Studio

Sâmata is considered a one-of-a-kind health and wellness studio in Phnom Penh. The studio offers a wide range of products and services with special focuses in functional medicine and holistic approach of health and wellness services, including physiotherapy, acupuncture, podiatry, specialized treatments, as well as massage and spa. The studio has on-site qualified practitioners including a physiotherapist, massage therapist, aroma therapist, acupuncturist, midwife, doctor in acupuncture, chiropractor, podiatrist, pilates and yoga instructors, and reiki master.

History & Timelines

Figure 23: History & Timeline of Sâmata Health and Wellness Studio



Source: Kenan Foundation Asia (2019)

- 1997: Mr. Jean Claude Dhuez founded and opened Âmata for business as the first international physiotherapy clinic in Phnom Penh
- 2000: Branding and Product Development, Âmata brand was developed, including the sale of spa and aromatherapy products
- 2011: Business Expansion Âmata Massage Lounge is opened at the Phnom Penh International Airport
- 2012: Rebranding Âmata was rebranded as Sâmata Health and Wellness Studio for business expansion
- 2019: Sâmata Health & Wellness Studio Mr. Jean Claude Dhuez, Owner, Founder, and qualified physiotherapist of Sâmata Health and Wellness Studio

Mr Dhuez is a qualified French physiotherapist who began his work in Cambodia in 1991 as the National Rehabilitation Center supervisor and trainer. He also worked as a technical advisor at the National Physiotherapy School and was involved in the supervision of trainers in curriculum rewriting and practical training.

Apart from running Sâmata Health and Wellness Studio, Mr Dhuez is also a technical advisor to the Ministry of Tourism Cambodia in spa andmasseurs' standards and massage training curriculum design and is an active member of the tourism committee of the European Chamber of Commerce in Cambodia.

Key Success Factors:

Market Position

Sâmata Health and Wellness Studio is considered a leading health and wellness establishment in Phnom Penh and is recognised for its high-quality standards with qualified in-house therapists and practitioners responsible for the provision of full health and wellness services. The company's long operation, as well as its brand and product development, has allowed the company to deliver unparalleled health tourism products and services.

Diversification

The studio's products and services offerings include spa and wellness services and medical and health tourism services, offering a range of products and services, including but not limited to the following:

Table 6 Sâmata Health Services

Medical and health tourism	Spa and wellness tourism
1) Physiotherapy	1) Pilates and yoga classes
2) Acupuncture	2) Spa treatments and packages
3) Chiropractic	3) Aromatherapies
4) Midwifery	4) Massage and body treatments
5) Holistic therapies	5) Beauty and waxing services
6) Physical activity rehabilitation	6) Reiki
7) Wellbeing and women's health treatments	7) Aromatherapy and spa products

Source: Kenan Foundation Asia (2019)

Marketing and Distribution Network

Sâmata Health and Wellness Studio currently has three branches in Cambodia. This includes a city centre location, a part of the hotel's establishment, and an airport location. This allows the Studio to enhance branding effectiveness in building brand equity. Sâmata Health and Wellness Studio's key marketing strength is its communicative website with plenty of information that addresses the company's full product and service profiles.

Interview Findings and Recommendations from Mr. Dhuez

Mr. Dhuez has suggestions related to enhancing the competitiveness of ASEAN SMEs through cluster development of the health tourism industry in Cambodia in terms of international quality standard adherence. Mr. Dhuez indicated that most of his clients are foreigners who are short-term visitors to Cambodia.

While Mr. Dhuez mentioned that tourism demand in this sector remains constant over the years, he stated that the national quality standards in the health tourism industry in Cambodia still lag its competitors such as Thailand, Viet Nam and the Philippines. In addition, Cambodia lacks a proper training curriculum design to produce skilled workers in this sector. Hence, Mr. Dhuez has been involved in working closely with the Ministry of Tourism Cambodia as a technical advisor regarding setting spa and masseurs' standards.

Locations

Sâmata Health and Wellness Studio is located at:

54 St. 306 (between St. 63 & Monivong), BKK1, Phnom Penh
With additional premises at Phnom Penh International Airport and the Arunreas Hotel.
http://samata-cambodia.com/

4 Indonesia

4.1 Introduction: Overall Scenario

Indonesia is becoming a key player in the global health and wellness tourism market. Known for its rich cultural diversity, stunning natural landscapes, and centuries-old traditional healing practices, Indonesia has begun to capitalise on these attributes to attract both domestic and international health and wellness tourists. The government's increasing investment in healthcare infrastructure, combined with its focus on sustainable tourism development, is transforming the country into a competitive destination for individuals seeking a combination of medical treatments, relaxation, and wellness experiences.

Post-pandemic, the demand for wellness retreats and medical treatments has surged globally, particularly as health-conscious travellers look for destinations that offer not just treatment, but also a rejuvenating environment. Indonesia fits this demand with its wide range of services, including traditional Indonesian therapies, modern medical facilities, and eco-friendly wellness resorts. Popular destinations such as Bali, Lombok, and Jakarta have led the way, each offering unique services that blend the ancient with the modern, catering to a growing clientele from within Asia, the Middle East, and Western countries.

4.2 Definition of Cluster

4.2.1 Defining the Service

Health and wellness tourism in Indonesia covers a diverse range of offerings that appeal to tourists seeking both preventive and curative health solutions. The services can be broadly categorised into the following sectors:

- ***Medical Tourism:*** Indonesia provides various advanced medical treatments and procedures, including cosmetic surgery, dental care, orthopaedic surgeries, and fertility treatments. Many hospitals, particularly in Jakarta, Bali, and Surabaya, are equipped with state-of-the-art technology, and some are internationally accredited.
- ***Spa and Relaxation:*** Indonesia is renowned for its world-class spa experiences, particularly the traditional Balinese massages, Javanese *lulur* body treatments, and herbal baths. These treatments are available at luxury resorts as well as standalone spa centres, with many focusing on holistic approaches to physical and mental relaxation.
- ***Wellness Retreats:*** Yoga, meditation, and detox retreats are gaining popularity, especially in Bali. These retreats are often set in serene natural environments, offering programmes that combine physical wellness, mental clarity, and spiritual growth. Retreats also include nutrition counselling, fitness programmes, and personalised wellness journeys.
- ***Thermal and Mineral Springs:*** Indonesia's volcanic geology has blessed the country with natural hot springs that are used for therapeutic purposes. Many of these springs, located in regions such as Sulawesi, West Java, and Sumatra, are integrated into wellness resorts offering treatments for skin conditions, detoxification, and stress relief.
- ***Traditional Healing:*** Indonesia has a long history of traditional healing practices, including the use of herbal medicine (Jamu), spiritual healing, and energy treatments. These practices are deeply rooted in the cultural heritage of the archipelago, and tourists are increasingly seeking out these unique experiences.

Figure 24 Jamu, Indonesia Traditional Cure

Source: The Jakarta Post[105]

4.2.2 Geographical Location

Indonesia's health and wellness tourism cluster is geographically diverse, with distinct hubs offering specialised services:

- ***Bali:*** Bali is the epicentre of Indonesia's wellness tourism and is famous for its serene environment and a strong focus on holistic health. Visitors are drawn to its luxury spa resorts, yoga centres, and meditation retreats, which offer programmes ranging from detox to spiritual healing. Ubud has also become a global hub for wellness seekers.
- ***Jakarta:*** The capital city is a major centre for medical tourism and home to numerous hospitals with advanced medical technology and internationally trained specialists. Jakarta's healthcare facilities cater to both domestic patients and international tourists seeking affordable, high-quality medical procedures, including cosmetic surgery and dental treatments.
- ***Yogyakarta:*** Known for its rich cultural heritage, Yogyakarta is also a centre for traditional healing practices, including Javanese massage and herbal treatments. Wellness tourism here is closely tied to cultural experiences, with many tourists combining visits to temples and cultural sites with wellness activities.
- ***Lombok:*** Lombok is rapidly emerging as a destination for eco-friendly wellness retreats. With its unspoiled beaches, lush landscapes, and growing number of eco-resorts, it offers yoga retreats, organic cuisine, and mindfulness programmes in a more tranquil setting than the bustling Bali.
- ***Sulawesi:*** Sulawesi is known for its natural hot springs, particularly around the volcanic regions of Tondano and Tomohon. These springs are integrated into wellness resorts that provide therapeutic experiences alongside traditional Indonesian healing practices.

105 Never mind its shocking taste, drinking '*jamu*' is good for you - Mon, November 23, 2020 - The Jakarta Post

Figure 25 Indonesia Map

Source: World Atlas[106]

4.2.3 Market Size, Employment and Segmentation

4.2.3.1 Market Size

Indonesia’s health and wellness tourism market has entered an acceleration phase, bolstered by the government’s 'Wonderful Indonesia' campaign and a strategic shift toward quality-based tourism. While pre-pandemic projections estimated an 8% annual growth, the sector has surpassed expectations; as of 2023, Indonesia’s wellness economy was valued at US$56.4 billion, the largest in Southeast Asia.

This growth is anchored by the 2025 inauguration of the Sanur Special Economic Zone (SEZ) in Bali, which integrates international-standard medical facilities with traditional healing. With the market for medical and wellness tourism projected to grow at a CAGR of 11.3% through 2035, the sector is no longer just rebounding but is being repositioned as a cornerstone of the national economy, catering to a global surge in demand for preventive health and holistic longevity.

4.2.3.2 Employment

The health and wellness tourism sector is a significant source of employment in Indonesia, spanning various skill levels and professions. Key employment sectors include:

- ***Medical Professionals:*** Indonesia's hospitals and clinics employ many doctors, nurses, and specialists, many of whom are trained internationally. The medical tourism sector in particular, provides high-paying jobs in urban centres like Jakarta and Surabaya.

---

[106] https://www.indonesiapoint.com/maps/index.html

- ***Wellness Practitioners:*** Wellness tourism creates demand for yoga instructors, meditation guides, nutritionists, and holistic healers, particularly in Bali and Lombok. Many practitioners in these fields are trained locally, although some international experts are also employed in high-end retreats.
- ***Spa and Beauty Professionals:*** Indonesia's spa industry employs tens of thousands of workers, including massage therapists, beauty technicians, and spa managers. Training programmes are increasingly focusing on improving service standards and professionalism to meet international demand.
- ***Hospitality Staff:*** Wellness tourism resorts and retreats employ many hospitality professionals, including chefs specialising in organic and health-conscious cuisine, housekeeping, and front-of-house staff. These jobs are especially concentrated in wellness tourism hubs like Bali and Lombok.

4.2.3.3 Segmentation

Indonesia's health and wellness tourism industry has evolved into a multi-faceted market that attracts both local and international tourists. Offering a wide range of services and experience, this sector caters to the diverse needs and preferences of visitors by segmenting its offerings in various ways, each of which aligns with different interests, health needs, and travel goals.

Service Type Segmentation

Indonesia's health and wellness tourism can be categorised by the types of services it provides, each tailored to specific aspects of health and well-being. **Medical tourism** forms a significant part of this market, focusing on high-demand services such as surgeries, dental care, and cosmetic procedures. Tourists seeking medical solutions are drawn to Indonesia due to competitive pricing, skilled medical professionals, and reputable facilities, especially in metropolitan areas.

Another major segment is **spa and relaxation**, catering to tourists looking for beauty and therapeutic treatments. The country's abundant natural resources and well-developed spa industry make it an ideal destination for tourists seeking rejuvenation. Additionally, Indonesia offers wellness retreats that incorporate holistic practices, including yoga, meditation, and detox programmes. This type of retreat is particularly popular in Bali, where serene landscapes complement wellness practices, making it a top choice for tourists interested in mind-body healing.

Traditional healing practices rooted in Indonesia's rich cultural heritage also attract health tourists. These include ancient healing techniques, herbal medicine, and massage therapy reflect the country's indigenous wisdom and appeal to those looking for alternative forms of treatment. Lastly, Indonesia's thermal and mineral springs offer natural therapeutic treatments, often attracting travellers who seek the healing properties of these unique natural resources.

Figure 26 Yoga Retreats in Bali

Source: Hotel.com in Indonesia[107]

Customer Origin

Indonesia's health and wellness tourism industry is shaped by the diversity of its customer base, consisting of both domestic and international tourists. A growing number of Indonesians are now incorporating health and wellness into their travel plans, visiting nearby wellness hubs like Bali and Lombok for stress relief, relaxation, and preventive care. The trend of local health-conscious travellers reflects a growing awareness of the importance of well-being and self-care.

Internationally, Indonesia attracts tourists from across the Asia-Pacific region, especially from countries including Singapore, Malaysia, and China. These tourists often seek a mix of wellness and recreational activities, appreciating Indonesia's proximity, affordability, and cultural appeal. The Middle East also represents a growing market for Indonesia, with tourists from this region frequently visiting for specific medical treatments. Additionally, tourists from Western countries visit Indonesia primarily for its wellness retreats, seeking spiritual and physical rejuvenation in destinations like Ubud and Lombok, which offer world-renowned wellness facilities.

Age Group Segmentation

Indonesia's wellness tourism industry is also segmented by age, with each group displaying unique travel motivations and health needs. Young adults (18–35) are an emerging market within this sector, often prioritising preventive wellness measures and alternative therapies. This demographic is particularly interested in detox programmes, yoga, and stress management activities, which align with their desire for lifestyle enhancement and self-care.

Middle-aged adults (36–55) represent another key age group, often seeking a balanced approach between medical treatments and relaxation. This demographic is drawn to services like cosmetic surgery, dental care, and spa treatments, appreciating the health benefits and

[107] https://www.hotels.com/go/indonesia/best-bali-yoga-retreats

the restorative qualities of wellness tourism. Lastly, senior tourists (56+) are typically focused on medical treatments or rehabilitative care. They are attracted to wellness retreats that offer both relaxation and physical therapies, finding Indonesia's tranquil environments and spa centres ideal for their needs.

Purpose-Based Segmentation

The health and wellness tourism market in Indonesia can also be categorised by the purpose of travel, which varies widely among tourists. One major segment includes those seeking curative services, such as specific medical treatments or surgeries. These tourists prioritise receiving high-quality healthcare, and Indonesia's skilled professionals and reputable facilities provide an attractive option for cost-effective treatments.

Preventive wellness tourism represents another significant segment, catering to travellers who wish to maintain or enhance their overall health. These tourists often seek services that prevent health issues and promote well-being, such as nutritional counselling, wellness coaching, and fitness programmes. Preventive wellness tourism appeals to travellers focused on sustaining long-term health and avoiding lifestyle-related conditions.

Finally, rejuvenation tourism targets travellers who seek relief from stress, improved mental health, and physical relaxation. Many wellness facilities in Indonesia offer programmes specifically designed for this purpose, combining relaxation with recreational activities such as nature walks, meditation, and spa treatments. This type of wellness experience is particularly popular in destinations known for their natural beauty, where tourists can engage in calming activities within peaceful, scenic environments.

Indonesia's health and wellness tourism market is characterised by its diverse service offerings, catering to a broad range of tourists based on service type, customer origin, age, and purpose. This segmentation enables the industry to deliver customised experiences that appeal to varied interests and wellness goals.

By offering a comprehensive range of medical and wellness services, Indonesia has positioned itself as a compelling destination for health-conscious travellers. Its emphasis on modern healthcare and traditional healing, alongside rich natural resources, sets Indonesia apart as a unique player in the global wellness tourism market. This thoughtful segmentation not only enhances Indonesia's appeal but also solidifies its potential to become a top destination in the health and wellness tourism sector.

4.2.4 Quality Standards

Indonesia's health and wellness tourism industry has made significant strides in improving quality standards across medical and wellness services.

- ***Medical Facilities:*** Hospitals catering to international tourists are increasingly seeking accreditation from international bodies like JCI to ensure high standards of patient care. These hospitals often provide specialised services in areas such as orthopaedics, fertility, and cosmetic surgery.
- ***Spa and Wellness Centres:*** The Indonesian government, through the Ministry of Tourism and Creative Economy, has implemented a national standardisation programme for spa and wellness services. This includes guidelines on hygiene, safety, and service quality. Many high-end wellness centres also adhere to international standards, such as the Global Wellness Institute's recommendations.

- ***Traditional Healing:*** Indonesia's rich tradition of healing practices, such as *jamu* (herbal medicine) and energy healing, is being formalised through certification programmes to ensure safety and authenticity. Local governments and traditional healer associations work together to regulate the practices, providing tourists with genuine experiences.
- ***Accreditation and Training:*** The Indonesian Ministry of Health, in collaboration with the Ministry of Tourism and Creative Economy, is actively working to develop comprehensive quality standards across the health and wellness tourism sector. Training programmes are in place to ensure that professionals, including spa therapists, wellness coaches, and medical staff, meet international standards.

Despite these efforts, ensuring consistent quality across the sector remains a challenge, particularly given Indonesia's geographical spread. The government is focused on overcoming these challenges by expanding accreditation programmes, investing in infrastructure, and promoting professional training programmes to enhance the overall standard of health and wellness tourism in the country.

4.3 Cluster Map

The Cluster Map for Medical and Wellness Tourism in Indonesia highlights a dynamic ecosystem that integrates diverse industries and services, driving the growth and global appeal of the country's health and wellness sector. At its core, the map encompasses key industries such as healthcare providers, including hospitals, clinics, and wellness centres and tourism and hospitality services, which include specialised hotels, resorts, and cultural tourism. These core industries are supported by related sectors like pharmaceuticals, medical equipment suppliers, and local beauty product manufacturers, all of which are crucial for enhancing the quality and appeal of medical and wellness tourism.

Complementary services such as medical tourism facilitators, tour operators, and concierge services further enrich the visitor experience, while supporting institutions including government bodies, educational and research organisations, and industry associations that provide essential regulatory, training, and accreditation support. Financial services and marketing efforts are pivotal in promoting and sustaining growth in this sector, with a focus on leveraging Indonesia's rich natural resources and cultural heritage. This comprehensive cluster map underscores Indonesia's robust infrastructure and strategic positioning as a premier destination for medical and wellness tourism.

Core Industries in Indonesia: The medical and wellness tourism sector is supported by a variety of core industries. The healthcare sector is comprised of modern hospitals and clinics offering a range of treatments, such as the Siloam Hospitals Group, with its numerous locations providing extensive medical services and international accreditation. Jakarta's RSUP Dr. Cipto Mangunkusumo is a notable public hospital known for its specialised care.

Alongside these, wellness centres and spas are a significant part of the industry, with Indonesia's renowned wellness offerings including holistic treatments, massages, and beauty therapies. Bali is home to luxury wellness resorts like Five Laments Retreat and The Four Seasons Resort Bali, known for their extensive wellness services.

The tourism and hospitality sector in Indonesia complements its medical and wellness tourism offerings. The country hosts a range of hotels and resorts designed for medical and wellness tourists, such as the Ayana Resort and Spa in Bali, which provides luxury accommodation and wellness treatments. Additionally, Indonesia offers diverse attractions that enhance the wellness experience, including ecotourism and cultural activities. Bali’s Sacred Monkey Forest Sanctuary and Mount Bromo, along with cultural sites like Borobudur Temple in Central Java, provide unique experiences that complement wellness retreats.

Figure 27 Bali’s Sacred Monkey Forest Sanctuary[108]

Source: DiscovaBali

The related and supporting industries play a crucial role in ensuring the smooth operation of the medical and wellness tourism sector. In the pharmaceutical and medical equipment industry, key suppliers include PT Kimia Farma and PT Medco Health, which provide high-quality medical technology and devices for healthcare facilities. Traditional herbal medicine producers also contribute to the sector with local herbs and wellness products.

Transportation and accessibility are facilitated by major airlines such as Garuda Indonesia and Lion Air, which support both international and domestic travel. Infrastructure development, including new airports like Ngurah Rai International Airport in Bali, enhances accessibility. The cosmetics and beauty industry is supported by local beauty product manufacturers like Wardah and Sariayu, as well as wellness product suppliers offering aromatherapy and supplements.

Service providers in Indonesia’s medical and wellness tourism sector include medical tourism facilitators, tour and travel agencies, concierge services, and support and maintenance services. Medical tourism agencies such as Bali Medical Tourism and Medigo specialise in coordinating medical treatments and supporting international patients with logistics and language assistance.

Wellness tour operators, including Wego Indonesia and Klook, design travel packages that integrate medical treatments with leisure activities. Concierge services, provided by companies like Bali Concierge, offer personalised assistance with booking wellness

[108] https://www.discovabali.com/monkey-forest/

treatments and local tours. Support and maintenance services are crucial, with cleaning and sanitation services ensuring high hygiene standards in medical and wellness facilities, and facility management overseeing day-to-day operations.

Several institutions support the medical and wellness tourism industry in Indonesia. Government and regulatory bodies, such as the Ministry of Health and the Ministry of Tourism, play essential roles in regulating the sector and promoting the country as a destination for medical and wellness tourism. The Indonesian Hospital Association (PERSI) ensures high standards in healthcare services.

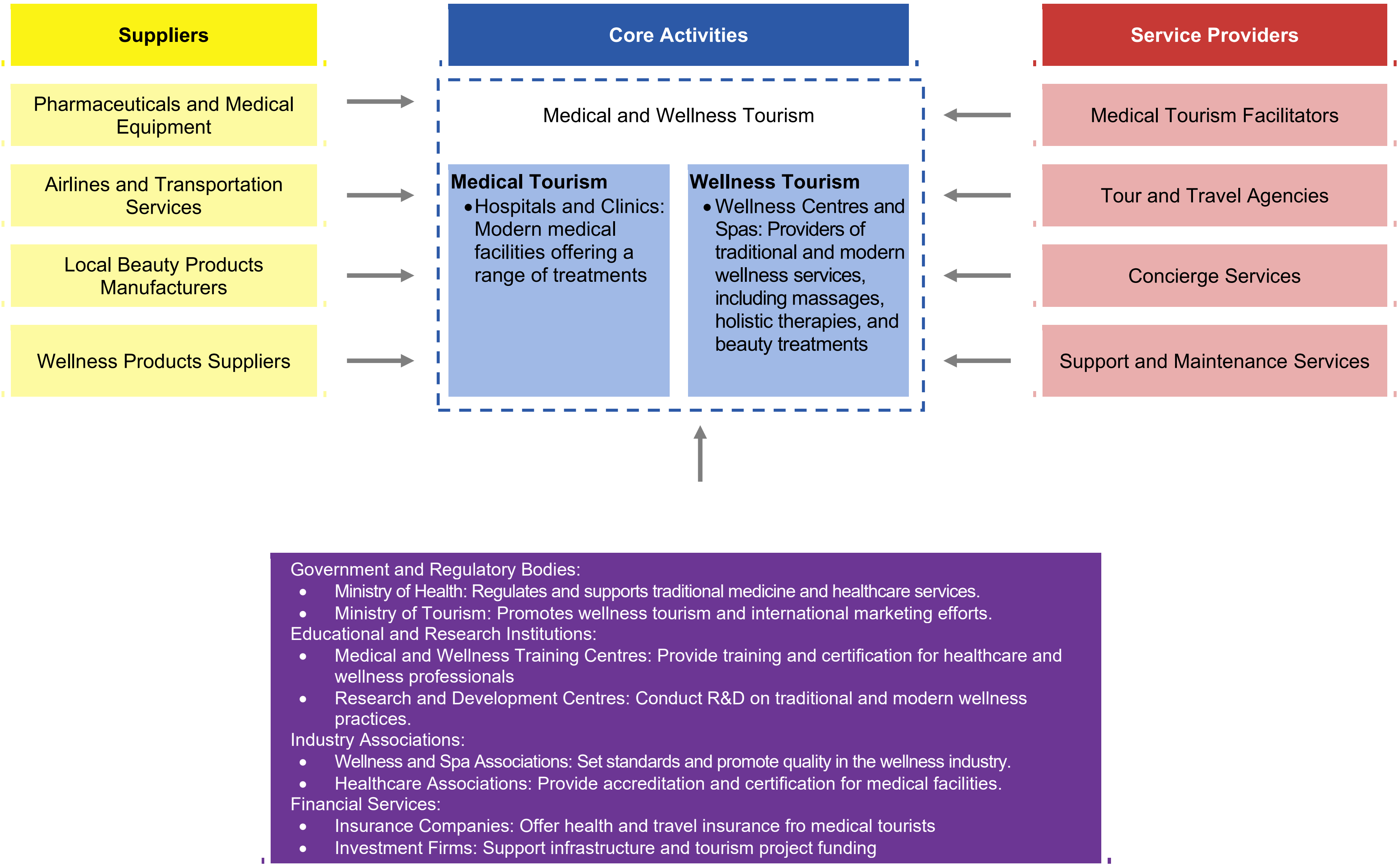
Educational and research institutions like Universitas Indonesia and Universitas Gadjah Mada provide training and research in medical and wellness fields, supporting the development of a skilled workforce. Industry associations, including the Indonesia Spa and Wellness Association (ISPA) and the Indonesian Medical Tourism Association (IMTA), set standards and promote quality within the wellness and medical tourism sectors. Financial services are provided by investment firms supporting infrastructure projects and insurance companies like Asuransi Allianz, which offer health and travel insurance for medical tourists.

Key inputs for the medical and wellness tourism industry in Indonesia include natural resources and human resources. Indonesia’s rich biodiversity provides a variety of natural ingredients used in wellness treatments, such as *temulawak* (Curcuma xanthorrhiza) and *kencur* (Kaempferia galanga), which are integral to traditional medicine. The country also has a growing pool of skilled medical and wellness professionals trained in both conventional and alternative medicine. Additionally, multilingual support staff are increasingly available in major tourist areas to cater to international visitors.

Complementary services enhance the overall medical and wellness tourism experience in Indonesia. Digital marketing agencies such as Katalis Digital promote Indonesia’s wellness offerings to a global audience, while public relations firms like Aji Digital work to build international partnerships and enhance the country’s brand image. Legal and compliance services are provided by firms such as SSEK Legal Consultants, which ensure adherence to local and international regulations, helping healthcare and wellness providers navigate industry standards.

These elements collectively support Indonesia's thriving medical and wellness tourism industry, highlighting its robust infrastructure, diverse offerings, and commitment to maintaining high standards in both healthcare and wellness services.

Figure 28 Cluster map Indonesia



Source: Compiled by Kenan Foundation Asia (2024)

4.4 Value Chain/Global Value Chain

Indonesia stands as a unique and attractive destination in the global medical and wellness tourism market, largely due to its rich cultural heritage, natural beauty, and traditional healing practices. The country's value chain in this sector is intricate, comprising various interconnected elements that contribute to its growing prominence in holistic health and wellness experiences.

One of Indonesia’s core strengths in medical and wellness tourism is its abundant natural resources. The country’s rich biodiversity, including a wide array of herbs, spices, and natural beauty products, plays a crucial role in wellness treatments. These resources are integral to the traditional healing practices that are a hallmark of Indonesian wellness centres and spas. Additionally, high-quality medical equipment and supplies are imported to support advanced medical procedures and treatments. This importance ensures that local hospitals and wellness centres are equipped with the latest technology to provide professional medical services.

The operational aspect of Indonesia’s medical and wellness tourism is supported by a network of healthcare facilities, including hospitals, clinics, and specialised wellness centres. These facilities offer both traditional and modern medical treatments, adhering to regulations set forth by the Ministry of Health to ensure quality and safety. Wellness and spa services in Indonesia provide traditional practices such as massages, herbal treatments, and beauty care, reflecting the diverse cultural heritage of the country’s ethnic groups. Facilities like Bali’s Fivelements Retreat and The Four Seasons Resort Bali exemplify how traditional wellness practices are seamlessly combined with modern spa services.

Hospitality services play a significant role in enhancing the medical and wellness tourism experience. Hotels and resorts are specifically designed to cater to medical and wellness tourists, providing a combination of accommodation, wellness treatments, and recreational activities.

Indonesia’s tourism offerings extend beyond wellness services to include adventure and ecotourism. The country’s diverse landscapes provide opportunities for tourism packages that combine medical and wellness services with natural, cultural, and adventure experiences. Popular destinations such as Bali, Yogyakarta, and Lombok offer unique attractions, from volcanic landscapes and lush rice terraces to ancient temples and vibrant cultural festivals.

The outbound logistics of Indonesia’s medical and wellness tourism include efficient transfer services that ensure smooth transitions from airports to wellness centres, hospitals, and tourist destinations. This is particularly important for medical tourists who require seamless transportation. Additionally, post-treatment care is coordinated through remote consultations and telemedicine services, allowing for continuity of care after patients return home. These services help maintain the quality of care and support the long-term well-being of international tourists.

Marketing and sales efforts in Indonesia are pivotal to attracting global tourists to its medical and wellness offerings. Digital marketing campaigns promote Indonesia’s unique wellness experiences through various online platforms, including social media, influencers, and wellness tourism portals. Collaborations with international travel agencies, wellness tourism operators, and insurance companies are also key strategies for reaching potential tourists. Indonesia is positioned as a destination that offers a distinctive blend of traditional and modern wellness experiences, supported by government-regulated traditional medicine and innovative healthcare practices.

High-quality customer support is essential for enhancing the experience of international tourists. This includes multilingual support to assist with communication and personalised care to address the specific needs of medical tourists. Ensuring a seamless experience involves managing medical visas, accommodation, and local travel arrangements. Additionally, collecting and analysing customer feedback helps improve services and address any gaps in the value chain.

Infrastructure development is crucial for supporting the medical and wellness tourism sector. This involves maintaining and upgrading healthcare facilities to meet international standards, improving transportation networks such as airports and local roads, and implementing eco-friendly practices in wellness centres and tourist destinations. Technology and innovation play a significant role in advancing telemedicine services, developing digital platforms for booking and customer service, and fostering research and development in both traditional medicine and modern healthcare practices.

Human resource management is another critical area, focusing on training and certification for wellness and medical practitioners to ensure consistent service quality across the country. Cultural competency training helps staff effectively cater to the diverse needs of international tourists. The regulatory framework established by the Ministry of Health enforces standards for both traditional and modern medical practices, ensuring compliance with local and international laws related to healthcare and tourism.

Lastly, procurement practices include local sourcing of wellness products such as herbs, oils, and beauty treatments, which support the local economy and enhance the authenticity of wellness offerings. International procurement of high-quality medical equipment and technology ensures that Indonesia remains competitive in the global medical tourism market.

Indonesia’s value chain in medical and wellness tourism is multifaceted and leverages its strengths in traditional practices while integrating modern services. By addressing challenges related to infrastructure, quality standards, and global recognition, Indonesia can enhance its position as a leading destination for holistic health and wellness experiences.

Figure 29 Global value chain Indonesia

Value Chain Indonesia

Suppliers | **Customers**

Firm Infrastructure

- Healthcare Infrastructure: Indonesia has been investing in improving its healthcare infrastructure, particularly in key cities like Jakarta and Bali, which cater to international medical tourists.
- Transport and Accessibility: Accessibility to Indonesia’s health and wellness centres is facilitated by the country’s expanding airport and transport infrastructure.
- Eco-friendly Practices: Indonesia is increasingly focusing on sustainable and eco-friendly practices in its tourism sector, with wellness resorts often incorporating green initiatives such as sustainable energy, organic food, and eco-friendly construction.

Human Resource Management

- Training and Certification: There is a focus on training healthcare and wellness professionals, particularly in international standards and certifications
- Cultural Competency: Health and wellness providers are trained in cultural sensitivity to alter to the diverse range of tourists from across the globe.

Technology Development

- Telemedicine: Indonesian healthcare facilities are increasingly adopting telemedicine to serve international patients. This allows for virtual consultations before and after treatment, ensuring continuity of care.
- Digital Platforms: Digital platforms are used for booking treatments, managing appointments, and providing healthcare information. This improves customer accessibility and enhances service efficiency.
- Medical R&D: Investment in medical R&D is growing, with hospitals and medical universities working on advancements in healthcare. This attracts patients seeking specialised treatments.

Procurement

- Local Sourcing: In wellness tourism, there is a focus on sourcing local, natural products such as herbal remedies, oils, and spa ingredients, which helps support local communities and offers authentic experiences.
- International Procurement: Medical tourism facilities often rely on imported high-tech medical equipment and supplies, ensuring that the medical services provided are on par with international standards.

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Access to Natural Resources 2. Import of Medical Equipment	1. Healthcare Facilities 2. Wellness and Spa Services 3. Hospitality Services 4. Adventure and Ecotourism	1. Patient and Tourist Transfers 2. Post-Treatment Care	1. Digital Marketing 2. Partnerships and Alliances 3. Branding	1. Customer Support and Services 2. Patient Experience Management 3. Feedback and Continuous Improvement

Source: Compiled by Kenan Foundation Asia (2024)

4.5 SWOT Analysis

The SWOT Analysis of Medical and Wellness Tourism in Indonesia provides a comprehensive examination of the sector's current landscape, highlighting its potential and challenges. Strengths include Indonesia's rich cultural heritage in wellness practices, its diverse tourism offerings that integrate medical and wellness services with natural and cultural attractions, and robust regulations that ensure the quality and safety of traditional medicine.

However, the sector faces weaknesses such as inconsistent quality standards and infrastructure challenges that affect service delivery and accessibility. Opportunities exist due to the growing global demand for wellness tourism, the promotion of eco-friendly practices, and enhanced digital marketing strategies. Yet the sector must contend with threats from intense regional competition, environmental risks, and regulatory complexities. By addressing these areas and capitalising on its strengths, Indonesia has the potential to solidify its position as a premier destination in the global medical and wellness tourism market.

Strengths

Indonesia offers a range of competitive advantages that distinguish it in the regional health and wellness tourism landscape:

- **Strong Government Support through the Indonesia Health Tourism Board (IHTB)**: The establishment of IHTB reflects the Indonesian government's commitment to promoting the country as a regional medical and wellness hub. It provides direction, coordinates stakeholders, and ensures strategic alignment with tourism and health policies.

- **Unique Wellness Offerings Integrating Traditional and Modern Practices**: Indonesia is globally recognised for its traditional wellness treatments such as *jamu* herbal medicine, Balinese massages, and *boreh* body scrubs, which are increasingly being blended with modern spa and medical services. This integration appeals to tourists seeking culturally rooted but safe and regulated experiences.

- **Diverse Destinations Offering Holistic Wellness**: From Bali and Yogyakarta to Lombok and Jakarta, Indonesia offers an expansive portfolio of wellness destinations. Tourists can access detox retreats, spiritual healing, and eco-wellness escapes across islands with rich biodiversity and cultural heritage, creating a holistic, mind-body-spirit experience.

Weaknesses

While Indonesia holds strong potential, several internal limitations hamper its global competitiveness:

- **Limited Number of Internationally Accredited Hospitals**: Although improvements are ongoing, only a few facilities meet global accreditation standards (e.g., JCI). This limits confidence among international patients, especially those seeking medical tourism.

- **Limited Awareness and Global Visibility of Healthcare Offerings**: Indonesia's wellness and healthcare services are not as well-marketed globally as those of competitors like Thailand or Singapore. Many potential tourists remain unaware of Indonesia’s offerings, limiting international tourist inflows.

- **Healthcare Workforce Retention Issues and Skills Gaps in Specialised Fields**: Indonesia faces a shortage of specialists in advanced medical fields and experiences challenges in retaining skilled professionals in remote or underserved areas. This affects both the consistency and quality of services across the archipelago.

Opportunities

Indonesia can leverage emerging trends and regional positioning to expand its wellness and medical tourism footprint:

- **Growing Global Interest in Traditional Indonesian Healing Practices**: Tourists increasingly seek natural and holistic remedies, making Indonesia’s *jamu*, massage therapies, and aromatherapy treatments highly marketable on the global stage.

- **Investments in Healthcare Infrastructure, especially in Bali and Jakarta**: New hospital developments, wellness resorts, and clinic expansions in key tourist hubs allow Indonesia to offer modern treatment in attractive settings, bridging clinical care with leisure.

- **Collaboration Opportunities with International Healthcare**: Indonesia can attract international investors and medical partners to co-develop integrated wellness centres, facilitate telemedicine, or support medical education, thus enhancing credibility and cross-border referrals.

Threats

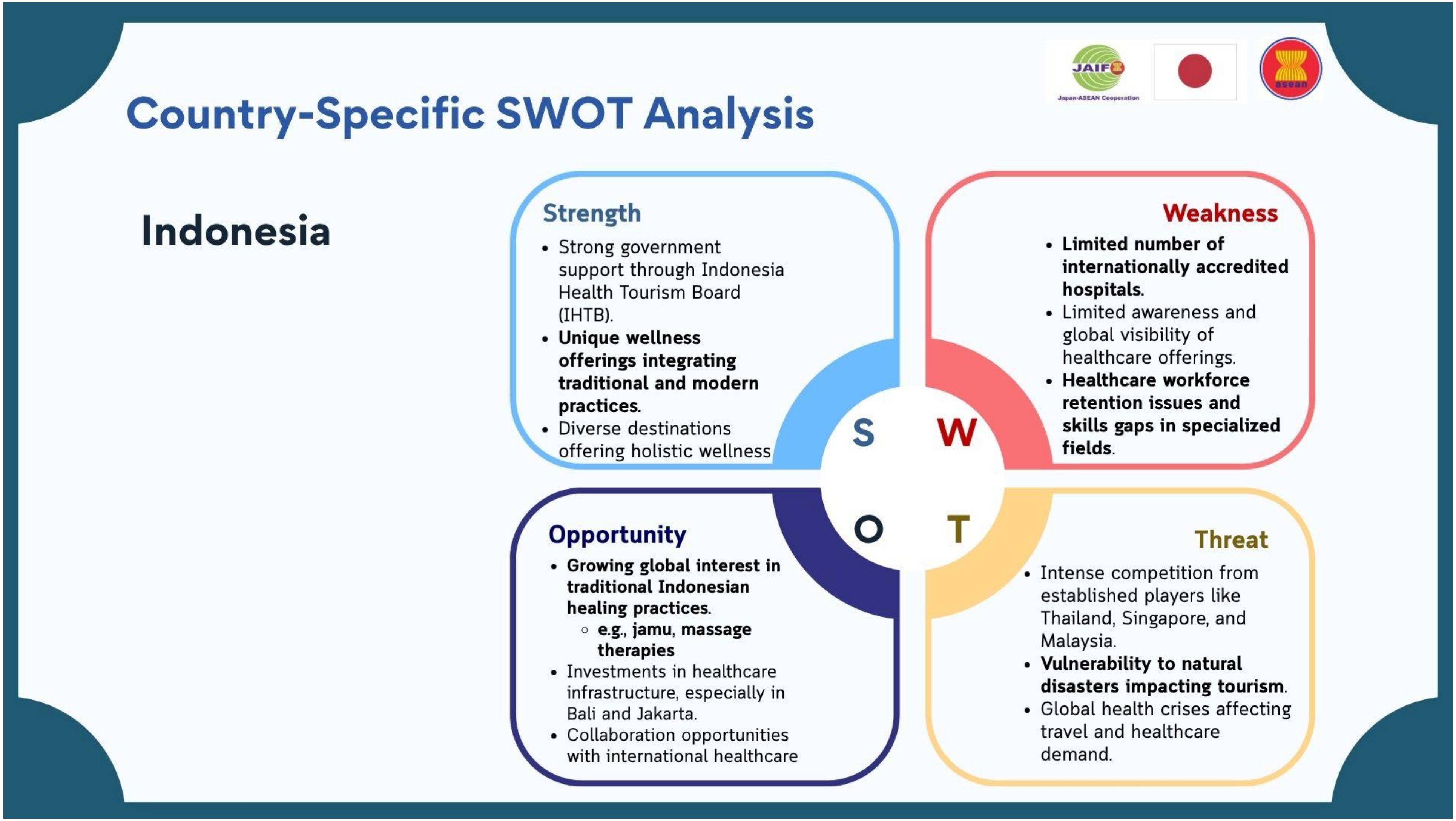
Despite a supportive ecosystem, several external risks could constrain Indonesia’s health and wellness tourism growth:

- **Intense Competition from Established Players like Thailand, Singapore, and Malaysia**: These countries have a longer track record, strong international branding, and large networks of accredited hospitals, making it difficult for Indonesia to compete directly without clear differentiation.

- **Vulnerability to Natural Disasters**: Located in the Pacific Ring of Fire, Indonesia faces risks from earthquakes, tsunamis, and volcanic eruptions. Such events can disrupt health services and deter travel during recovery periods.

- **Global Health Crises Affecting Travel and Healthcare Demand**: The COVID-19 pandemic highlighted how quickly international travel demand can collapse. Future global health emergencies could again challenge Indonesia’s ability to attract international patients.

Figure 30 SWOT analysis Indonesia



Source: Compiled by Kenan Foundation Asia (2024)

4.6 TOWS Matrix

The TOWS analysis offers a strategic blueprint for Indonesia's medical and wellness tourism industry. By examining internal strengths and weaknesses alongside external opportunities and threats, this approach helps develop effective strategies to improve Indonesia's global standing.

The analysis highlights Indonesia's unique cultural heritage and diverse tourism options as key assets that can counterbalance challenges like inconsistent quality and infrastructure issues. It also identifies opportunities for growth, such as digital marketing and sustainable tourism initiatives, while addressing potential threats from regional competitors and environmental risks. Ultimately, this comprehensive assessment provides a roadmap for optimising Indonesia's medical and wellness tourism sector, ensuring its continued success in the competitive global market.

	Strengths (S) 1) Diverse Tourism Offerings (S1) 2) Rich Cultural Heritage in Wellness Practices (S2) 3) Regulation and Support of Traditional Medicine (S3)	**Weaknesses (W)** 1) Inconsistent Quality Standards (W1) 2) Infrastructure Challenges (W2) 3) Limited Global Recognition (W3)
Opportunities (O) 1) Growing Global Demand for Wellness Tourism (O1) 2) Promotion of Eco-Friendly Tourism (O2) 3) Enhanced Digital Presence (O3)	**S-O Strategies** • Develop unique wellness packages that combine diverse tourism offerings with traditional practices (S1, S2 + O1) • Create eco-wellness retreats that integrate cultural heritage and natural surroundings (S2, S3 + O2) • Leverage digital platforms to showcase rich cultural wellness practices and diverse offerings (S1, S2 + O3)	**W-O Strategies** • Implement standardised quality control measures across wellness facilities (W1+O1) • Invest in infrastructure development, focusing on eco-friendly solutions (W2+O2) • Use digital marketing to increase global visibility and recognition (W3+O3)
Threats (T) 1) Intense Regional Competition (T1) 2) Environmental and Health Risks (T2) 3) Regulatory and Compliance Challenges (T3)	**S-T Strategies** • Differentiate by emphasising unique cultural wellness practices and diverse tourism offerings (T1 + S1, S2) • Strengthen regulations to ensure safe practice of traditional medicine amidst health concerns (S3 + T2) • Leverage existing regulatory framework to create a model for sustainable and compliant wellness tourism (T3 + S3)	**W-T Strategies** • Collaborate with international wellness bodies to improve standards and global recognition (W1, W2 + T1) • Develop robust emergency response and risk management systems (W2 + T2) • Invest in staff training and certification programmes to meet international standards (W1, W3 + T1+T3)

4.7 Diamond Analysis

Indonesia, with its expansive archipelago and rich cultural diversity, has solidified its position as a burgeoning destination in the global medical and wellness tourism market. The nation’s unique fusion of natural splendour, cultural heritage, and advancing healthcare infrastructure makes it an attractive option for international travellers seeking affordable, high-quality medical care and holistic wellness experiences. As health-conscious tourism gains momentum globally, Indonesia’s potential to captivate this growing market is increasingly evident.

The competitiveness and growth of Indonesia’s medical and wellness tourism sector is influenced by various factors, analysed below through Porter’s Diamond Model. This approach provides a structured perspective on how Indonesia’s inherent strengths and external opportunities contribute to its development, while also identifying areas requiring strategic intervention.

Demand Conditions

The demand for Indonesia’s medical and wellness tourism services is influenced by several factors. International demand is growing as Indonesia attracts medical tourists from neighbouring ASEAN countries, the Middle East, and other regions. The country’s cost-effective healthcare services and unique wellness offerings are key drivers.

Domestically, a large and increasingly health-conscious population supports the demand for medical and wellness services, creating a steady market for local providers. The global trend towards holistic health and wellness further supports the growth of wellness tourism in Indonesia. This trend presents opportunities for the development of wellness retreats and integrative health experiences that appeal to international tourists.

Nevertheless, Indonesia faces price sensitivity challenges. Despite being cost-effective, there is pressure to maintain low prices while ensuring high-quality care, especially given that regional competitors also offer affordable services. Additionally, the country may struggle to attract ultra-high-net-worth individuals who often seek luxury medical services. The availability of exclusive, high-end facilities is limited compared to more developed markets, which can affect the ability to cater to this segment.

Related and Supporting Industries

Indonesia's related and supporting industries play a crucial role in its medical and wellness tourism sector. The emerging medical device sector supports the healthcare industry by providing essential equipment; however, the country still relies on imports for advanced technologies, which can lead to supply chain vulnerabilities.

The robust pharmaceutical industry ensures the availability of essential medicines and supplements, supporting both medical and wellness services. Additionally, the synergy between tourism, hospitality, and healthcare enhances the overall experience for medical tourists, making it easier for them to plan and enjoy their stay.

Despite these strengths, Indonesia faces challenges such as dependency on imports for advanced medical technologies and pharmaceuticals. This reliance can increase costs and impact supply chain stability. Infrastructural challenges in some regions can also affect the accessibility and quality of medical and wellness services, limiting the sector’s growth potential.

Firm Strategy, Structure, and Rivalry

The strategy, structure, and rivalry within Indonesia's medical and wellness tourism sector present both opportunities and challenges. Government support through various policies and incentives has been crucial in promoting the sector's growth. Initiatives such as tax incentives and marketing campaigns help boost the sector's international competitiveness.

Competitive pricing is another advantage, as Indonesia offers high-quality medical services at lower prices compared to many regional and global competitors. This pricing strategy makes Indonesia an attractive destination for cost-conscious patients. Additionally, the specialisation in traditional medicine and holistic wellness provides a unique value proposition that helps Indonesian providers differentiate themselves in the market.

However, the sector also faces challenges. Intense competition can lead to price wars, potentially compromising service quality as providers strive to attract price-sensitive customers. Moreover, market saturation from an increasing number of providers may lead to oversupply, which could dilute the perceived value of Indonesia's medical and wellness offerings.

Government

The Indonesian government plays a significant role in the medical and wellness tourism sector. Supportive policies and incentives, such as tax breaks and promotional campaigns, have been implemented to boost the sector's growth and global competitiveness. The government's investment in healthcare infrastructure, including the development of hospitals and wellness centres, supports the sector's expansion and enhances its appeal.

Furthermore, the promotion of traditional medicine is a key aspect of the government's strategy. Support for traditional wellness practices integrates these elements into the country's medical tourism offerings, appealing to tourists seeking unique and holistic treatments.

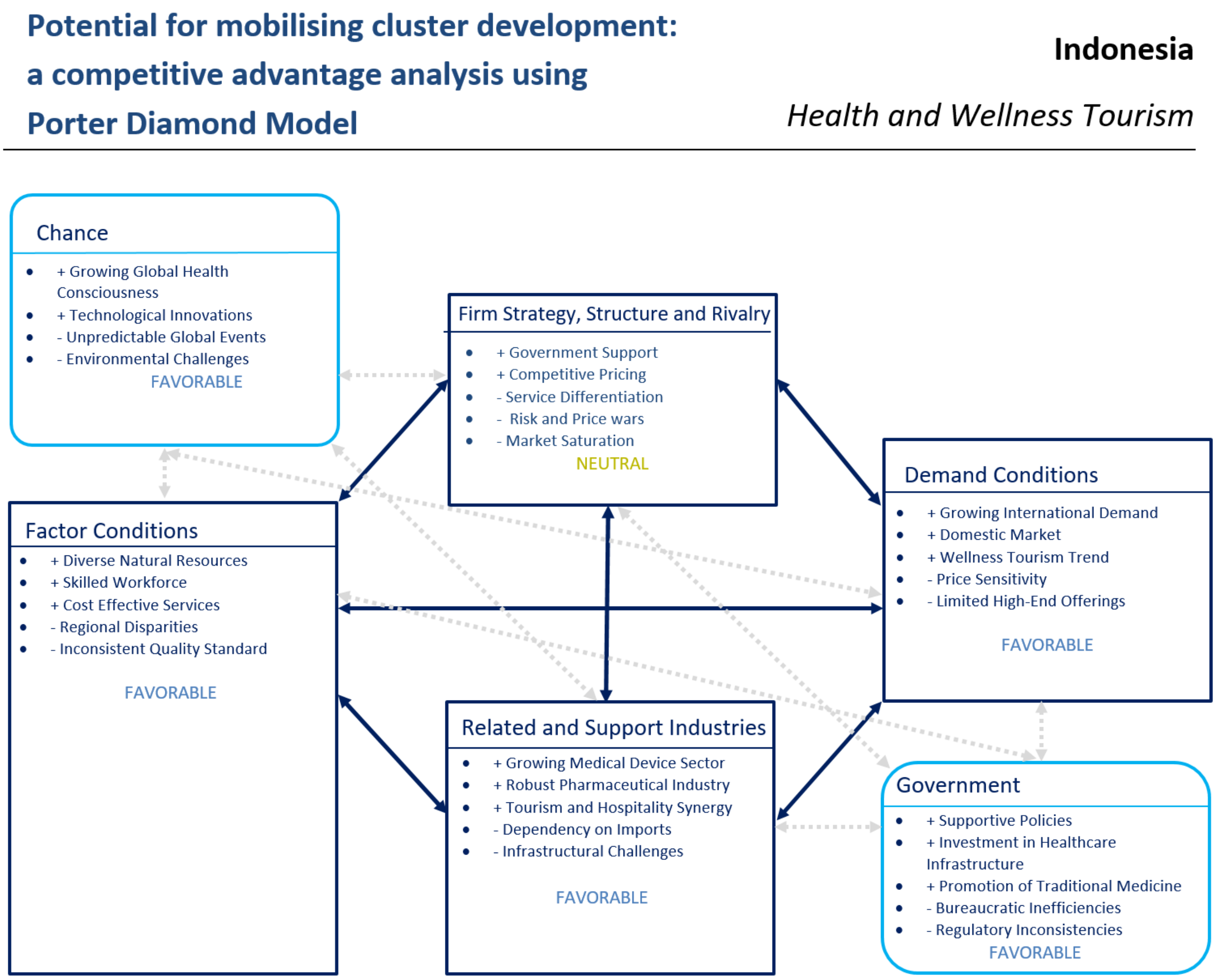
On the downside, bureaucratic inefficiencies can slow down the implementation of initiatives, affecting the sector's growth. Additionally, regulatory inconsistencies across different regions can lead to variations in service quality, impacting the overall reputation of Indonesia's medical and wellness tourism.

Chance

Several external factors influence Indonesia's medical and wellness tourism sector. The growing global focus on health and wellness presents opportunities for Indonesia to market its unique wellness retreats and holistic health services. The adoption of digital health technologies, such as telemedicine and health apps, also provides opportunities to expand Indonesia's reach and offer advanced medical services to a broader audience.

However, the sector faces risks from unpredictable global events. Events such as pandemics or geopolitical tensions can disrupt international travel and affect the flow of medical tourists, impacting the industry's stability and growth. Additionally, environmental challenges, such as natural disasters and environmental concerns in certain regions, may impact the attractiveness and accessibility of wellness tourism destinations.

Figure 31 Diamond Model Indonesia



Source: Compiled by Kenan Foundation Asia (2024)

4.8 Problems Identified

Indonesia's medical and wellness tourism sector faces several critical challenges that hinder its growth and global competitiveness. One of the foremost issues is **inconsistent quality standards** across healthcare and wellness facilities. The lack of uniformity in service quality leads to varying levels of customer satisfaction, which can significantly erode trust among international tourists. These tourists, accustomed to high-quality and reliable services, may find it challenging to navigate the inconsistencies, impacting Indonesia's reputation as a dependable medical and wellness destination.

Another significant problem is **infrastructure challenges**, particularly in remote or underdeveloped regions. These areas often lack the necessary infrastructure to support the needs of medical and wellness tourists, including adequate transport, communication, and healthcare facilities. The inadequacies in infrastructure not only limit access to high-quality services but also deter international tourists from considering Indonesia as a viable option, thereby impeding the overall growth of the sector.

Despite Indonesia's rich cultural heritage and abundant natural resources, the country suffers from **limited global recognition** in the medical and wellness tourism industry. Compared to regional competitors like Thailand and Malaysia, Indonesia's sector lacks strong branding and visibility on the global stage. This limited recognition reduces Indonesia's ability to capture a larger share of the global market, leading to missed opportunities for revenue generation and sectoral growth.

Additionally, the sector is vulnerable to **environmental and health risks**. Issues such as environmental degradation, pollution, and outbreaks of diseases can significantly impact tourism activities, including wellness tourism. These risks not only deter tourists but also contribute to negative publicity, which can severely damage Indonesia's reputation as a safe and sustainable wellness destination.

The sector also faces **intense regional competition** from neighbouring countries like Thailand, Malaysia, and Singapore, which have more established medical and wellness tourism industries. This competition exerts pressure on Indonesian providers to improve their services continuously. However, it also makes it more challenging to attract international tourists who may perceive other destinations as offering better or more reliable services.

Regulatory and compliance challenges present another obstacle. The complex regulatory environment, particularly in traditional medicine and wellness practices, can be difficult for service providers to navigate. These regulatory hurdles create barriers to entry, slow down the development of new services, and complicate the integration of traditional practices with modern medical services, further impeding sectoral growth.

Moreover, there is **limited integration** *between medical and wellness services* in Indonesia. Often, there is a disconnect between medical tourism services, such as hospitals, and wellness tourism services, such as spas and wellness retreats. This lack of integration limits the potential for creating holistic, seamless experiences for tourists, reducing the overall attractiveness and competitiveness of Indonesia's offerings.

The sector also grapples with **workforce skill gaps**. While Indonesia has a large workforce, there are significant gaps in specialised areas such as medical care, wellness therapies, and hospitality services tailored to international tourists. These skill deficiencies can result in subpar service delivery, which negatively impacts customer satisfaction and diminishes the country's ability to meet the high expectations of international tourists.

Another challenge is the **limited data and market research** available on the preferences and needs of medical and wellness tourists. The lack of comprehensive market insights hinders service providers' ability to effectively tailor their offerings and marketing strategies, leading to missed opportunities for sectoral growth and development.

Lastly, **cultural and language barriers** pose significant challenges for international tourists visiting Indonesia. Language differences and cultural nuances can complicate communication and lead to misunderstandings, ultimately resulting in a less satisfying experience for tourists. These barriers can deter repeat visits and diminish the likelihood of positive word-of-mouth referrals, which are crucial for attracting new visitors.

5 Lao PDR

5.1 Introduction: Overall Scenario

The Lao People's Democratic Republic (Lao PDR) is increasingly recognised as a prime destination for health and wellness tourism. This appeal stems from its unspoiled natural landscapes and rich cultural traditions, which create a serene environment conducive to spiritual and physical rejuvenation. The integration of ancient practices such as herbal medicine, meditation, and traditional Lao massages with modern wellness programmes offers tourists a unique opportunity to find balance and restoration in a tranquil setting.[109] [110]

The global demand for health and wellness tourism continues to rise, positioning Lao PDR as a peaceful sanctuary for those seeking holistic well-being. Visitors can engage in activities that combine nature therapy, holistic healing, and cultural exploration, often in remote areas that provide an escape from urban life. The authenticity of these experiences is particularly appealing; they reflect the country's deep-rooted heritage rather than being solely commodified services.[111] [112]

Tourists are drawn to Lao PDR not only for its beautiful landscapes but also for the chance to engage in wellness practices that are deeply intertwined with the local culture. Activities such as Vipassana retreats in Luang Prabang, where ancient meditation techniques are taught, and visits to sacred sites like Mount Phousi, enhance the wellness experience. Additionally, luxury accommodations such as the Rosewood Luang Prabang offer spa treatments that utilise locally sourced botanicals, further enriching the wellness journey.[113]

In summary, Lao PDR is emerging as a compelling choice for wellness travellers looking for a blend of natural beauty, cultural depth, and authentic healing practices, making it an ideal destination for those seeking both relaxation and spiritual enrichment.

5.2 Definition of Cluster

5.2.1 Defining the Service

Health and wellness tourism in Lao PDR encompasses a variety of services and activities aimed at enhancing visitors' physical, mental, and spiritual well-being. This sector integrates traditional healing practices with modern wellness approaches, offering a unique blend of experiences. Key wellness services include:

- ***Traditional Lao Massages and Herbal Therapies:*** These therapies are deeply rooted in local medicinal knowledge, utilising natural herbs and oils sourced from Lao PDR's rich biodiversity. Traditional Lao massages, known as *Nuad Bo'Rarn*, emphasise gentle, rhythmic pressure and energy lines, providing a soothing experience that promotes relaxation and healing.[114] [115]

[109] Wellness Spots in Lao PDR | Southeast Asia Travel
[110] Wellness and Spa | Visit Lao PDR – Untouched Nature
[111] Best Wellness Spots in Lao PDR | Southeast Asia Travel
[112] Best luxurious wellness retreat in Lao PDR
[113] Ibid
[114] The Healing Touch of Traditional Lao Massage - The Namkhan Resort
[115] A Local's Guide to the Amazing Massage in Lao PDR - Lao PDR Tours

- ***Spa Treatments:*** Many resorts in Lao PDR offer luxurious spa services that combine modern techniques with traditional methods. These treatments aim to revitalise the body while maintaining a connection to local culture.[116]
- ***Yoga and Meditation Retreats:*** Visitors can engage in guided yoga sessions and meditation practices set in tranquil natural environments. These retreats often focus on mindfulness and spiritual growth, enhancing the overall wellness experience.
- ***Herbal Steam Baths:*** This ancient practice involves steaming medicinal herbs to create a therapeutic atmosphere that promotes detoxification and relaxation. The steam is infused with a variety of herbs such as lemongrass, eucalyptus, and rosemary, which are believed to have healing properties.
- ***Eco-Wellness Tourism:*** This aspect integrates wellness with nature-based activities like hiking in national parks or practising mindfulness by the Mekong River. These activities allow tourists to connect with nature while enhancing their overall well-being.

Wellness services are increasingly tailored to meet international standards while preserving the authenticity of local practices, making the experience both credible and culturally immersive. As health and wellness tourism grows in popularity, Lao PDR is positioning itself as a destination where visitors can rejuvenate their bodies and minds amidst its stunning landscapes and rich cultural heritage.

5.2.2 Geographical Location

Lao PDR, situated in the heart of Southeast Asia, is bordered by five countries: China, Viet Nam, Cambodia, Thailand, and Myanmar. The country's geographical diversity, characterised by dense forests, the Mekong River, waterfalls, and mountain ranges, enhances its potential for eco-tourism and wellness retreats.

[116] Wellness Spots in Lao PDR | Southeast Asia Travel

Figure 32 Explore Laos Tour

Source: See Asia Differently117

Key wellness tourism hubs include:

- ***Luang Prabang:*** Luang Prabang is a UNESCO World Heritage city renowned for its temples, spiritual retreats, and luxurious wellness resorts. Visitors can engage in traditional Lao massages and participate in Vipassana meditation retreats, which are integral to the local culture and spiritual practices.
- ***Vang Vieng:*** Famous for its Scenic River and mountainous landscapes, Vang Vieng offers eco-wellness activities such as yoga retreats, meditation sessions, and hiking. The natural beauty of the area provides an ideal backdrop for relaxation and mindfulness practices.
- ***Vientiane:*** The capital city features a blend of modern wellness facilities and traditional spas. Here, travellers can enjoy luxurious spa treatments that incorporate local healing traditions alongside contemporary wellness practices.

The natural landscapes of Lao PDR create an ideal setting for wellness experiences focused on relaxation, mindfulness, and a deep connection with nature. This combination of cultural richness and ecological beauty makes Lao PDR a promising destination for health and wellness tourism seekers looking for authentic experiences that promote overall well-being.[118]

[117] https://www.seeasiadifferently.com/tour/explore-laos/
[118] Lao Herbal Steam Sauna and Massage, Tours in Lao PDR

5.2.3 Market Size, Employment and Segmentation

5.2.3.1 Market Size

The health and wellness tourism sector in Lao PDR is experiencing consistent growth, driven by increasing demand for wellness-focused vacations. Although the sector is still in the early stages of development compared to other countries in the region, like Thailand and Viet Nam, it has significant potential. The global trend towards holistic well-being and mindfulness has spurred the development of high-end wellness resorts and retreats, catering primarily to international visitors from Europe, the United States, and East Asia.

As the demand for wellness experiences increases, Lao PDR is capitalising on its natural resources, cultural heritage, and eco-friendly practices to offer sustainable wellness tourism. International arrivals to Lao PDR, although smaller compared to other ASEAN nations, are rising steadily, with an increasing portion of these tourists coming specifically for health and wellness purposes.

5.2.3.2 Employment

The wellness tourism sector is contributing to job creation in various areas, particularly in rural and less developed regions. The sector supports employment in:

- ***Spa and resort management***: Many wellness retreats and spas require trained staff in hospitality, customer service, and wellness management.
- ***Traditional healers and therapists***: Indigenous practices play a major role in wellness tourism, providing jobs for local healers, herbalists, and massage therapists who are skilled in Lao traditional medicine.
- ***Yoga and meditation instructors***: With the rise in demand for holistic practices, there is a growing need for certified instructors in yoga, meditation, and other wellness disciplines.
- ***Eco-tourism guides***: Nature-based wellness activities like hiking and forest walks provide opportunities for local guides and conservation experts.

In addition to direct employment, the wellness tourism industry also stimulates related sectors such as agriculture (through the demand for organic produce), artisanal crafts (for spa products and wellness goods), and transportation.[119]

5.2.3.3 Segmentation

The wellness tourism market in Lao PDR can be segmented into several categories based on the type of services offered and target clientele:

- ***Luxury Wellness Retreats***: These are high-end resorts and spas that offer a full range of services, from detox programmes and gourmet health cuisine to private wellness consultations. They are often situated in scenic, tranquil areas like Luang Prabang, offering a premium experience for affluent travellers.
- ***Traditional Healing Centres***: Facilities that focus on indigenous healing practices such as herbal medicine, massage therapy, and spiritual rituals. These centres often attract visitors interested in authentic cultural experiences and holistic healing.
- ***Eco-Wellness Tourism***: Combines wellness activities with nature exploration, such as trekking, forest bathing, and meditation retreats. These experiences

[119] Lao PDR Sets Tourism Record Boasting 285 % Surge in 2023 - Laotian Times

emphasise the connection between nature and well-being, with a focus on sustainability and environmental awareness.

- ***Day Spas and Urban Wellness Centres***: Located in cities like Vientiane, these spas cater to both tourists and locals, offering quick treatments and wellness programmes within urban environments.

5.2.4 Quality Standards

Ensuring high-quality standards in health and wellness tourism is critical for Lao PDR as it seeks to attract a discerning international clientele. Many wellness centres in Lao PDR have adopted international best practices in terms of service delivery, hygiene, and safety, while maintaining the unique cultural aspects that differentiate Lao wellness tourism from that of other countries.

- ***International Accreditation***: Some of the more advanced resorts and wellness centres are pursuing international certifications to meet the demands of the global wellness market. This includes compliance with ISO standards for health and safety, as well as quality management in hospitality.[120]
- ***Training and Certification***: Many spas and wellness centres invest in the training of local staff to provide professional services. Some collaborate with international experts to ensure that therapies and treatments are delivered to the highest standards.
- ***Use of Local Ingredients***: A hallmark of the Lao wellness experience is the use of locally sourced ingredients, especially in spa treatments and herbal therapies. This emphasis on organic and natural products enhances the authenticity and sustainability of the services offered, appealing to eco-conscious travellers.[121]

Moreover, by preserving traditional healing practices while adopting modern wellness trends, Lao PDR is striking a balance between authenticity and modern standards. The country's natural appeal, combined with its cultural heritage, positions it uniquely within the global wellness tourism market.

5.3 Cluster Map

The health and wellness tourism cluster in Lao PDR is steadily evolving into a key sector, driven by a diverse range of service providers, supporting industries, and institutions. Utilising Michael Porter's framework, the structure of this cluster is defined by interconnected entities that contribute to the overall competitiveness and sustainability of the sector.

At the core of the cluster are the health and wellness tourism providers, which serve as the primary attractions for tourists. Lao PDR boasts a growing number of luxury wellness resorts that cater to high-end clientele seeking integrated health programmes, spa treatments, and eco-tourism experiences. Resorts like Amantaka and Rosewood Luang Prabang provide comprehensive wellness services in serene, nature-based settings, offering everything from detox programmes to spiritual healing practices.

[120] ISO Certification for Hotel, Restaurant, Leisure Services | SIS Certifications
[121] Lao PDR Massage: Your Ultimate Guide to Healing and Relaxation

Alongside these luxury resorts, traditional healing centres remain popular, offering unique services that tap into Lao PDR' rich cultural heritage. These centres focus on traditional Lao massages, herbal remedies, and spiritual rituals, offering tourists authentic wellness experiences deeply rooted in local knowledge.

Moreover, day spas and urban wellness centres, particularly in urban areas like Vientiane and Luang Prabang, cater to visitors seeking relaxation through massage, detox treatments, and beauty services. For those looking for more spiritual rejuvenation, yoga and meditation retreats offer physical and mental wellness experiences in tranquil, nature-based settings, blending spiritual practices with the stunning landscapes of Lao PDR.

Figure 33 Rosewood Luang Prabang[122]

Source: Luxuryhunt

Related industries play a crucial role in supporting core providers and enhancing the health and wellness tourism cluster. Agriculture is one such industry, contributing significantly by providing the organic herbs and medicinal plants used in traditional healing and wellness treatments. Herbs like lemongrass, kaffir lime, and galangal are grown locally, and often utilised in spas and healing centres, adding to the authenticity of the wellness services offered. Additionally, the local handicrafts industry supports the wellness sector through the production of wellness-related products such as essential oils, handmade soaps, scrubs, and other spa essentials, which are often used in treatments and sold to tourists as part of the wellness experience.[123] [124]

[122] https://www.luxuryhunt.com/sleep/Lao PDR/rosewood-luang-prabang.html

[123] Su-jeung, Kim., Yeong, Hye, Yoon., Jin-Young, Kim., A, Lee. (2024). Community implementation of ASEAN community-based tourism (CBT) standard: an executive stakeholder study on Lao PDR. doi: 10.20944/preprints202407.1826.v1

[124] Marco, Liverani., Khampheng, Phongluxa., Koukeo, Phommasone., Rusheng, Chew., Arjun, Chandna., Tiengkham, Pongvongsa., Mayfong, Mayxay., Sengchanh, Kounnavong., Elizabeth, A, Ashley., Yoel, Lubell. (2024). Prospects for the development of community-based care in remote rural areas: a stakeholder analysis in Lao PDR. BMC Health Services Research, 24 doi: 10.1186/s12913-023-10523-6

Figure 34 Handmade Soap

Source: Best DIY pro

The Hospitality industry plays a vital role in the wellness tourism ecosystem by providing the accommodation and service infrastructure needed to support tourists. Hotels, resorts, and eco-lodges across Lao PDR are increasingly incorporating wellness programmes into their offerings, creating comprehensive wellness packages that include accommodation, spa treatments, and wellness activities like meditation or yoga sessions.

Transportation services are also an essential part of this cluster, with local transportation companies providing eco-friendly options to shuttle tourists to wellness centres and retreats, particularly in more remote and serene locations like Luang Prabang and Vang Vieng. Similarly, tourism and travel agencies are integral to this ecosystem, offering wellness-focused travel packages that combine health treatments, nature exploration, and cultural immersion, further driving demand for wellness tourism.

Several related institutions play a crucial role in supporting the health and wellness tourism cluster. The Lao National Tourism Administration (LNTA), for example, is actively promoting wellness tourism as part of the country's broader tourism development strategy, positioning Lao PDR as a destination for holistic health and relaxation. To ensure the quality and professionalism of the services provided, various health and wellness training institutes across the country offer specialised training and certification programmes for wellness professionals, including massage therapists, yoga instructors, and herbalists.

In addition, local NGOs and eco-tourism initiatives help promote sustainable tourism practices while supporting the preservation of traditional knowledge, ensuring that wellness tourism grows in harmony with local communities and the environment. Finally, accreditation bodies work to maintain quality standards in wellness tourism, ensuring that services meet international expectations while staying true to Lao traditions.

In terms of demand conditions, Lao PDR is attracting a growing number of international tourists seeking unique wellness experiences. Visitors from Europe, the United States, East Asia, and neighbouring ASEAN countries are drawn to Lao PDR for its traditional healing practices, combined with luxurious wellness offerings and eco-tourism experiences. At the same time, domestic tourism is also on the rise. As more Lao residents show interest in wellness tourism for relaxation and health improvement, local demand for wellness services will increase.[125]

The wellness tourism cluster in Lao PDR is closely intertwined with several related sectors. Eco-tourism is one of the most prominent, as it overlaps significantly with wellness tourism. Lao PDR' natural landscapes provide ideal settings for wellness activities such as hiking, forest bathing, and meditation, making eco-tourism destinations popular among wellness travellers.

Another closely related sector is cultural tourism, which complements the wellness experience by offering tourists the opportunity to engage with local culture through temple visits, spiritual ceremonies, and traditional performances. Lao PDR is also exploring the potential of medical tourism, especially in areas like holistic health services, detox programmes, and preventative care, positioning itself as a destination that can cater to both wellness and medical tourism needs.

Infrastructure and logistics are key to the success of the health and wellness tourism cluster. The accessibility of wellness destinations has improved through enhanced road networks and key airports in Vientiane and Luang Prabang, making it easier for international and domestic tourists to reach remote wellness retreats. Additionally, digital platforms are playing an increasingly important role, with many wellness service providers and resorts leveraging online booking systems, social media promotion, and partnerships with global wellness aggregators to attract international clientele.

Innovation and research are also shaping the future of wellness tourism in Lao PDR. Local universities and research institutions are increasingly collaborating to preserve and modernise traditional Lao healing methods, combining ancient practices with modern medical insights to offer a unique wellness experience. Furthermore, there is a growing focus on the development of natural wellness products, with an emphasis on using organic, locally sourced ingredients for spa treatments and retail products.[126]

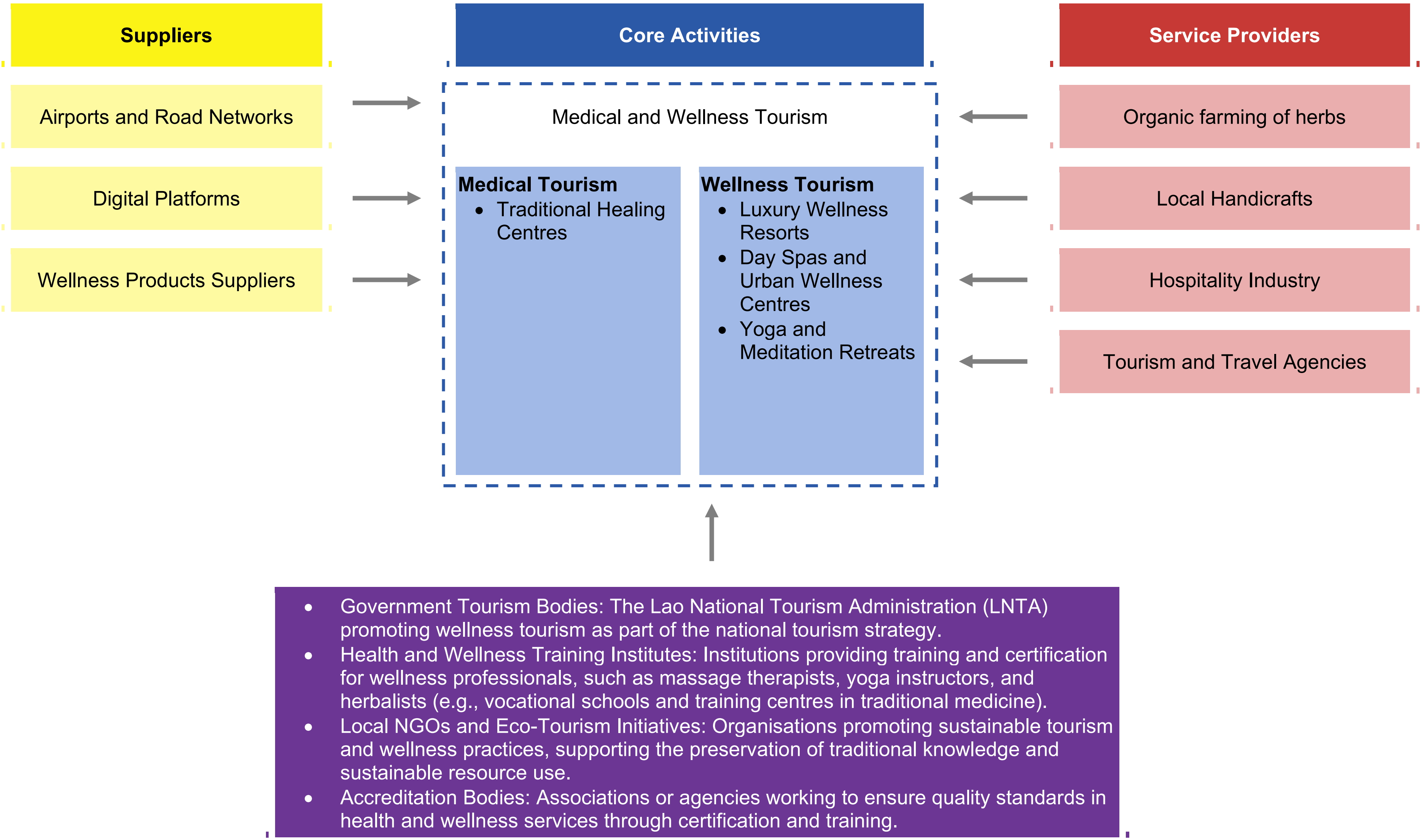
In conclusion, the health and wellness tourism cluster in Lao PDR is a dynamic and growing sector, driven by a combination of traditional healing practices, modern wellness services, and supportive industries. With the continued development of supporting infrastructure, adherence to quality standards, and promotion through government and private sector efforts, the wellness tourism industry in Lao PDR is well-positioned to become a leading contributor to the country's economy and an attractive destination for wellness travellers from around the world.[127]

[125] Nasiche, Nasiche. (2024). The Role of Wellness Tourism in the Growth of the Hospitality Industry. doi: 10.47941/jmh.1954

[126] Leah, R., Thompson., Patricia, Sipes., Paul, Ebner., Somphone, Soukhavong., Gerald, Shively. (2024). 5. Food safety in Lao PDR: status, current challenges and opportunities. doi: 10.1111/ijfs.17193

[127] Krissana, Kapheak., Nonthaphat, Theerawasttanasiri., Potchara, Khumphoo., Chansy, Chayaseng., Phouangphet, Bounmaseng., Ninrat, Pangsri., ☌Jukkrit, Wungrath. (2024). 3. Exploring Reasons and Perspectives Behind Decisions to Forego Hospital Births Among Remote Rural Populations in Bokeo Province, Lao PDR. Natural and Life Sciences Communications, doi: 10.12982/nlsc.2024.040

Figure 35 Cluster map Lao



Source: Compiled by Kenan Foundation Asia (2024)

5.4 Value Chain/Global Value Chain

Health and wellness tourism in Lao PDR is poised to become a key driver of the country's tourism sector, drawing on its rich natural resources, traditional healing practices, and eco-tourism potential. Applying Porter's value chain framework, we can analyse the activities that contribute to value creation in this industry, distinguishing between primary activities, which directly impact the core services, and support activities, which enable these primary functions to operate effectively. This approach highlights areas where Lao PDR' wellness tourism industry can strengthen its competitive advantage and also identifies opportunities for long-term sustainability.

Primary Activities

- ***Inbound logistics*** play a critical role in ensuring the smooth supply of essential materials and the efficient management of tourist flows to wellness centres, which are often located in remote or scenic areas like Luang Prabang or Vang Vieng. Lao PDR is abundant in medicinal plants, herbs, and natural ingredients, which are crucial for traditional healing and spa treatments. Effective sourcing and transportation of these materials to wellness centres ensures that the authenticity and quality of the services are maintained, reinforcing the unique value proposition of Lao wellness tourism. Additionally, logistical management is key to delivering excellent visitor experience, ensuring that tourists can easily travel to these isolated destinations.[128]
- ***Operations*** in the wellness tourism value chain revolve around delivering core services such as spa treatments, traditional Lao healing therapies, and wellness programmes that emphasise physical, mental, and spiritual well-being. The authenticity of these services is central to the wellness tourism experience, and it is crucial that Lao PDR continues to integrate its traditional healing knowledge with modern wellness concepts to appeal to both international and domestic tourists. Wellness centres must also ensure that their facilities are well-maintained, offering clean, aesthetically pleasing, and eco-friendly environments that enhance the overall wellness experience. Comprehensive programmes like detox retreats, yoga, and meditation sessions further add to the operations' value.
- ***Outbound logistics*** in wellness tourism focus on customer transportation and, potentially, the export of wellness products. As Lao PDR continues to grow as a wellness destination, providing convenient transportation options to and from major cities or airports to wellness resorts is vital for maintaining customer satisfaction. Moreover, there is potential for Lao PDR to capitalise on its natural resources by exporting wellness products such as essential oils and herbal remedies, further expanding its global reach and adding value beyond the local tourism experience.
- ***Marketing and sales*** activities are key to attracting a global audience to Lao PDR's wellness tourism offerings. Targeted promotions that appeal to niche markets, such as eco-tourists, spiritual travellers, and high-end wellness seekers, are essential for differentiating Lao PDR from more established wellness destinations. Digital marketing, as highlighted by Porter in 2001, plays a critical role here. Utilising social media platforms and online travel agencies can significantly boost Lao PDR' visibility among international tourists. Furthermore, partnerships with international tour operators and wellness platforms help expand the country's reach to key markets

[128] KACHONESAK, PHENGMALA., Surapon, Saensouk., Piyaporn, Saensouk., Phetlasy, Souladeth. (2024). 1. Ethnobotanical study of medicinal plants used by Lao ethnic group in Central Lao PDR. Notulae Botanicae Horti Agrobotanici Cluj-napoca, doi: 10.15835/nbha52213633

in Europe, North America, and East Asia. Promoting the authenticity of Lao wellness services through storytelling highlighting traditional healing practices, local culture, and natural beauty-creates a strong narrative that resonates with wellness travellers.

- ***Service*** is a critical component of the value chain, as customer experience management ensures that tourists receive exceptional care, from the moment they inquire about a wellness package until well after they leave. This includes personalised services, wellness consultations, and follow-up support. Additionally, wellness centres in Lao PDR should consistently gather feedback to improve service offerings, ensuring they meet international quality standards and evolving customer expectations. Post-tour support, such as virtual yoga sessions or home wellness kits, extends the value of the service beyond the tourist's stay, fostering long-term customer loyalty.

Support Activities

- ***Firm infrastructure*** provides the foundation for the wellness tourism industry to flourish in Lao PDR. Strategic alliances between local government bodies, tourism boards, and international wellness organisations are essential for aligning wellness offerings with broader national tourism strategies. Collaboration with policymakers also ensures that wellness centres adhere to international standards, and support from regulatory bodies helps improve the overall quality and reputation of Lao PDR as a wellness destination. Investing in eco-friendly facilities, such as energy-efficient spas and nature-friendly retreats, aligns with the growing global demand for sustainable tourism options.[129]
- ***Human resource management*** is another pivotal element in the wellness tourism value chain. Continuous training programmes for wellness professionals, such as spa therapists, yoga instructors, and wellness coaches, are essential to maintaining high service standards. In addition, preserving and passing down traditional knowledge of Lao herbal medicine and spiritual healing to younger generations ensures that the country's rich cultural heritage remains a cornerstone of its wellness tourism industry. Attracting both local and international talent will further elevate service quality and introduce new global wellness practices where needed.[130]
- ***Technology development*** enhances the guest experience and operational efficiency in the wellness sector. Modern wellness technologies, such as biometric health tracking, personalised wellness plans, and online consultations, can be incorporated into the wellness experience to appeal to tech-savvy customers. Moreover, developing digital platforms like user-friendly booking systems, wellness apps, and virtual reality tours of wellness centres (as emphasised by Porter in 2001) can improve the customer journey from start to finish. E-commerce platforms also provide an opportunity for Lao PDR to sell wellness products, such as herbal treatments or organic beauty products, to the global market.[131]
- ***Procurement*** activities must focus on sourcing sustainable materials, as the wellness industry is closely linked to health and environmental sustainability. Lao PDR's abundant natural resources offer an opportunity to prioritise eco-friendly and sustainable products, such as organic herbs and natural oils. By partnering with local farmers and artisans, wellness centres can source these products locally, supporting the economy while ensuring the authenticity of their services. Ethical supply chain

[129] Anisatul, Auliya., Raldi, Hendrotoro, Seputro, Koestoer. (2024). 5. Wellness tourism management: Critical insights of Thailand and Indonesia. doi: 10.61511/crsusf.v1i1.743
[130] Luxembourg Development Agency
[131] Developing Nature-Based Tourism as a Strategic Sector for Green Growth in Lao PDR

management, including transparency and sustainable practices, further enhances the value of wellness tourism offerings.

The value chain of health and wellness tourism in Lao PDR highlights the critical activities that contribute to the competitiveness and long-term success of the industry. Lao PDR’s natural resources, traditional healing practices, and emphasis on eco-tourism form the backbone of its wellness tourism offerings. Strengthening key areas, such as inbound logistics, service delivery, marketing strategies, and technological development, will be crucial in maintaining a competitive edge.

Moreover, sustainability and authenticity remain central to Lao PDR' value proposition, providing an opportunity to integrate modern wellness concepts with the country’s rich cultural heritage. As the wellness tourism industry continues to evolve, Lao PDR is well-positioned to capitalise on global wellness trends while fostering local economic growth and environmental stewardship.[132]

[132] Lao PDR’s Tourism COVID-19 Recovery Roadmap 2021-2025 028b88b8aeb5addd065938cb5e1ed15ea8d874cc3d9d0b6fa4b0263cdd11ebe5.pdf

Figure 36 Global value chain of Lao PDR

Value Chain Lao

Suppliers | **Customers**

Firm Infrastructure

- Strategic alliances: Developing relationships with partnership to align wellness offering with broader tourism development strategies.
- Regulatory support: Collaborating with policymakers to ensure that wellness centres adhere to international standard.
- Eco-friendly facilities: Investing in sustainable infrastructure, such as energy-efficient spas, eco-lodges, and nature-friendly retreats.

Human Resource Management

- Training and development: Continuous training programmes for wellness professionals to ensure high service standards.
- Knowledge transfer: Preserving and passing down traditional knowledge of Lao herbal medicine and spiritual.
- Attracting talent: Recruiting local and international talent to elevate the quality of services wellness practices where necessary.

Technology Development

- Wellness innovation: Incorporating modern wellness technologies to enhance guest experience.
- Digital platforms: Developing user-friendly online booking systems, wellness apps, and virtual reality tours of wellness resorts to attract tech-savvy customers (Porter, 2001).
- E-commerce: Facilitating the sale of wellness products online to a global audience, supporting Lao' wellness exports.

Procurement

- Sourcing of sustainable materials: Prioritising the procurement of eco-friendly and sustainable products, which align with wellness tourism's emphasis on health and sustainability.
- Local supplier development: Partnering whit local farmers and artisans to source products, helping the wellness industry grow sustainably while supporting the local economy.
- Ethical supply chains: Ensuring transparency and ethical practices in the procurement of wellness goods and materials.

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Sourcing local herbs and natural products 2. Logistical management of eco-tourism locations	1. Spa services and wellness treatments 2. Wellness Services 3. Health and wellness programmes 4. Facility management	1. Customer transportation 2. Product export (if applicable)	1. Targeted promotions 2. Partnerships with international tour operators 3. Storytelling and authenticity	1. Customer experience management 2. Continuous improvements 3. Post-tour support

Source: Compiled by Kenan Foundation Asia (2024)

5.5 SWOT Analysis

Lao PDR holds significant potential for establishing itself as a health tourism destination. With its abundant natural resources, rich cultural heritage, and affordable healthcare options, the country has the foundations to attract health and wellness tourists. However, Lao PDR also faces challenges in infrastructure, accreditation, and global visibility, which may impede its growth in this sector. This essay will examine Lao PDR' strengths, weaknesses, opportunities, and threats in health tourism, providing a holistic perspective on its potential to attract international health tourists.

Strengths

Lao PDR holds distinctive advantages that can be leveraged to position itself as a niche destination for health and wellness tourism:

- **Rich Natural Resources**: Lao PDR is endowed with hot springs, herbal plants, and mountainous landscapes that support a strong foundation for nature-based and wellness tourism. These resources are in high demand among travellers seeking natural therapies and relaxation.

- **Cultural Heritage and Traditional Healing**: The country's deep-rooted traditional medicine practices, especially herbal therapies and indigenous healing knowledge, offer authentic wellness experiences aligned with global interest in alternative medicine.

- **Affordable Procedures**: Medical and wellness services in Lao PDR are considerably less expensive than in developed countries. This cost competitiveness can attract price-sensitive travellers and regional tourists.

- **Serene Environment for Relaxation**: Lao PDR' peaceful ambience, low urban density, and scenic surroundings make it ideal for stress relief, spiritual retreats, and convalescence. The natural setting enhances the wellness experience.

Weaknesses

Despite its potential, Lao PDR faces significant internal barriers that limit its competitiveness in the global health tourism market:

- **Limited Healthcare Infrastructure**: Lao PDR lacks modern, well-equipped medical facilities and specialist centres, which limits its ability to offer high-quality or complex treatments compared to regional competitors.

- **Language Barriers**: A shortage of English-speaking healthcare professionals makes communication difficult for international patients. This impacts trust, safety, and overall patient experience.

- **Lack of International Accreditation**: Very few, if any, hospitals in Lao PDR have received international certification such as JCI. This undermines global confidence and hinders international patient referrals.

- **Limited Marketing and Visibility**: Lao PDR has not been effectively promoted as a health or wellness tourism destination. Without targeted campaigns or digital presence, potential visitors remain unaware of its offerings.

Opportunities

Several emerging trends and regional dynamics present Lao PDR with opportunities to strategically grow its health and wellness tourism sector:

- **Interest in Alternative Medicine**: Global interest in holistic, herbal, and traditional healing methods is rising. Lao PDR can capitalise on this trend by promoting its indigenous wellness practices to health-conscious travellers.

- **Regional Partnerships**: Collaboration with neighbouring countries, especially Thailand and Viet Nam, can enhance Lao PDR' reach through multi-destination health tourism packages and training exchanges.

- **Improved Transportation Links**: New regional infrastructure projects, such as rail and highway expansions, are making Lao PDR more accessible. Easier access could increase cross-border patient flows, especially from nearby countries including China, Thailand, and Viet Nam.

- **Cost Advantages Over Developed Countries**: As healthcare costs soar globally, Lao PDR can appeal to international patients looking for affordable yet culturally rich wellness experiences, particularly in preventive care and recovery settings.

Threats

Lao PDR must also address key external threats that could hinder the growth of its health and wellness tourism industry:

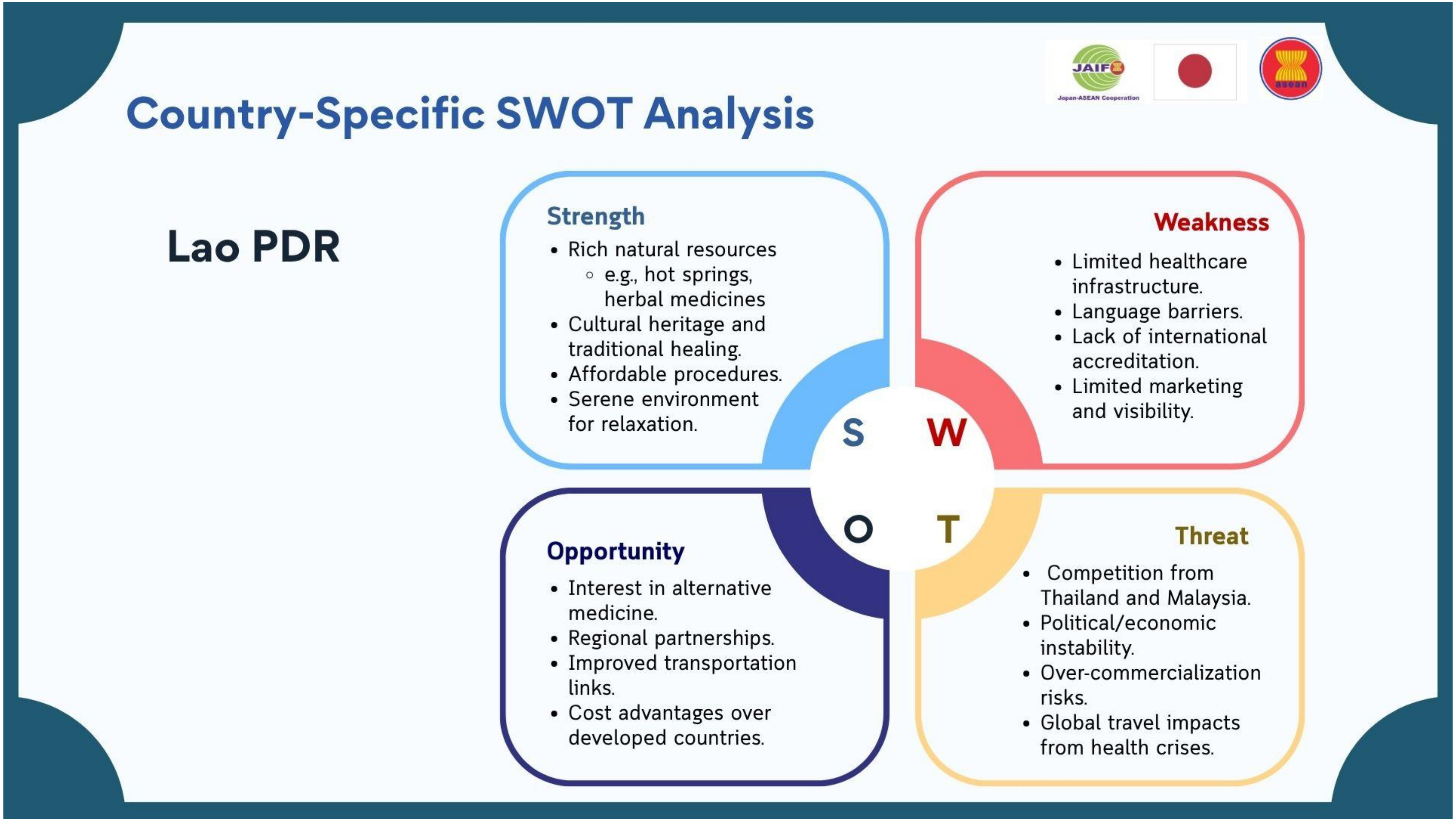
- **Competition from Thailand and Malaysia**: These countries already have established reputations, advanced infrastructure, and internationally accredited hospitals. They are also actively marketed, making them more attractive to medical tourists.

- **Political/Economic Instability**: As a developing economy, Lao PDR is vulnerable to policy shifts, inflation, and economic downturns. These factors can affect both investment in the sector and tourist confidence.

- **Over-Commercialisation Risks**: Rapid tourism growth without proper regulation could commodify and dilute Lao PDR' traditional healing practices, undermining their authenticity and cultural value.

- **Global Travel Impacts from Health Crises**: Pandemics, such as COVID-19, demonstrated how international travel disruptions can devastate tourism-dependent economies. Lao PDR' reliance on foreign visitors places it at risk during global crises.

Figure 37 SWOT analysis Lao PDR



Source: Compiled by Kenan Foundation Asia (2024)

5.6 TOWS Matrix

The TOWS Matrix is a strategic planning tool that builds on the traditional SWOT analysis by developing actionable strategies that align a country's internal strengths and weaknesses with external opportunities and threats. In the context of health and wellness tourism in Lao PDR, the TOWS Matrix explores how Lao PDR can leverage its rich natural resources, cultural heritage, and peaceful environment (strengths) to capitalise on the growing global interest in alternative medicine and regional partnerships (opportunities).

It also addresses how Lao PDR can differentiate itself from established competitors like Thailand and Malaysia (threats) by offering authentic, cost-effective wellness experiences, while working to overcome challenges such as limited healthcare infrastructure and language barriers (weaknesses). Through targeted strategies such as improving infrastructure, forming partnerships, and enhancing marketing, Lao PDR can position itself as a unique and competitive health tourism destination.

	Strengths (S)	**Weaknesses (W)**
	1) Rich natural resources (e.g. hot springs, herbal medicines) that could be leveraged for health tourism (S1) 2) Cultural heritage including traditional healing practices (S2) 3) Lower cost of medical procedures compared to more developed countries (S3) 4) Peaceful environment conducive to relaxation and healing (S4)	1) Limited healthcare infrastructure compared to more developed countries (W1) 2) Potential language barriers for international patients (W2) 3) Lack of internationally accredited medical facilities (W3) 4) Limited marketing of Lao PDR as a health tourism destination (W4)
Opportunities (O)	**S-O Strategies**	**W-O Strategies**
1) Growing global interest in alternative and traditional medicine (O1) 2) Potential partnerships with neighboring countries' more developed medical tourism sectors (O2) 3) Increasing regional connectivity through improved transportation links (O3) 4) Rising healthcare costs in developed countries driving patients to seek alternatives (O4)	• Utilise Lao PDR' natural resources and cultural heritage to attract tourists interested in wellness tourism. Traditional healing practices and eco-friendly treatments can be packaged as a unique experience for visitors seeking authenticity. (S1, S2 + O1) • Partner with neighbouring countries that have advanced healthcare infrastructure, such as Thailand, to improve service offerings and attract tourists who might want a combination of modern and traditional care. (S1, S2 + O2) • Market Lao PDR as a peaceful, natural haven for wellness tourism, attracting tourists who are seeking relaxation, rejuvenation, and a break from their busy lives. (S4, S3 + O4)	• Improve healthcare infrastructure by capitalising on global interest in wellness tourism and forming strategic partnerships. Lao PDR can also work towards international accreditation, which would increase its appeal to high-end wellness tourists. (O1, O2 + W1, W3) • Language training programmes for staff in wellness centres could address potential language barriers, making services more accessible to international tourists. (W2 + O1, O3) • Capitalise on improved transportation infrastructure to make it easier for tourists to travel to remote wellness centres in regions like Luang Prabang, enhancing accessibility. (W4 + O3)

Threats (T)	S-T Strategies	W-T Strategies
1) Competition from more established health tourism destinations in Southeast Asia (e.g. Thailand, Malaysia) (T1) 2) Political or economic instability in the region (T2) 3) Potential for overcoming mercialization leading to loss of authenticity in traditional practices (T3) 4) Global health crises (e.g. pandemics) impacting international travel (T4)	• Differentiate from competitors like Thailand and Malaysia by emphasising Lao PDR' authentic healing practices and unspoiled natural environment, which offer a unique and less commercialised experience. (T1 + S1, S2) • Focus on niche markets such as eco-conscious tourists and spiritual wellness seekers who are less affected by political instability or economic downturns. (S4 + T2) • Offer affordable treatments to attract those seeking cost-effective wellness solutions, especially in light of rising healthcare costs in developed countries. (S3 + T4)	• Address the lack of international recognition by launching focused marketing campaigns that highlight the unique cultural and natural experiences Lao PDR offers, positioning it as a distinctive and authentic alternative to larger, more commercialised competitors. (T1 + W3) • Collaborate with international wellness organisations to bring accredited services and increase trust in Lao PDR' health tourism sector, reducing the disadvantage against well-established destinations. (W1 + T1) • Prepare for global health crises by implementing strong health protocols and promoting the country as a safe wellness destination during pandemics or other global events, reassuring tourists about safety and well-being. (W1, W4 + T4)

5.7 Diamond Analysis

Porter's Diamond Model helps analyse the competitive advantage of industries by assessing four key factors: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. When applied to the wellness tourism sector in Lao PDR, this framework reveals several insights into how Lao PDR can leverage its unique strengths to become a leading destination for health and wellness tourism.

Factor Conditions

Lao PDR has a strong foundation in terms of factor conditions, which refer to the natural resources and inputs required to develop and sustain the wellness tourism industry. The country's *abundant natural resources,* such as medicinal herbs, organic produce, and scenic landscapes, are key assets that differentiate Lao PDR from other wellness destinations.

The country's rich tradition of **herbal medicine and spiritual healing** provides an additional layer of authenticity, as many of the wellness practices are rooted in centuries-old Lao traditions. These factors allow wellness centres and spas to offer holistic experiences that integrate local culture and natural resources. The availability of **tranquil natural settings** also enhances the appeal of Lao PDR for eco-tourism and wellness retreats that prioritise relaxation and connection with nature.

However, there are some challenges related to **infrastructure** and **workforce development**. While natural resources are plentiful, the industry could benefit from investments in better transportation and communication infrastructure to improve accessibility to wellness centres in remote areas. Additionally, Lao PDR needs more trained wellness professionals, such as spa therapists, yoga instructors, and herbalists, to meet the growing demand for wellness tourism services.[133] [134]

Demand Conditions

Lao PDR benefits from favourable demand conditions**,** both locally and internationally. There is a **rising global interest** in wellness tourism, driven by growing awareness of the importance of physical, mental, and spiritual well-being. The global wellness industry has seen significant growth in recent years, with more travellers seeking destinations that offer opportunities for relaxation, self-care, and holistic health practices.

In this context, Lao PDR is emerging as a promising destination for wellness tourists who are looking for **authentic, culturally immersive experiences.** The increasing popularity of **eco-tourism** and **sustainable travel** also aligns with the offerings of Lao PDR, which include nature-based wellness retreats and traditional healing practices.

In addition to international demand, **domestic demand** is also on the rise, as more Lao residents become interested in wellness services for health and relaxation. The country's growing middle class is starting to explore wellness tourism as a means of improving their quality of life, creating a steady stream of domestic clients for local spas, retreats, and healing centres.[135]

Related and Supporting Industries

The success of wellness tourism in Lao PDR is closely tied to the strength of several related and supporting industries. One of the most important industries is **agriculture**, which supplies the organic herbs, medicinal plants, and natural products used in traditional Lao wellness treatments. The cultivation of these resources is crucial for maintaining the authenticity and sustainability of the wellness industry. **Local handicraft industries** also play a supporting role by producing wellness-related products, such as essential oils, handmade spa items, and herbal remedies, which are used in treatments and sold as souvenirs.[136] [137]

The **tourism and hospitality** *sectors* are also critical to the wellness cluster. Hotels, resorts, and eco-lodges in Lao PDR often integrate wellness programmes into their offerings, providing tourists with a complete wellness experience. This synergy between wellness services and the hospitality industry enhances the overall appeal of Lao PDR as a destination, as tourists can easily combine wellness activities with luxury accommodation and eco-tourism adventures. Additionally, **eco-tourism initiatives** that focus on sustainable travel and the preservation of natural resources further support the development of the wellness tourism sector, as they emphasise the importance of harmony between well-being and nature.[138]

However, Lao PDR could benefit from further integration with **technology and innovation** sectors, such as digital platforms for wellness bookings, data-driven tourism insights, and online marketing strategies to reach broader international audiences.

[133] Thailand, Viet Nam, Cambodia, Indonesia, and Sri Lanka, Lao PDR attract US and UK Tourists with Sleep Tourism – Travel and Tour World
[134] Boosting Tourism in Lao PDR
[135] Ibid.
[136] Agriculture and Tourism Key to Lao PDR's Sustainable and Shared Prosperity — ADB | Asian Development Bank
[137] Developing Agriculture and Tourism for Inclusive Growth in the Lao People's Democratic Republic
[138] Luxembourg Development Agency

Firm Strategy, Structure, and Rivalry

The firm strategy, structure, and rivalry in the Lao wellness tourism sector are evolving rapidly as the industry grows. There is an increasing level of **competition among wellness service providers**, particularly high-end luxury resorts, traditional healing centres, and day spas. This competition drives innovation and enhances the quality of services, as businesses strive to offer unique, authentic experiences that cater to high-end wellness tourists.

At the same time, many wellness businesses in Lao PDR focus on maintaining **authenticity** by incorporating traditional Lao healing practices and local products into their services, which provides a competitive advantage over global wellness brands that may offer more standardised experiences.

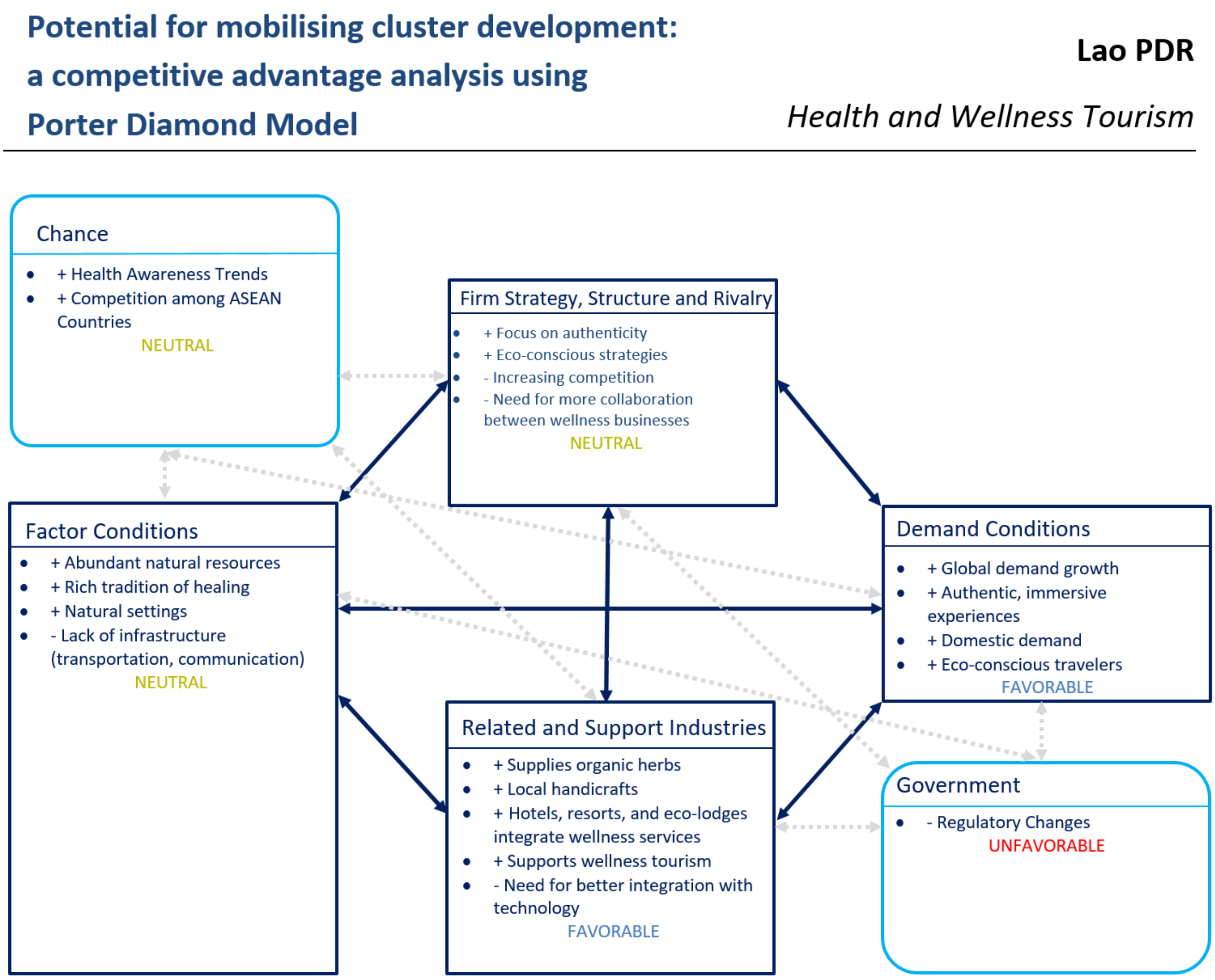
In terms of strategy, many firms are positioning themselves to appeal to **eco-conscious and sustainability-focused travellers** by integrating wellness programmes with eco-tourism activities such as hiking, forest bathing, and meditation in natural settings. This combination of wellness and nature is a key strength for Lao PDR, as it aligns with global trends in wellness tourism that emphasise sustainability, self-care, and mindfulness.[139] [140]

Although the level of competition is increasing, there is room for increased **collaboration** between wellness businesses, government bodies, and NGOs to establish **quality standards**, promote the industry, and enhance the overall competitiveness of the wellness cluster in Lao PDR. By working together, businesses can pool resources to improve infrastructure, training, and marketing efforts, making Lao PDR a more attractive destination for international wellness tourists.

In conclusion, the application of Porter's Diamond Model to wellness tourism in Lao PDR highlights the country's strong potential for competitive advantage in this growing sector. With its abundant natural resources, rich cultural heritage, and increasing demand for wellness services, Lao PDR is well-positioned to capitalise on the global wellness tourism trend. However, continued investment in infrastructure, workforce development, and collaboration between related industries will be key to fully realising this potential. By focusing on authenticity, sustainability, and innovation, Lao PDR can further enhance its position as a leading destination for health and wellness tourism in Southeast Asia.

[139] Eco-Tourism in Lao PDR - Lao PDR-Adventures.com by Tiger Trail Travel Lao PDR
[140] Green Discovery Lao PDR

Figure 38 Diamond Model Lao



Source: Compiled by Kenan Foundation Asia (2024)

5.8 Problems Identified

Health and wellness tourism in Lao PDR has significant potential due to its rich cultural heritage, traditional healing practices, and natural resources. However, several challenges hinder its growth and global competitiveness. Addressing these issues is essential for Lao PDR to establish itself as a desirable destination for health and wellness tourists.

- **Limited Healthcare Infrastructure:** One of the most pressing challenges is the lack of internationally accredited medical facilities and advanced medical equipment. International tourists seeking wellness services often prioritise destinations with high standards of care, and Lao PDR lags regional competitors like Thailand and Malaysia in this aspect. The limited healthcare infrastructure reduces the trust and confidence of foreign tourists in Lao PDR as a wellness destination.
- **Weak Marketing and Branding:** Lao PDR is not widely recognised as a health and wellness tourism destination. The lack of international marketing efforts to highlight its unique cultural and natural assets further exacerbates the problem. Additionally, the minimal use of digital marketing and low online visibility of wellness services prevent Lao PDR from reaching a global audience, thereby limiting its market potential.

- **Language Barriers:** Effective communication is critical in the tourism sector, yet many service providers in Lao PDR have limited proficiency in English and other widely spoken international languages. This language barrier can create discomfort for foreign tourists and hinder their overall experience, discouraging repeat visits and word-of-mouth recommendations.
- **Competition from Neighbouring Countries:** The health and wellness tourism sector in Southeast Asia is dominated by countries like Thailand and Malaysia, which offer superior infrastructure, diversified services, and a well-established reputation. In contrast, Lao PDR is often perceived as less developed and lacking in service diversity, making it challenging to attract international tourists.
- **Political and Economic Challenges:** Political instability and bureaucratic inefficiencies in Lao PDR pose obstacles to infrastructure development and policy improvements needed to support health and wellness tourism. Economic constraints also limit government investment and support for the sector, further stalling its growth.
- **Over-commercialisation Risks:** As tourism scales up, there is a risk of over-commercialisation, leading to the loss of authenticity in traditional practices. The challenge lies in balancing the preservation of traditional healing practices, which are key attractions in Lao PDR, and the demands of a growing tourism market.
- **Vulnerability to Global Crises:** The sector is highly sensitive to global health crises, such as pandemics, which disrupt international travel. Additionally, fluctuating economic conditions in key source markets can reduce demand for wellness tourism, impacting Lao PDR's ability to attract foreign visitors.
- **Underdeveloped Related Industries:** Collaboration between the health and wellness tourism sector and related industries such as agriculture, hospitality, and eco-tourism is limited. This lack of integration restricts the development of holistic and sustainable wellness offerings that could enhance the appeal of Lao PDR as a destination.
- **Access and Connectivity Issues:** Transportation infrastructure in Lao PDR remains underdeveloped, particularly in remote wellness locations like Luang Prabang and Vang Vieng. Poor logistical management also affects the seamless transfer of tourists, diminishing their overall experience.
- **Lack of Training and Development:** The limited availability of training programmes for wellness professionals, such as therapists and yoga instructors, results in services that often do not meet international standards. Furthermore, traditional knowledge in areas like herbal medicine and spiritual healing remains underutilised and unmodernised for tourism purposes.
- **Environmental Sustainability Concerns:** As tourist activity increases, there is a growing risk of environmental degradation, particularly in eco-sensitive areas. The lack of eco-friendly practices and sustainable infrastructure in wellness tourism facilities threatens the natural environment that is integral to Lao PDR's wellness offerings.
- **Low Product Diversification:** Currently, wellness tourism in Lao PDR focuses predominantly on traditional healing and spa treatments. The lack of innovation in developing comprehensive wellness programmes, such as digital wellness services or personalised packages, limits its ability to compete with more developed destinations. Moreover, modern wellness trends, such as health technology, remain underutilised in the tourism value chain.

While Lao PDR has significant potential to become a leading health and wellness tourism destination, it faces numerous challenges ranging from inadequate infrastructure and weak branding to global vulnerabilities and environmental concerns. To overcome these barriers, a coordinated effort involving government support, investment in infrastructure, training, and sustainable practices is essential. By addressing these issues, Lao PDR can position itself as a unique and competitive destination in the global health and wellness tourism market.

6 Malaysia

6.1 Introduction: Overall Scenario

Malaysia has become one of Southeast Asia's leading destinations for health and wellness tourism because of its strategic blend of high-quality healthcare, affordability, rich cultural diversity, and natural beauty. The country's multi-ethnic heritage provides a unique combination of modern medicine, alternative healing traditions (from Malay, Chinese, and Indian cultures), and wellness services. The government has actively fostered the growth of this sector since the 1990s, making healthcare and wellness tourism key pillars of its economic diversification strategy.

Malaysia's efforts to promote this sector through the Ministry of Health and the Malaysia Healthcare Travel Council (MHTC), have positioned the country as a key player in the global health tourism market. The country's accessibility, high standard of English proficiency, and extensive network of internationally accredited hospitals bolster its appeal to international patients, particularly from Southeast Asia, the Middle East, and increasingly, North and South Asian countries.

6.2 Definition of Cluster

6.2.1 Defining the Service

Health and wellness tourism in Malaysia is a broad cluster that encompasses various services aimed at medical tourists and wellness seekers alike. The cluster is characterised by:

- ***Medical Tourism:*** Malaysia is renowned for high-quality yet affordable medical services, including complex surgeries, dental care, cosmetic procedures, and fertility treatments. Its internationally accredited hospitals offer world-class healthcare services at a fraction of the cost found in Western countries.
- ***Wellness Tourism*** includes spa services, beauty treatments, weight management programmes, and detox therapies. Wellness centres emphasise relaxation, rejuvenation, and prevention, targeting both local and international tourists.
- ***Traditional and Complementary Medicine:*** Traditional Malay, Chinese, and Indian healing practices like acupuncture, Ayurveda, herbal therapies, and cupping are popular alternatives or complements to modern medicine. These services are often integrated into wellness tourism, offering a holistic approach to health and wellness.
- ***Retirement Villages:*** A growing sector within health and wellness tourism, catering to elderly tourists, particularly from Japan, Europe, and nearby countries like Singapore. These facilities offer long-term stays, comprehensive healthcare, and senior-friendly environments.

6.2.2 Geographical Location

Health and wellness tourism is geographically dispersed across Malaysia, with specific regions becoming specialised hubs for different types of services:

- ***Kuala Lumpur and Selangor:*** These regions are the epicentre of medical tourism, hosting numerous internationally accredited hospitals and healthcare providers. Facilities such as Prince Court Medical Centre, Gleneagles, and Sunway Medical Centre are known for their advanced technology and expert medical professionals.

- ***Penang:*** Commonly referred to as the "Pearl of the Orient", Penang has a well-established reputation for medical tourism, particularly in gastroenterology, ophthalmology, oncology, cardiology and orthopaedic surgery. It also boasts a thriving wellness industry with high-end spas and holistic healing centres.
- ***Malacca:*** Known for its rich history, Malacca is developing as a wellness tourism hub offering boutique wellness retreats, traditional healing practices, and spa resorts that cater to international wellness travellers.
- ***Johor:*** Located near Singapore, Johor is gaining recognition as a growing destination for both medical and wellness tourism. Its proximity to Singapore allows it to attract patients from one of the wealthiest healthcare markets in Asia.
- ***Sabah and Sarawak:*** Sabah and Sarawak offer eco-wellness tourism, combining natural healing environments with wellness practices. These states capitalise on their abundant natural resources, such as hot springs, rainforests, and marine life, to offer unique wellness experiences like forest therapy, yoga retreats, and eco-spas.

Figure 39 Merarap Hot Springs Lodge in Sarawak

Source: Mybarter - Merarap

6.2.3 Market Size, Employment and Segmentation

6.2.3.1 Market Size

The Malaysian health and wellness tourism market has experienced rapid growth over the past decade, positioning itself as a major contributor to the national economy. In 2019, Malaysia received approximately 1.3 million medical tourists, generating RM1.7 billion (approx. US$415 million) in revenue. Penang alone contributed roughly RM500 million (approx. US$110 million) from its medical tourism industry. While the market suffered a temporary setback during the COVID-19 pandemic, the lifting of restrictions and government efforts have led to a forecasted 16.1% CAGR from 2021 to 2026. By 2026, Malaysia’s health tourism sector is expected to generate revenues exceeding RM4 billion.

6.2.3.2 Employment

The health tourism sector is a significant driver of employment in Malaysia, creating direct and indirect jobs across various industries. Direct employment in private hospitals serving medical tourists is estimated to range between 15,000 and 20,000 jobs. This includes medical professionals, administrative staff, and hospital support services. Indirect employment, which includes jobs in hospitality, transportation, and tourism services, supports an additional 30,000–40,000 workers.

The wellness tourism sector, including spas, retreats, and alternative medicine centres, employs between 25,000 and 30,000 people, contributing to the livelihoods of thousands in the service and wellness industry.

6.2.3.3 Segmentation

- ***Medical treatments and surgeries (50%):*** This segment dominates the national market, indicating that Malaysia is primarily known for its medical tourism. The high percentage suggests that many international patients come for specific medical procedures, surgeries, or treatments. In 2023, top medical disciplines include gastroenterology, obstetrics and gynaecology, oncology, ophthalmology and cardiology. The large share is likely due to Malaysia's reputation for high-quality healthcare at competitive prices compared to many Western countries.
- ***Wellness and spa services (30%):*** This portion reflects Malaysia's growing appeal as a wellness destination. It includes services like spa treatments, massages, beauty treatments, and holistic wellness programmes. The tropical setting and blend of traditional and modern practices make Malaysia attractive for those seeking relaxation and rejuvenation.
- ***Traditional and complementary medicine (15%):*** This segment represents Malaysia's offering of traditional healing practices from multiple cultures. It includes Traditional Chinese Medicine, Ayurveda, and indigenous Malay treatments. While it is a niche market, it is still as notable part of the health tourism landscape.
- ***Long-term care and retirement (5%):*** While the smallest segment, this represents an emerging market for Malaysia. It caters to retirees and seniors looking for long-term care options in a country with a lower cost of living and a pleasant climate.

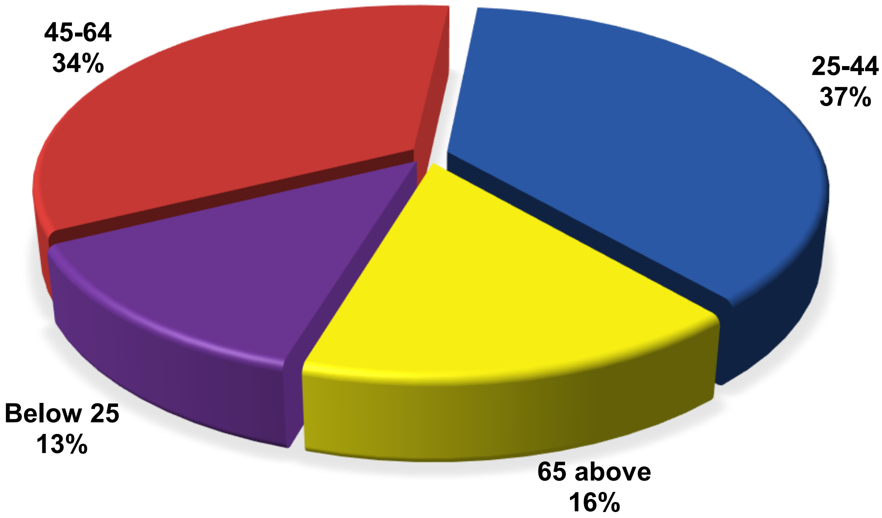
2023 Segmentation by Origin of Tourists

- ***Indonesia (60%):*** The dominance of Indonesian tourists is likely due to geographical proximity, cultural similarities, and the lack of certain medical facilities or expertise in Indonesia. This heavy reliance on one market could be both a strength and a potential risk.
- ***China (10%):*** This segment represents a growing market, possibly attracted by Malaysia's blend of Eastern and Western medical practices and its multicultural environment.
- ***Middle East (1%):*** These equal segments suggest diverse appeal across different Asian and Middle Eastern countries. Each might be drawn by specific aspects of Malaysia's offerings – for example, Middle Eastern tourists.
- The remaining percentage includes medical tourists from other Southeast Asian countries and Western tourists. It indicates that Malaysia has a global appeal, albeit with room for growth in these markets.

Segmentation by Age Group

- ***25–44 years (37%) and 45–64 years (34%):*** These two age groups make up the majority of health tourists and drive the demand for disciplines like gastroenterology, O&G, oncology, ophthalmology and cardiology.
- ***65 and above (16%):*** This segment likely corresponds to retirees and those seeking specialised medical care. The relatively small percentage suggests potential for growth, especially in long-term care and retirement services.
- ***Below 25 years (13%):*** The smallest segment, this group might include young adults seeking cosmetic procedures, wellness retreats, or accompanying older family members for their treatments.

Figure 40 Segmentation by age group



Source: Compiled by Kenan Foundation Asia (2024)

This segmentation data provides valuable insights for marketers and policymakers in Malaysia's health and wellness tourism sector. It highlights the need to maintain strength in medical tourism while also developing other segments like wellness tourism and long-term care. The data also suggests opportunities for market diversification, particularly in attracting more tourists from diverse countries and age groups.

6.2.4 Quality Standards

Malaysia has distinguished itself as a reputable and trusted destination in health and wellness tourism by maintaining rigorous quality standards across its medical and wellness facilities. The nation's commitment to safety, reliability, and world-class service is reflected in its regulation of medical centres, wellness establishments, and traditional medicine practices, making it a highly sought-after location for international tourists seeking health and wellness services.

Malaysia's healthcare sector includes several internationally accredited medical facilities including Subang Jaya Medical Centre (SJMC), National Heart Institute (IJN), Mahkota Medical Centre, Island Hospital, Prince Court Medical Centre and Gleneagles Kuala Lumpur. These hospitals have achieved accreditation from the JCI, widely recognised as the global benchmark for healthcare quality. This JCI accreditation reassures patients that these facilities meet or exceed global standards for safety, quality, and patient care.

Additionally, local accreditation is managed by the Malaysian Society for Quality in Health (MSQH), which enforces rigorous standards to ensure that Malaysian hospitals and clinics provide safe and efficient patient care. Additionally, many facilities comply with ISO 9001, a certification that enhances operational efficiency and assures high-quality healthcare services.

Wellness centres and spas are subject to strict regulations to ensure safe and quality services. Many Malaysian wellness facilities follow the guidelines of the International Spa Association (ISPA), an organisation that sets standards for spa management, customer service, and environmental sustainability. The adherence to ISPA guidelines elevates Malaysia's wellness industry and positions it to meet the expectations of global tourists seeking high-quality spa and wellness services.

The Association of Malaysian Spas (AMSPA) works together with the Ministry of Tourism on its spa rating initiative to highlight the value and benefits of rated spas around Malaysia. They exist to nurture, develop and move the Malaysian Spa industry forward by ensuring that standards and professionalism are always upheld by its members.

Moreover, Malaysia has established a structured regulatory framework for traditional and complementary medicine (T&CM), overseen by the Ministry of Health's T&CM Division. This framework ensures that practitioners in traditional Malay, Chinese, and Indian medicine are registered and adhere to national health regulations.

By enforcing these standards, Malaysia guarantees that traditional therapies are both safe and effective for local and international patients, adding a unique and culturally rich dimension to its wellness tourism offerings. The integration of traditional therapies into the wellness sector further enhances Malaysia's appeal, as visitors can experience authentic, culturally significant treatments with confidence in their safety and efficacy.

The Malaysian government has played a crucial role in advancing the country's health and wellness tourism industry, with the MHTC at the forefront of coordinating the medical tourism sector. MHTC ensures that hospitals and clinics meet the highest standards of care, delivering a seamless experience for health tourists. Through initiatives like the "Malaysia Year of Healthcare Travel" and strategic partnerships with global healthcare networks, MHTC has significantly boosted Malaysia's visibility and credibility in the international health tourism arena.

These efforts attract international patients and enhance Malaysia's reputation as a reliable, high-quality destination for healthcare and wellness services. Under the mandate of MHTC, the nation is unified by a single vision: to be 'THE' healthcare travel destination in the world—a goal further catalysed by the Malaysia Year of Medical Tourism (MYMT) 2026 initiative. This vision is supported by four key focus areas: healthcare, which encompasses modern medicine, wellness medicine, and T&CM; clinical offerings, focusing on advanced medical treatments; tourism, integrating healthcare services with Malaysia's cultural and tourism experiences; and patient experience, ensuring seamless, patient-centric care.

Complementing these focus areas are five core brand narratives that emphasise Malaysia healthcare's strengths: highly qualified doctors, accredited hospitals, cutting-edge infrastructure, exceptional medical outcomes, and the renowned Malaysian hospitality. Together, these elements position Malaysia as a leading destination for healthcare and wellness tourism, offering unparalleled value and trust to health travellers worldwide.

6.3 Cluster Map

Porter's cluster map offers a comprehensive framework to analyse Malaysia’s medical and wellness tourism sector and understand the interrelationships and linkages that drive the industry. Below is a detailed overview of the sector, highlighting the core companies, related industries, supporting institutions, demand conditions, and competitive context.

The core of Malaysia’s medical and wellness tourism sector consists of a variety of specialised service providers. The key players in the sector are primarily private hospitals, such as KPJ Healthcare and Prince Court Medical Centre, which are renowned for their advanced medical services. Additionally, specialised clinics focusing on fields like fertility, cardiology, and oncology are integral to this sector. In the wellness domain, prominent wellness centres include The Banjaran Hotsprings Retreat and Mangala Resort & Spa, offering luxurious spa experiences and traditional medicine practices like Ayurveda and Traditional Chinese Medicine (TCM).

Several industries support the core medical and wellness tourism sector. Medical device suppliers such as GE Healthcare and Siemens Healthineers provide essential equipment and technology that enable high-quality medical care. Pharmaceutical companies like Pfizer Malaysia and Pharmaniaga supply medications critical for treatment.

Travel and tourism services play a vital role, with travel agencies specialising in medical tourism packages and transportation services (both airlines and ground transport) facilitating patient travel. The hospitality sector also supports medical tourism with hotels and service apartments that cater to medical tourists, as well as recovery and convalescence centres that provide post-treatment care.

Government agencies play a crucial role in shaping Malaysia’s medical and wellness tourism landscape. The Ministry of Health oversees regulations and sets quality standards, and the MHTC promotes the country as a medical tourism destination. Educational institutions, such as the University of Malaya and the International Medical University, contribute by providing medical and nursing education, alongside institutions offering specialised wellness and spa management courses. Regulatory bodies like the Malaysian Medical Council are responsible for licensing and regulating medical professionals, and the Ministry of Tourism, Arts and Culture supports wellness tourism through various initiatives.

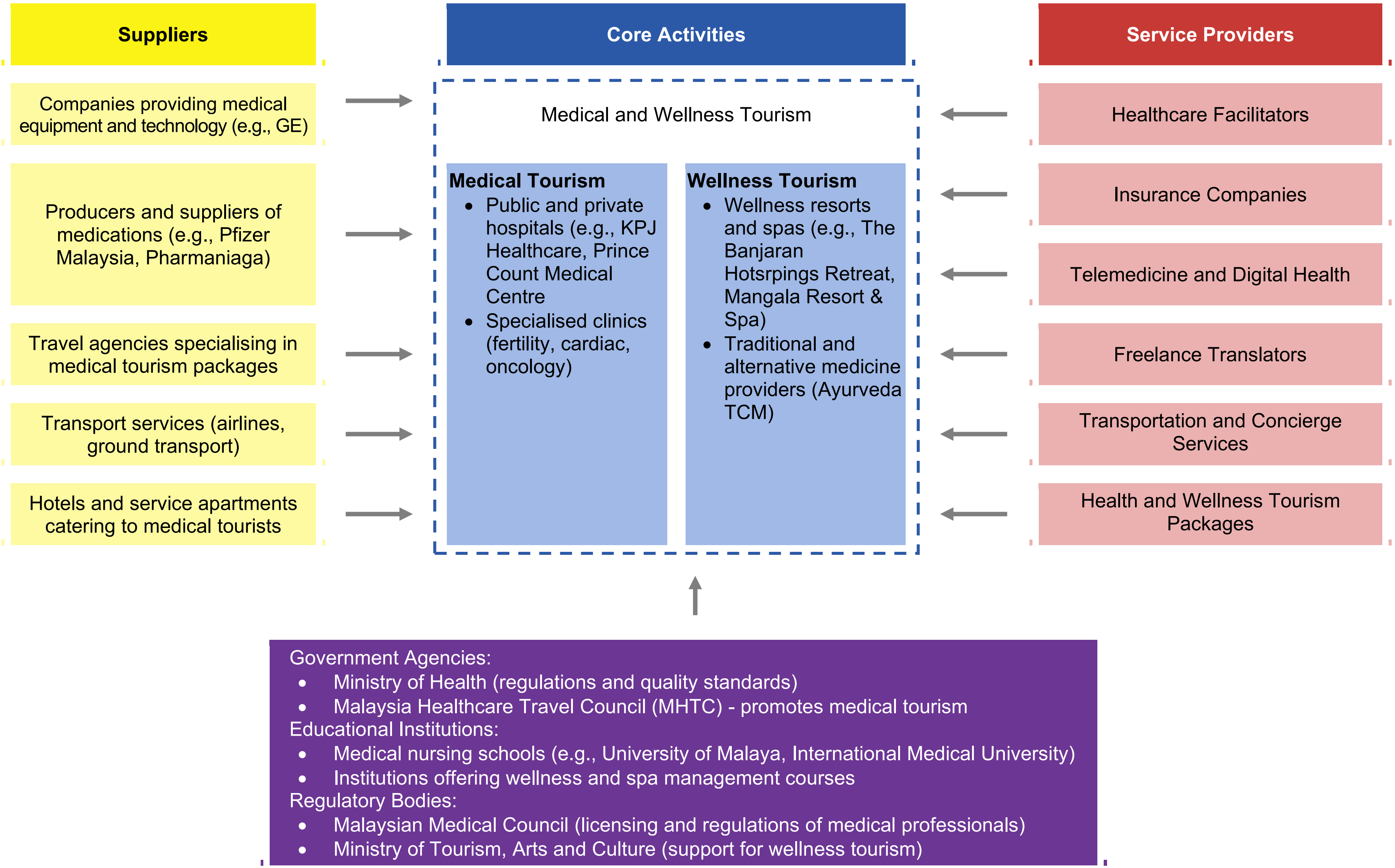
The demand for medical and wellness services in Malaysia is primarily fuelled by international factors. Internationally, Malaysia attracts medical tourists from neighbouring countries such as Indonesia, Singapore, and China, who are driven by Malaysia’s reputation for high-quality healthcare and wellness services and other factors. Domestically, Malaysian citizens are increasingly seeking high-quality healthcare and are becoming more aware of wellness and preventive care. There is a growing demand for specialised services such as fertility treatments, minimally invasive surgeries, robotic surgeries and wellness retreats.

The competitive landscape for Malaysia’s medical and wellness tourism sector is characterised by intense regional competition, particularly from neighbouring countries like Singapore and Thailand. Malaysian firms engage highly qualified and internationally accredited doctors to attract international patients and differentiate themselves.

Government support includes policies and incentives designed to enhance healthcare standards and attract foreign patients, alongside initiatives that position Malaysia as a premier destination for medical and wellness tourism. Market dynamics are influenced by shifts in patient preferences towards holistic and wellness-focused care, as well as the adoption of technology and digital health services to improve the patient's experience.

This detailed cluster map provides a comprehensive view of the interconnected elements driving Malaysia's medical and wellness tourism industry, offering insights into the relationships and dynamics that influence its growth and competitiveness.

Figure 41 Cluster map Malaysia



Source: Compiled by Kenan Foundation Asia (2024)

6.4 Value Chain/Global Value Chain

Malaysia has emerged as a prominent destination for medical and wellness tourism by leveraging its high-quality healthcare services and holistic wellness offerings to attract international patients. The value chain for this sector encompasses several stages, from initial customer engagement to post-treatment care, ensuring a seamless and enriching experience for visitors. This value chain is supported by essential activities that enhance the efficiency and quality of the services provided, contributing to Malaysia's standing as a top medical and wellness tourism destination.

The inbound logistics for Malaysia's medical and wellness tourism involve several crucial activities that facilitate the patient journey from initial contact to treatment. Customer acquisition is driven through targeted marketing and promotional activities aimed at international patients, often in collaboration with medical tourism facilitators and international travel agencies.

Detailed information about available services, costs, and procedures is provided through various channels, including websites, brochures, and digital platforms. Initial consultations and inquiries are managed by customer service teams or facilitators, ensuring that potential patients receive comprehensive support.

For visa-requiring healthcare travellers intending to seek care in Malaysia, a simplified eVISA (Medical) application process is available. This streamlined system allows patients to save time with a seamless, end-to-end service facilitated by Malaysia Healthcare, ensuring hassle-free travel arrangements. Additionally, visa and travel arrangements are further streamlined with assistance for visa applications, travel bookings, and itinerary planning, making the process more convenient for international visitors.

The operational aspects of Malaysia's medical and wellness tourism sector include core medical services such as diagnostics, surgeries, treatments, and therapies. Specialised medical services, including fertility treatments, cardiac care, oncology, and cosmetic surgery, are also prominent. Wellness services complement medical care by offering packages that include spa treatments, traditional therapies like Ayurveda and TCM, and holistic health programmes.

These services are designed to integrate medical care with relaxation and rejuvenation. Support services such as language interpretation and translation ensure effective communication for non-Malay-speaking patients, while specialised nursing care and patient management are provided throughout the treatment process. Accommodation and meal services are tailored to the needs of medical and wellness tourists, offering comfortable lodging either within hospital premises or in affiliated hotels, and meal plans that cater to specific medical or wellness requirements.

Post-treatment care is a vital component of the outbound logistics process. Follow-up consultations are offered in-person and through telemedicine platforms, ensuring ongoing care after patients return home. Discharge planning includes preparing patients for their journey back with detailed post-care instructions provided. Rehabilitation and recovery services, such as physical therapy, counselling and wellness programmes, support patients' recovery.

Coordination with local healthcare providers in the patient's home country helps ensure continuity of care. Additionally, secure management and transfer of medical records and documentation are handled efficiently, maintaining patient privacy and providing relevant information to healthcare providers.

Marketing and sales efforts focus on branding and positioning Malaysia as a leading destination for affordable, high-quality medical and wellness services. Malaysia’s strengths, such as internationally accredited hospitals, renowned specialists, and Muslim-friendly services, are highlighted.

Digital marketing strategies utilise online platforms, social media, and search engine optimisation to reach potential international patients. Partnerships with international healthcare facilitators and online booking platforms enhance visibility and accessibility. Sales channels include direct engagement through hospitals and wellness centres and intermediaries like medical tourism agencies, broadening the reach of Malaysia’s medical and wellness tourism offerings.

Customer support is a key service element, with 24/7 helplines and concierge services available to assist patients with their needs before, during, and after their visit. Feedback and quality improvement processes are in place to continuously enhance service quality and patient satisfaction. Patient feedback is collected and used to inform quality assurance programmes, ensuring adherence to international healthcare standards. Aftercare services include ongoing support through follow-up appointments and telemedicine consultations, as well as wellness programmes designed to promote long-term health and preventive care.

- ***Support activities*** underpin the primary operations of Malaysia’s medical and wellness tourism sector, contributing to overall service efficiency and quality.
- ***Firm Infrastructure*** includes the management of state-of-the-art facilities, such as hospitals, wellness centres, and spas. Advanced information technology systems are employed for managing patient data, bookings, and telemedicine services.
- ***Human Resource Management*** is centred on maintaining high service standards by equipping highly qualified medical professionals, wellness therapists, and supporting staff with comprehensive training and development programmes. These initiatives ensure that the team consistently delivers exceptional care and treatment. Additionally, staff well-being programmes are implemented to reduce burnout and foster high morale among employees, supporting a positive and productive work environment.
- ***Technology Development*** involves investment in cutting-edge medical equipment, diagnostic tools, and wellness technologies. Clinical research and development activities are geared towards improving treatment methods, wellness programmes, and patient care.

Together, these elements form a robust framework for Malaysia’s medical and wellness tourism industry and ensure that it continues to provide exceptional care and an enriching experience for patients from around the world.

Figure 42 Global value chain Malaysia

Value Chain Malaysia						
Suppliers	**Firm Infrastructure**					**Customers**
	Hospital and Facility Management • State-of-the-art infrastructure, including hospitals, wellness centres, and spas. Information Technology • Advanced IT systems for managing patient data, bookings, and telemedicine services.					
	Human Resource Management					
	Talent Acquisition and Training • Recruitment of highly qualified medical professionals, wellness therapists, and support staff. • Continuous training and development programmes to maintain high service standards. Staff Well-being • Initiatives to ensure staff wellness, reducing burnout and maintaining high morale.					
	Technology Development					
	Medical and Wellness Technology • Investment in cutting-edge medical equipment, diagnostic tools, and wellness technologies. Research and Development • R&D activities aimed at improving treatment methods, wellness programmes, and patient care.					
	Procurement					
	Suppliers and Partnerships • Strategic partnerships with pharmaceutical companies, medical device suppliers, and wellness product providers. Quality Control • Rigorous quality checks for all procured goods and services to ensure patient safety and satisfaction.					
	Inbound Logistics	**Operations**	**Outbound Logistics**	**Marketing and Sales**	**After Sales Service**	
	1. Customer Acquisition 2. Information 3. Visa and Travel Arrangements	1. Medical Services 2. Wellness Services 3. Support Services 4. Accommodation and Meals	1. Post-Treatment Care 2. Rehabilitation and Recovery 3. Medical Records Management	1. Branding and Positioning 2. Digital Marketing 3. Sales Channels	1. Customer Support 2. Feedback and Quality Improvement 3. Aftercare Services	

Source: Compiled by Kenan Foundation Asia (2024)

6.5 SWOT Analysis

Strengths

Malaysia is a globally recognised leader in the health and wellness tourism sector due to its quality services, supportive policies, and cultural inclusiveness:

- **Affordable, High-Quality Healthcare**: Malaysia offers world-class medical treatments at prices often 40–60% cheaper than in Western countries without compromising quality. This affordability, combined with high patient satisfaction, makes Malaysia a value-driven destination for health tourists.

- **JCI-Accredited Facilities**: A growing number of Malaysian hospitals hold JCI accreditation, reinforcing Malaysia's reputation for global healthcare standards and clinical excellence.

- **Muslim-Friendly Environment**: As a Muslim-majority country, Malaysia offers halal-certified medical facilities, prayer rooms, Muslim-friendly hotels, and culturally sensitive care. This positioning makes it especially attractive to Muslim health travellers from the Middle East and ASEAN.

- **Strong Government Support via MHTC**: The MHTC plays a pivotal role in coordinating public-private partnerships, branding Malaysia globally, and supporting international patient logistics, enhancing overall sector coordination and resilience.

Weaknesses

Despite strong fundamentals, several internal limitations could hinder sector scalability and sustainability:

- **Dependence on Indonesian Market**: A large portion of Malaysia's medical tourists come from Indonesia, making the sector vulnerable to shifts in bilateral relations, currency fluctuations, or changes in Indonesian outbound travel policy.

- **Limited Inbound Flight Frequencies:** While West Malaysia is well-connected, East Malaysia and secondary cities suffer from weaker international flight access. This limits growth in less-developed regions that could otherwise host medical and wellness hubs.

- **Limited Collaboration between MSMEs & Large Firms:** MSMEs are often disconnected from large players such as private hospitals & hotels. Large players are dependent on other large players, overlooking the potential of integrating MSMEs into their value chains. Therefore, many MSMEs face significant barriers to scaling up and participating in larger supply networks.

- **Uneven Distribution of Support Services:** Complementary services such as accommodation, transportation, concierge or translation services are more concentrated in major urban centres like Kuala Lumpur, Penang and Johor Bahru, and remain limited or underdeveloped in rural areas.

Opportunities

Malaysia is well-positioned to capitalise on emerging trends and regional needs in healthcare travel:

- **Fertility and Aged-Care Demand**: Malaysia's specialised fertility clinics and growing aged-care facilities present attractive options for couples and seniors, particularly from markets with long wait times or high costs.

- **Interest in Muslim-Friendly Health Destinations**: Global interest in halal-certified and Sharia-compliant aligned healthcare continues to rise. Malaysia can expand this niche and establish regional leadership in Muslim-friendly medical tourism.

- **Digital Health Expansion**: The post-COVID era has accelerated the demand for telemedicine, remote second opinions, and digital health concierge services. All of which Malaysia is increasingly adopting to broaden patient reach and pre/post-care delivery.

- **Growing Middle Class in APAC**: Rising income levels in neighbouring ASEAN and Asia-Pacific countries are fuelling outbound demand for medical and wellness services, especially among patients looking for shorter waits, better technology, and personalised care.

- **Introduction of Urutan Malaysia by MOTAC**: Traditional massage that blends Malay, Chinese, Indian and Indigenous techniques, to be positioned as a national wellness identity.

Threats

Malaysia's growth in medical and wellness tourism may be challenged by several external factors:

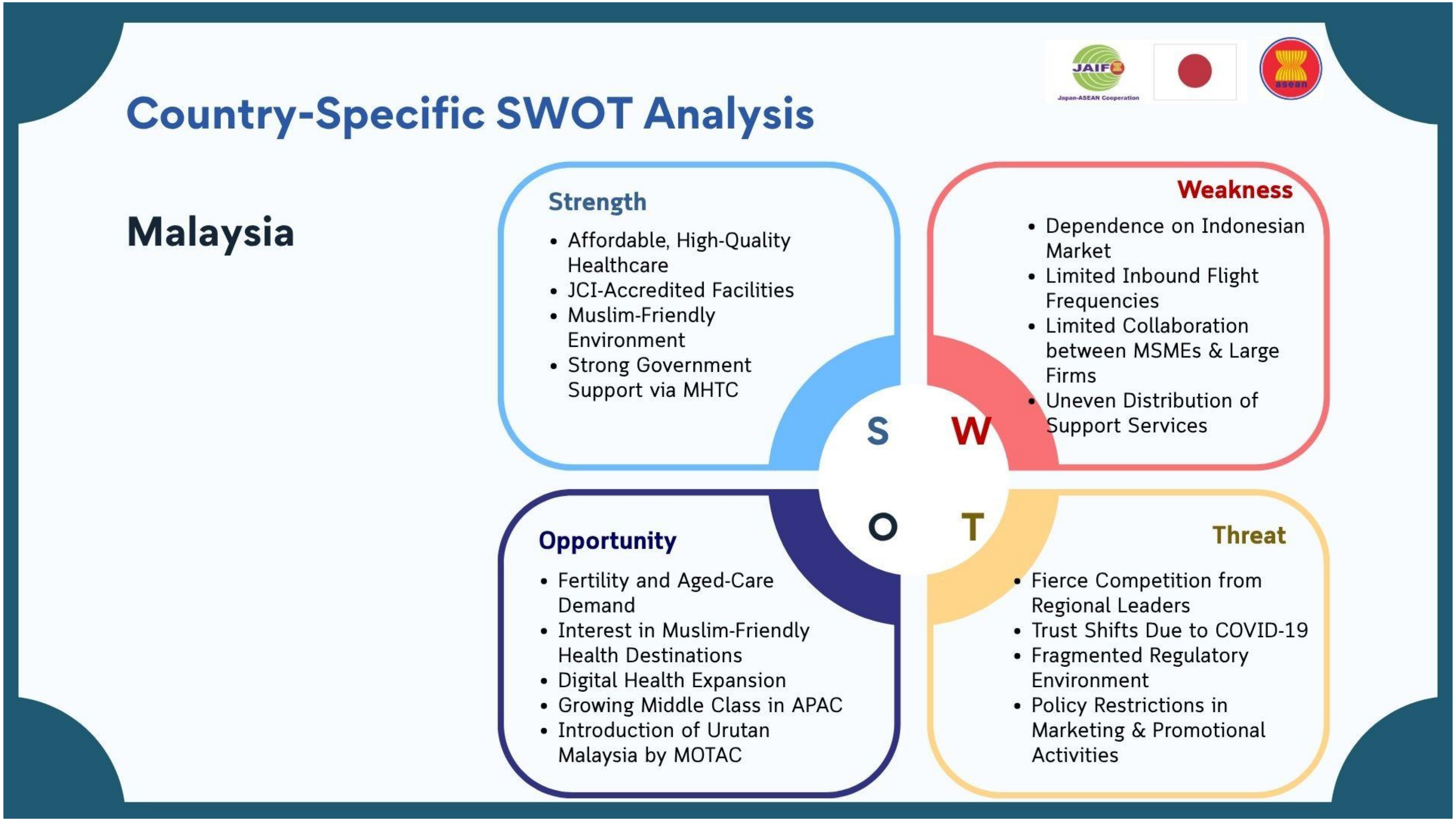
- **Fierce Competition from Regional Leaders**: Thailand, Singapore, and India have strong global reputations and deep investment in branding, infrastructure, and innovation. Competing requires constant service improvement and strategic differentiation.

- **Trust Shifts Due to COVID-19**: The pandemic impacted travel confidence and emphasised the need for robust hygiene protocols, health screening, and post-care safety. Even with recovery, travellers may remain hesitant or delay health travel decisions.

- **Fragmented Regulatory Environment**: Overlapping rules and limited enforcement create confusion, especially for spa operators.

- **Policy Restrictions in Marketing & Promotional Activities**: Tight regulations on advertising, thus limiting players (large or MSMEs), especially in wellness and traditional treatments, to promote themselves locally and globally, as compared to more flexible competitors like Thailand or Indonesia.

Figure 43 SWOT Analysis Malaysia



Source: MHTC Blueprint 2021

6.6 Problems Identified

Addressing the challenges in Malaysia's medical and wellness tourism sector requires a detailed understanding of the issues that hinder its growth. Below is an in-depth analysis focusing on specific challenges that Malaysia faces, with a particular emphasis on solutions tailored to the country's unique context.

Information Accessibility and Transparency

Malaysia has a growing opportunity to strengthen the accessibility and transparency of information for potential medical and wellness tourists. By providing comprehensive, detailed, and clearly structured information about available services, costs, and quality of care, Malaysia can further establish itself as a trusted destination for healthcare.

Compared to regional competitors like Singapore, where well-defined packages are readily available, Malaysia can enhance its approach by ensuring consistency in information dissemination. Making reliable data on healthcare providers, specific treatments, and associated costs more easily accessible will empower potential patients to make confident and well-informed decisions.

Difficulty in Comparing Services: There is a lack of standardised information and user-friendly platforms for patients to compare medical and wellness services across different providers in Malaysia. This contrasts with other countries in the region, where there are well-established review platforms and comparison tools. The absence of such resources in Malaysia diminishes patient confidence and hampers their ability to make informed choices about where to seek treatment.

Market Competition and Positioning

Intense Regional Competition: Malaysia faces stiff competition from neighbouring countries like Singapore, Thailand, and South Korea, all of which have well-established medical and wellness tourism sectors. These countries are often perceived as having more advanced medical technologies, better infrastructure, and stronger international reputations. Singapore, for example, is known for its cutting-edge treatments and stringent healthcare regulations, which attract a significant portion of the international medical tourism market.

Differentiation Challenges: Differentiating Malaysia’s medical and wellness offerings from those of neighbouring countries is a significant challenge. Many countries in the region offer similar services, making it difficult for Malaysia to stand out. Thailand, for instance, has successfully marketed its unique combination of medical tourism with wellness experiences like traditional Thai massage and holistic therapies, creating a distinct brand that Malaysia struggles to match.

Infrastructure and Connectivity Issues

Limited Connectivity in East Malaysia: East Malaysia, encompassing the states of Sabah and Sarawak, suffers from limited air connectivity, which restricts access for international medical tourists. The region’s airports have fewer direct international flights compared to West Malaysia, particularly in Penang and Johor, making it less convenient for patients travelling from key markets. This lack of connectivity could deter potential medical tourists who prioritise ease of travel and accessibility when choosing a destination for medical care.

Malaysia has a strong foundation in medical tourism and an opportunity to further enhance the experience by expanding its ancillary services. Strengthening support services such as professional translation, local transportation, and customised travel packages tailored specifically for medical tourists can significantly elevate convenience and satisfaction.

Countries like Thailand and Singapore have successfully integrated these services to provide a seamless experience for international patients. By continuing to develop these offerings, Malaysia can further solidify its position as a top medical tourism destination, ensuring that every aspect of a patient's journey from arrival to recovery is smooth, comfortable, and well-supported.

Figure 44 Malaysia Airport Map

Source: Mavink – Malasia Airport Map[141]

Quality and Regulation Concerns

Malaysia's private healthcare sector, which primarily serves medical tourists, is known for its high standards, particularly in urban centres where internationally accredited hospitals provide top-tier medical and wellness services. By continuously enhancing quality assurance measures across all participating healthcare facilities, Malaysia can further strengthen its reputation as a trusted destination for medical tourism. With a strong foundation in private hospital care, the country is well-positioned to maintain and elevate its commitment to excellence, ensuring that international patients receive consistently high-quality treatments and services that meet global expectations.

Malaysia upholds a stringent and standardised regulatory framework for its healthcare sector, ensuring consistent quality and safety across all medical tourism providers. Governed by the Ministry of Health Malaysia, these regulations apply uniformly across the country, reinforcing the reliability and credibility of medical treatments offered. This centralised approach guarantees that all healthcare providers adhere to strict accreditation and

[141] https://mavink.com/explore/Malaysia-Airport-Map

operational standards, offering international patients' confidence in the safety and quality of care. Malaysia's commitment to regulatory excellence positions it alongside other leading medical tourism destinations known for their well-regulated healthcare systems.

Health and Safety Concerns

Infection Control and Management: Ensuring robust infection control measures and maintaining high standards of hygiene is critical, especially in a post-pandemic context. While Malaysia has implemented strict measures in major hospitals and healthcare facilities, there are concerns about the consistency of these measures across all providers, which could impact patient confidence in the country's healthcare system.

Digital and Technological Gaps

Malaysia has an opportunity to enhance its **digital marketing** efforts further and strengthen its visibility among international medical tourists. As digital platforms play an increasingly crucial role in healthcare decision-making, expanding Malaysia's online presence can help showcase its world-class medical services to a global audience. Countries like South Korea and Thailand have successfully leveraged digital marketing to engage potential patients, and by continuing to invest in strategic online initiatives, Malaysia can further elevate its position as a leading medical tourism destination.

Underutilisation of Telemedicine: Although telemedicine has grown in importance globally, Malaysia has been slow to adopt and integrate digital health technologies into its medical tourism offerings. Telemedicine could significantly enhance patient engagement, provide follow-up care, and improve overall convenience for international patients, but it remains underutilised in Malaysia. This gap represents a missed opportunity to expand the country's reach and improve patient experiences.

Policy and Support Limitations

Inadequate Government Support: While the Malaysian government has implemented policies to support medical tourism, there are gaps in the incentives and support specifically targeting the wellness tourism sector. Other countries, such as Thailand offer comprehensive support packages that include tax incentives, marketing assistance, and infrastructure development aimed at boosting the medical and wellness tourism sectors. Malaysia's current policies may not be sufficient to foster significant growth in this competitive industry.

Limited Public-Private Partnerships: There is a need for more strategic partnerships between public institutions and private sector players in Malaysia to enhance infrastructure, services, and promotional activities. Successful examples from other countries show that public-private partnerships can play a crucial role in driving the growth of medical tourism. In Malaysia, such collaborations are less common, which may limit the sector's ability to innovate and expand.

Cultural and Language Capabilities

Language Capabilities: Malaysia's healthcare sector excels in serving international medical tourists through its strong multilingual environment. English is widely spoken by healthcare professionals, and many hospitals employ staff proficient in additional languages such as Mandarin, Arabic, and other regional languages. This linguistic diversity ensures clear communication and enhances the comfort and confidence of patients from various countries. Malaysia's commitment to continuously strengthening language support services further reinforces its position as an accessible and patient-friendly destination for global healthcare seekers.

Cultural Sensitivity: Malaysia is internationally acknowledged as a leading Muslim-friendly destination, and its healthcare facilities are well-prepared to meet the unique needs of Muslim medical tourists. Hospitals and wellness centres offer halal-certified meals, dedicated prayer spaces, and gender-sensitive medical services to ensure a seamless and respectful patient experience. Beyond its strong appeal to Muslim travellers, Malaysia also embraces cultural and religious inclusivity by catering to the diverse backgrounds of all international patients. This dedication to cultural sensitivity significantly enhances Malaysia’s reputation as a global medical tourism hub where visitors from around the world feel welcomed, respected, and well cared for.

The Report on the Supply of Health and Wellness Tourism Services in ASEAN provides a comprehensive analysis of the current landscape, highlighting the strengths, weaknesses, opportunities, and threats faced by the region's health and wellness tourism sector. This study underscores the potential of ASEAN countries to emerge as globally competitive destinations through strategic investments, policy advancements, and collaborative efforts among stakeholders.

Key recommendations from this report advocate for enhancing infrastructure, leveraging digitalisation, promoting sustainable practices, and fostering regional cooperation to unlock the immense opportunities available in this fast-growing industry. By addressing existing challenges and building on its inherent strengths, ASEAN has the potential to redefine health and wellness tourism as a cornerstone of sustainable development and economic growth.

The authors hope that this report serves as a valuable resource for policymakers, industry players, and stakeholders working toward the advancement of health and wellness tourism in the ASEAN region. We look forward to continued collaboration in creating a thriving and inclusive tourism ecosystem that benefits all.

7 Philippines

7.1 Introduction: Overall Scenario

The Philippines offers a strong tourism proposition with its 7,107 islands, world-famous beaches, surfing, diving and snorkelling sites, and other natural wonders. It has a rich culture with a combination of the West and the East. The people are also a distinctive asset, renowned for being warm, easy-going and friendly. English is commonly spoken, which makes it inviting for visitors.

As of 2023, the Philippines ranked 24th out of 46 countries on the MTI. This marks a decline from its previous position of 19th in earlier assessments. The Department of Tourism (DOT) is actively working to enhance the country's appeal as a medical tourism destination through public-private partnerships and strategic initiatives. In 2022, the medical tourism market size was estimated at around US$115 billion, with expectations for significant growth at a CAGR of 32.51% from 2022 to 2023. The government is focusing on leveraging the skills of Filipino healthcare professionals and improving healthcare facilities to attract more international patients, emphasising hospitality. [142] [143] [144]

According to the Global Wellness Institute, the country's wellness economy was valued at US$41 billion in 2022, ranking 8th amongst 45 countries in the Asia-Pacific region, and 22nd globally. The wellness tourism market alone reached approximately US$2.44 billion, experiencing an impressive annual growth rate of 80% between 2020 and 2022, although it has yet to fully recover to pre-pandemic levels of US$3.17 billion.[145]

The global wellness tourism market is projected to experience significant growth, reaching approximately US$2,635.2 billion by 2033, reflecting a robust demand for wellness-related services that could positively impact countries like the Philippines. In 2022, the wellness tourism market was valued at around US$814.6 billion and is expected to expand at a CAGR of 12.42% from 2023 to 2030. This indicates increasing consumer interest in wellness services, which may translate to higher revenues for establishments in the Philippines, particularly as the country continues to enhance its offerings in health and wellness tourism.[146] [147] [148]

Based on the recent reports from the DOT in 2023, the Philippines continues to target overseas Filipinos, particularly those from the United States and Canada, as well as patients from the Middle East and Pacific island nations, in its medical tourism efforts.[149]

The Philippines has many types of spas, including day spas, destination spas, hotel resort spas and medical spas. The growth of the spa industry is linked with the tourism industry.

---

[142] Philippines Department of Tourism. (2023). *Boost in PH medical tourism seen with public-private convergence*. Retrieved from https://beta.tourism.gov.ph/news_and_updates/boost-in-ph-medical-tourism-seen-with-public-private-convergence/

[143] TTG Asia. (2023). *Philippines to boost medical tourism with strategic global partnership*. Retrieved from https://www.ttgasia.com/2023/05/10/philippines-to-boost-medical-tourism-with-strategic-global-partnership/

[144] Trade.gov. (2023). *Philippines - Healthcare - International Trade Administration*. Retrieved from https://www.trade.gov/country-commercial-guides/philippines-healthcare

[145] Global Wellness Institute. (2023). *Global Wellness Economy Monitor 2023*. Retrieved from https://globalwellnessinstitute.org/industry-research/2023-global-wellness-economy-monitor/

[146] Ibid.

[147] Grand View Research. (2023). *Wellness Tourism Market Size & Trends Analysis Report, 2030*. Retrieved

[148] from https://www.grandviewresearch.com/industry-analysis/wellness-tourism-market

[149] Philippines Department of Tourism. (2023). *Medical tourism pushed by Marcos administration with strategic global partnership - DOT chief*.

The DOT is promoting the spa industry by making it mandatory for a 4-to-5-star hotel to have a spa and offer *hilot* (traditional healing massage) in the spa menu. DOT and the private sector view wellness tourism, including spa and beauty, as the strongest part of health tourism. Industry experts expect more investment and further growth in large cities such as Cebu and Davao; however, there is no officially published report about this health and wellness sub-sector.

The International Living Magazine's Annual Global Retirement Index 2018 lists the Philippines is ranked as the 21st best place for retirees. The country is especially favoured for its affordable cost of living, ease of fitting in, as well as entertainment and amenities (International Living Magazine, 2018).

The retirement business sector contributes significantly to the Philippines economy. The Philippine Retirement Authority (PRA) reports revenues from deposits of Special Resident Retiree's Visa (SRRV), a non-immigrant visa allowing holders multiple entry/indefinite stay in 2016 as US$38 million, a 67.3% increase from US$22.77 million in 2012. With growth each year, the country enrolled 48,072 foreign retirees between 1987 and 2016. PRA has 36,343 net enrolees as of 31 December 2016.

The retirement business sector in the Philippines continues to play a significant role in the economy, particularly through the SRRV programme. As of 2022, the PRA reported that the SRRV programme has generated over US$1 billion in deposits, reflecting a growing interest among foreign retirees. The PRA has also seen an increase in net enrolees, with approximately 40,000 foreign retirees registered under the SRRV.

The Philippine BXT Corporation is planning to develop a complete retirement facility, Mactan Island Development project on a 100-hectare property near Lapu-Lapu City in Cebu. The project was still in the planning stages as of 2023.[150]

Both tourism services and health and wellness services are among the priority sectors that have an impact on achieving "AmBisyon Natin 2040", the country's long-term vision. The government encourages investments in the sectors as well as supports development in terms of related policies, access to finance, human assets, technologies and innovation.

7.2 Definition of Cluster

7.2.1 Defining the Service

Health and wellness tourism in the Philippines is categorised into three groups: medical tourism, wellness tourism, and retirement. The retirement industry, however, is attached to the healthcare industry.

In the **medical tourism** sector, services involve medical treatments and the use of healthcare services for expats, foreign retirees and foreign travellers. Medical services commonly available are aesthetic medicine, dermatological care, cosmetic surgery, dental treatments, eye surgery, ophthalmology, cardiovascular care, orthopaedic care, general surgery, minimally invasive surgery, weight loss surgery, stem cell therapy and rehabilitation.

[150] Inquirer Business. (n.d.). *Rise of historic Mactan*. Retrieved from https://business.inquirer.net/273504/rise-of-historic-mactan

The retirement industry offers retirement facilities such as retirement villages and resort homes, while the government offers SRRV visas.

Wellness services catered for travellers are mostly spa services such as massages, facials, and body wraps. Wellness services integrate traditional and alternative medicine, such as *hilot* and detox. There are several hotels and resorts that offer health and wellness services, with some of the upscale destination resorts and spas being internationally awarded for their service excellence.

As of 2023, the **retirement industry** continued to expand, with new projects such as the flagship development in San Vicente, Palawan, aimed at creating a retirement haven (PRA, 2023). The PRA has reported significant growth in the number of retirees choosing the Philippines, driven by the country's affordable cost of living, favourable climate, and high-quality healthcare services (PRA, 2023).

The integration of medical, wellness, and retirement services under the health and wellness tourism umbrella has positioned the Philippines as a competitive player in the global market. The government's commitment to enhancing these services through favourable policies, investment incentives, and continuous improvement of healthcare standards is expected to drive further growth (PRA, 2023).

In summary, the Philippines continues to strengthen its health and wellness tourism sector by offering comprehensive medical treatments, traditional and alternative wellness services, and attractive retirement options. These efforts are part of a broader strategy to leverage the country's natural and human assets, ensuring sustainable development and long-term success in the global health and wellness tourism market (PRA, 2023).

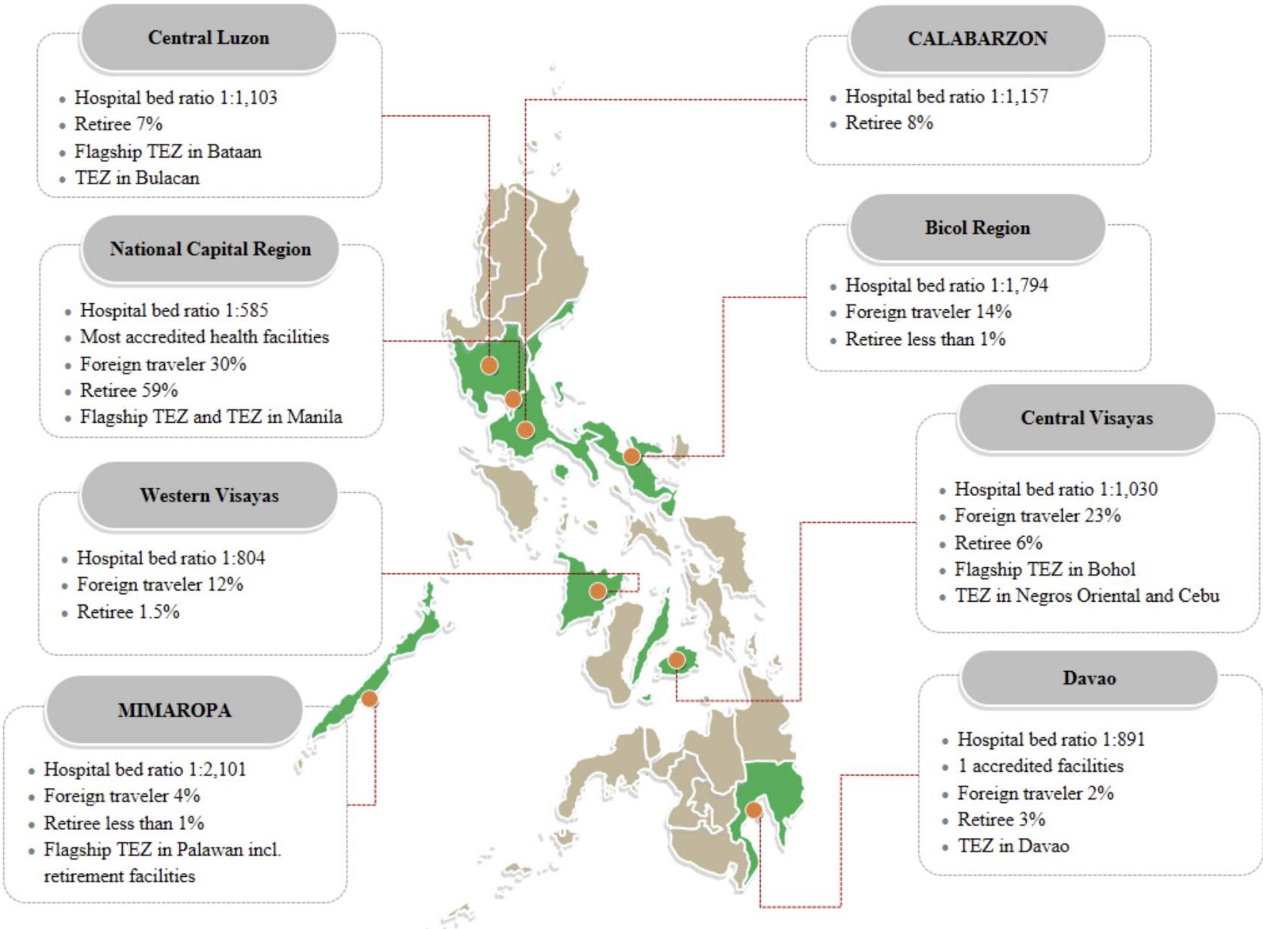
7.2.2 Geographical Location

The health tourism industry actors are clustered in the National Capital Region (NCR), major cities, and tourism destinations. According to 2017 data from the DOH, almost half of the general hospitals are in the NCR, Central Luzon and CALABARZON. In line with the density of health facilities, approximately 75% of SRRV visa holders reside in those regions. Premium hotel spas are numerous in NCR. World-renowned, award-winning resort spas and wellness retreats are in CALABARZON, MIMAROPA, Central Visayas and Western Visayas.

Other government agencies, such as Tourism Infrastructure and Enterprise Zone Authority (TIEZA), Philippine Economic Zone Authority (PEZA), the Cagayan Economic Zone Authority (CEZA), and local government units, play a role in shaping the clusters through investment incentives. Metro Manila (NCR), Central Luzon and CALABARZON are the focal points.

Figure 45 gives an overview of how healthcare facilities, tourism clusters and foreigners are clustered.

Figure 45 Distribution of general hospitals, TIEZA's tourism economic zone, foreign travellers and retirees



Source: Kenan Foundation Asia (2019)

As of 2023, the clustering of health tourism industry actors remained concentrated in the same regions: NCR, major cities, and popular tourist destinations. The DOT has prioritised this sector under the National Tourism Development Plan 2023–2028. The Philippines ranks 24th out of 46 identified medical tourism destinations globally and aims to climb higher due to the quality of care provided by Filipino healthcare professionals.[151] [152]

Key updates include:

- ***Visitor Statistics:*** The DOT reported that the country exceeded its 2023 target with over 5 million foreign visitors by 12 December 2023, generating PHP 439.5 billion in foreign visitor receipts. The top source markets for visitors included South Korea, the United States, Japan, China, and Australia.[153]
- ***Healthcare Facilities:*** The distribution of healthcare facilities remains concentrated in NCR, Central Luzon, and CALABARZON, maintaining almost half of the general hospitals in these areas.

---

[151] Philippine Star. (2023, September 10). DOT vows to boost Philippine prospect in medical tourism. *Philippine Star*. Retrieved June 10, 2024, from https://www.philstar.com/headlines/2023/09/10/2295187/dot-vows-boost-philippine-prospect-medical-tourism

[152] Philippine News Agency. (2023). Philippines welcomes over 5.4 million international visitors in 2023. Retrieved from https://www.pna.gov.ph/articles/1216218

[153] Ibid.

- ***Wellness and Spa Services:*** Premium hotel spas are still numerous in NCR, with award-winning resort spas and wellness retreats located in CALABARZON, MIMAROPA, Central Visayas, and Western Visayas.
- ***Government Support****:* Agencies like TIEZA, PEZA, and CEZA, along with local government units, continue to shape the clusters through investment incentives, focusing on Metro Manila, Central Luzon, and CALABARZON.[154]

7.2.3 Market Size, Employment, Segmentation

In 2018, the World Travel & Tourism Council (WTTC) reported the travel and tourism direct impact on the economy of the Philippines to be PHP 1,377.7 billion (US$27.3 billion) or 8.7% of total GDP in 2017. The percentage was expected to increase by 6.2% in 2018. The industry directly employs 2,348,000 people (5.8% of total employment in 2017). Statistics from DOT show that the main markets include South Korea, China, the United States and Japan.

Medical tourism in the Philippines remained steady at around 250,000 people in 2019. However, the COVID-19 pandemic caused a drastic decline, with estimates plummeting to between 40,000 and 50,000 in 2020 due to travel restrictions and health concerns. The industry continued to struggle in 2021, with only a slight recovery and estimates remaining around 50,000 as healthcare facilities prioritised local patients.[155] [156]

Medical tourism started to recover in 2022 as travel restrictions eased, though specific figures are not available. The Department of Tourism expressed optimism for future growth. In 2023, the DOT continued its efforts to promote the Philippines as a medical tourism destination, particularly targeting the Middle East. While exact numbers for 2023 are not provided, there is an expectation of increased medical tourists due to ongoing initiatives and partnerships.[157]

The global wellness tourism market is projected to experience significant growth, reaching approximately US$2,635.2 billion by 2033, reflecting a robust demand for wellness-related services that could positively impact countries like the Philippines. In 2022, the wellness tourism market was valued at around US$814.6 billion and is expected to expand at a CAGR of 12.42% from 2023 to 2030. This growth indicates increasing consumer interest in wellness services, which may translate to higher revenues for establishments in the Philippines, particularly as the country continues to enhance its offerings in health and wellness tourism.[158] [159]

In 2022, the global medical tourism market was valued at approximately US$115 billion, with expectations for a 32.51% CAGR from 2022 to 2023. This growth trend highlights the increasing demand for healthcare travel.[160]

The economic impact of health tourism on the Philippine economy has been significant. According to the WTTC, the travel and tourism sector directly contributed PHP 1,450.8 billion (US$29.1 billion) to the Philippine GDP in 2021, accounting for 9.1% of the nation's total

---

[154] Ibid.
[155] Department of Tourism. (2020). *Philippines medical tourism report: Impact of COVID-19 on medical travel*.
[156] Department of Tourism. (2021). *Philippines medical tourism recovery plan*.
[157] Department of Tourism. (2023). *Promoting the Philippines as a premier destination for medical tourism*.
[158] Global Wellness Institute. (2023). *Global Wellness Economy Monitor 2023*. Retrieved from https://globalwellnessinstitute.org/industry-research/2023-global-wellness-economy-monitor/
[159] Grand View Research. (2023). *Wellness Tourism Market Size & Trends Analysis Report, 2030*. Retrieved from https://www.grandviewresearch.com/industry-analysis/wellness-tourism-market
[160] Fortune Business Insights. (2023). *Medical tourism market size & growth | Global trends [2032]*. Retrieved from https://www.fortunebusinessinsights.com/industry-reports/medical-tourism-market-100681

economic output. This contribution highlights tourism as a vital driver of economic development, with health tourism playing a significant role in revenue generation and job creation.[161]

The Survey of Tourism Establishments in the Philippines, released by the Philippine Statistics Authority in 2023, reported a significant increase in health and wellness establishments. The survey identified 8,100 establishments engaged in health tourism-related activities, marking a 91% growth from previous years. This growth trajectory indicates substantial investments and expansions within the sector, solidifying the Philippines' status as a preferred destination for medical travellers.

According to Euromonitor, global medical tourism revenues increased significantly, with estimates showing revenues rising from about US$24.17 billion in 2009 to approximately US$27.93 billion in 2022, reflecting a CAGR of 4.1%. This indicates a gradual recovery post-COVID-19, despite the challenges faced during the pandemic years.[162]

The cost and revenue comparison also suggests medical tourism is an attractively profitable industry. It is remarked in the paper, however, that the data reported include both domestic and foreign activities, as it is not possible to disaggregate for medical tourism only.

In 2023, the Philippines' health tourism sector saw substantial growth, contributing to a surge in international tourism, totalling PHP 482.54 billion (approximately US$9.6 billion). This figure represents a notable increase from previous years and underscores the country's emergence as a preferred destination for medical travellers seeking specialised treatments and wellness services.

The DOT played a pivotal role in promoting health tourism through targeted marketing campaigns and strategic partnerships with healthcare providers. These efforts have enhanced the Philippines' reputation among key markets such as South Korea, China, the United States, and Japan, solidifying its position in the global health tourism landscape.[163]

The COVID-19 pandemic posed unprecedented challenges to the global tourism industry, including health tourism. Despite initial disruptions, the Philippines demonstrated resilience in its recovery efforts, particularly in reviving medical tourism. The DOT reported a resurgence in medical tourism in 2022, with estimated visitor numbers ranging between 100,000 to 300,000. This recovery was facilitated by stringent health protocols, enhanced healthcare facilities, and the gradual easing of travel restrictions.

The Philippines has identified segments of the health tourism as 1) tourists, 2) expatriates, 3) foreign travellers in search of spa and wellness services, 4) foreign travellers in search of medical tests or health checks, and 5) foreign travellers in search of surgery, cosmetic surgery or dental care. Those who come to the Philippines for medical-related purposes (segment 4 and 5) are mainly overseas Filipinos who visit home (International Medical Travel Journal, 2018).[164] According to the Stock Estimate of Overseas Filipinos by The Commission

[161] World Travel & Tourism Council. (2021). Economic impact of travel & tourism: Philippines 2021. Retrieved June 10, 2024, from https://wttc.org/news-article/wttcs-latest-economic-impact-report-reveals-significant-recovery-in-the-philippines-travel-and-tourism-sector-in-2021

[162] Euromonitor International. (2023). *Medical tourism market size & growth | Global trends [2032]*. Retrieved from https://www.fortunebusinessinsights.com/industry-reports/medical-tourism-market-100681

[163] Department of Tourism (DOT). (2024). DOT Chief: Philippines surpasses yearend target with 5.45 million int'l visitor arrivals in 2023, int'l visitor receipts surge at PHP482.54 billion.

[164] International Medical Travel Journal. (2018). Philippines plans to promote wellness and medical tourist. Retrieved from https://www.imtj.com/news/philippines-plans-promote-wellness-and-medical-tourism/

on Filipinos Overseas in 2013, there were more than 10 million overseas Filipinos worldwide, with approximately 3.5 million residing in the United States.

The sector's growth is supported by the continuous expansion of private hospitals, driven by acquisitions and new developments in medical facilities. Major players include MPIC, QualiMed, MGHI, SLMC, and The Medical City.[165]

Foreign patients in the hospital are reported to come from China, Japan, Korea, Guam, the Mariana Islands and Papua New Guinea. A smaller number come from North America, Australia, the Netherlands and Viet Nam. Patients from the United States, Canada and Europe are overseas Filipinos and expats.

In the retirement sector, although the Philippines targets European nationals, currently the main segments are Chinese (35.37%) and South Korean (20.98%), while other smaller groups include Taiwanese, Indian and Japanese.

Health tourism in the Philippines has emerged as a dynamic sector with significant economic impact and growth potential. Strategic investments in healthcare infrastructure and effective promotional strategies have positioned the Philippines as a leading destination for health tourism, contributing to national development goals and global healthcare advancements. As the Philippines navigates evolving challenges and opportunities, continued commitment to quality healthcare services and enhanced visitor experiences will be crucial in realising the full potential of health tourism as a catalyst for economic prosperity.

By leveraging its natural assets, cultural heritage, and expanding healthcare capabilities, the Philippines is well-positioned to consolidate its reputation as a preferred choice for international travellers seeking world-class medical treatments and wellness services.

7.2.4 Quality Standards

In the medical tourism industry, international accreditation is a major requirement for medical facilities. In the Philippines, however, having a DOH licence is sufficient to establish health facilities. Currently, there are five organisations that receive JCI accreditation certification and six organisations accredited by the Canada-based not-for-profit organisation Accreditation Canada. The UK’s QHA Trent accreditation has been adopted by some hospitals, for example, Cebu Doctors' University Hospital of the CebuDoc Group, but QHA Trent does not provide public access to data on accredited healthcare facilities.

Table 7 Medical facilities accredited by JCI

Organisation	Location
Asian Hospital and Medical Centre	Muntinlupa City
Makati Medical Centre	Makati City
St. Luke's Medical Centre - Global City	Taguig City
St. Luke's Medical Centre - Quezon City	Quezon City
The Medical City	Pasig City

Source: JCI

[165] U.S. International Trade Administration. (2019). Healthcare resource guide: Philippines.

Table 8 Medical facilities accredited by Accreditation Canada

Organisation	Location
Asian Eye Institute – Mall of Asia Clinic	Pasay City
Asian Eye Institute – Rockwell Clinic	Makati City
Asian Eye Institute – Trinoma Clinic	Quezon City
Davao Doctors Hospital	Davao City
Manila Doctors Hospital	Manila, Metro Manila
Philippine Heart Centre	Quezon City, Metro Manila

Source: Accreditation Canada

According to a healthcare standard expert, Ms. Joyce Socao-Alumno, JCI, despite being the most renowned and longest established standard is costly, has complex requirements, and needs reassessment every 3 years. This causes it to receive less acceptance among healthcare facilities.

Other alternative standards that are easier to follow, such as India–based National Accreditation Board of Hospitals (NABH), TEMOS of Germany, ISO standard ISO 9001:2015 BS EN 15224 are brought in for the benefit of the local market. Presently, NABH accredits healthcare facilities under Belo Medical Group, and the two facilities of St. Luke's Medical Centre (SLMC) receive TEMOS accreditation. The Philippine Health Insurance Corporation (PhilHealth) also contributes to quality standards by accrediting hospitals as centres of excellence (COE).

There are no nationally imposed spa or wellness facility standards, except for the requirement to have a DOH-licensed therapist working on site. However, it is mandatory for all enterprises and tour guides engaged in tourism to gain accreditation from DOT in compliance with the Tourism Act of 2009. Although the main targets for DOT accreditation (Primary Tourism Enterprise) include accommodation, tour agencies, transportation and tour guides, other enterprises from the health and wellness sector are encouraged to apply for accreditation as well, such as a tertiary hospital, an ambulatory clinic/medical concierge and a spa.

For accommodation facilities to achieve higher star ratings, they must have wellness services and amenities on site, such as fitness centres, massage services or spas with three or more treatment options. Spa services must consist of massage, body treatments and water applications. Spa services include Traditional Filipino treatments (DOT, NA).[166]

DOH is responsible for health-related regulations and standards, such as licences for medical facility establishment and spa establishment, as well as examinations for licensed massage therapists.

In recent years, the Philippine healthcare system has seen significant developments, particularly in response to the COVID-19 pandemic and the implementation of the Universal Health Care (UHC) Law. The UHC law, enacted in 2019, ensures that all Filipinos, including overseas Filipino workers, have access to health services under the government's health insurance programme, PhilHealth.

The pandemic prompted upgrades in hospital facilities and a focus on telemedicine, leading to the establishment of health IT standards through initiatives like Mandatory Adoption and

[166] Department of Tourism. (NA). National Accommodation Standards.

Use of National Health Data Standards for Interoperability. Additionally, DOH has been enhancing laboratory standards through training workshops on ISO 15189:2022 to improve the quality of clinical laboratories. While NABH accreditation is increasingly recognised among healthcare facilities, the Philippines still lags behind other ASEAN nations in accredited medical laboratories. Overall, these efforts reflect a commitment to improving healthcare quality and accessibility across the country.[167] [168] [169]

7.3 Cluster Map

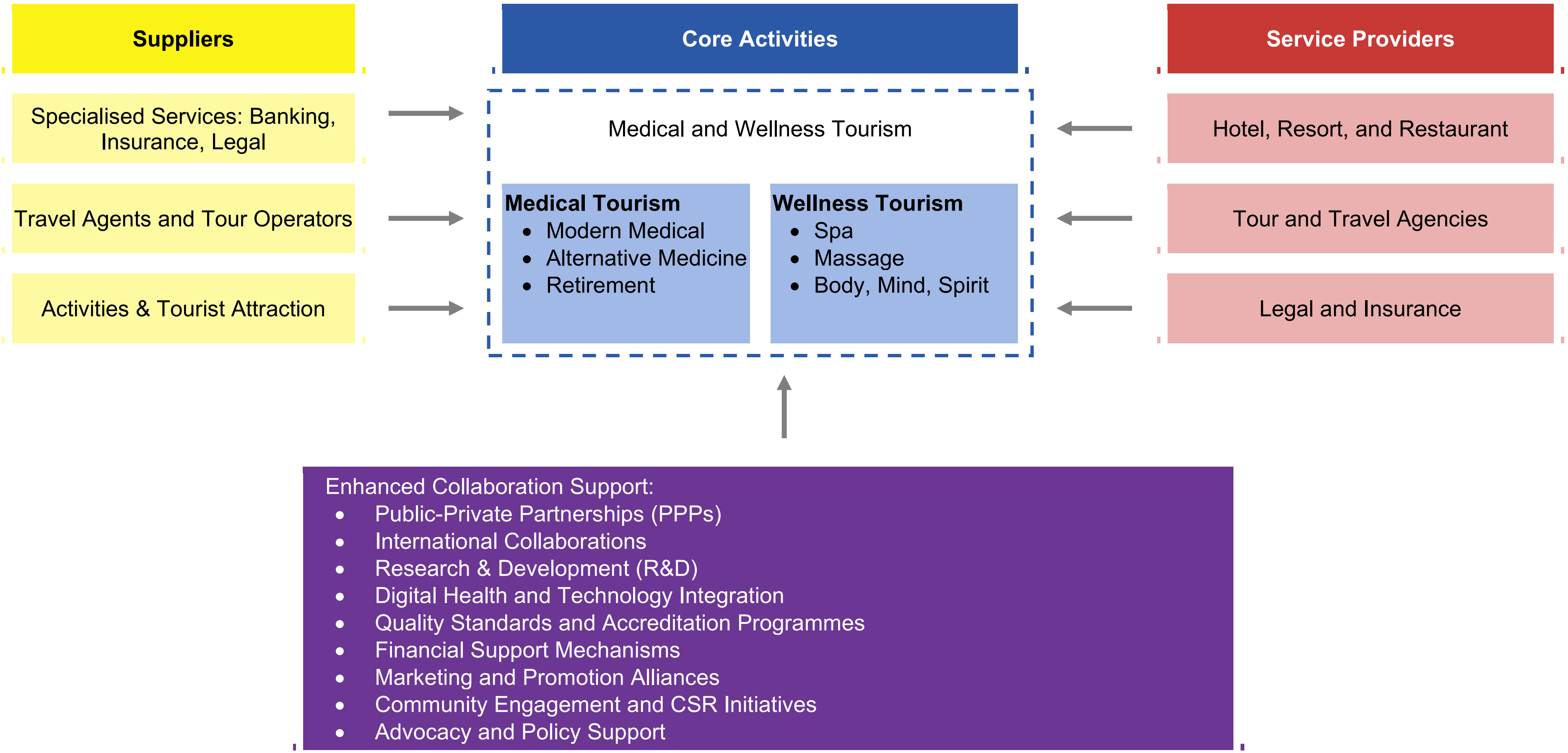
Health tourism is a large industry and involves various actors. Core actors are service providers from hospitals, clinics and retirement facilities in the healthcare sector and spa, beauty, wellness centres, and yoga retreats in the wellness sector. The industry is supported by suppliers, consultants, and intermediaries in healthcare and the wellness and travel industry. Institutes for collaboration such as government agencies, educational institutes and associations also influence developing the industry.

[167] Philippine Health Insurance Corporation. (2009). *Guidelines for Accreditation of Hospitals Using the Benchbook Standards*. Retrieved from https://www.philhealth.gov.ph/circulars/2009/circ50_2009.pdf

[168] Cordero, D. A., Jr. (2021). An evaluation of the Philippine healthcare system: Preparing for a robust public health in the future. *NCBI*. Retrieved from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9201087/

[169] Department of Health, Philippines. (2023). *HFDB-DOH Updates*. Retrieved from https://sites.google.com/view/doh-hfdb/updates

Figure 46 Cluster map of Philippines



Source: Compiled by Kenan Foundation Asia (2024)

7.4 Value Chain/Global Value Chain

Porter et al (2008) describes the value chain of health tourism as involving a wide range of stakeholders from health travellers to health facilities to government agencies to resorts.[170] Travellers recognise the need for medical treatments and study options from offline and online channels before making decisions. Health travellers receive healthcare services from reputable private health facilities offering treatments of comparable standard to developed countries. After procedures, the travellers enjoy resting and recovering at world-famous resorts before going home. Health tourism in the Philippines is a way for patients to have medical treatment and bundle it with a holiday.

When in their home country (outbound), health travellers look for information from word-of-mouth, the Internet, medical tourism agencies or, if available, directly from hospital representatives or referral services. If travellers choose to arrange trips by themselves, they proceed with common procedures such as looking for flights and accommodations from travel agencies. Otherwise, they could use intermediary services such as a medical tourism agency/ facilitator who can arrange a package for them.

However, this role of bringing patients to hospitals usually belongs to the hospitals since local travel agencies do not have expertise and do not want liabilities from medical travel (interview with Joyce Socao-Alumno, HealthCore). Other than having advertisements in several health tourism sources, the hospitals that are in health tourism have access to target markets through channels such as representatives, hospital partners and medical referral companies. The government helps facilitate the process by signing bilateral agreements on collaboration of medical exchange.

There are certain important factors in health value chain:

- ***Human Resources:*** The primary activity in service industry is providing services. People are a core input of the services in healthcare, wellness, and tourism as a whole. While there are many labourers that can enter the service sector, skilled professionals are less available. Filipinos have always been known for emigration, bringing their skills with them to work and live overseas.
- ***Innovation and Technology R&D:*** Quality and state-of-the-art technologies could uplift service procedures in all sectors as well as reduce operation costs. In healthcare, digitalisation of healthcare systems, especially adopting platforms for medical data, is needed. R&D activities should be encouraged and supported to make the healthcare industry technology competitive, keep up with latest industry knowledge and be less dependent on import of technologies.
- ***Infrastructure:*** Roads, air connectivity, cruise and telecommunication infrastructure link services along the value chain. Efficient and sufficient infrastructure can reduce time and cost of services and help deliver smooth service to health travellers.

[170] Porter et al. (2008). Medical tourism in the Philippines. Retrieved from https://www.isc.hbs.edu/resources/courses/moc-course-at-harvard/Documents/pdf/student-projects/Philippine_Medical_Tourism_2008.pdf

Figure 47 Global value chain of Philippines

<table>
<tr><th colspan="7">Value Chain Philippines</th></tr>
<tr><td rowspan="9">Suppliers</td><th colspan="5">Firm Infrastructure</th><td rowspan="9">Customers</td></tr>
<tr><td colspan="5">Healthcare Infrastructure: The Philippines has a mix of public and private healthcare facilities, with private hospitals playing a key role in the medical tourism industry.
Telecommunication and Digital Infrastructure: The country’s improving telecommunication infrastructure supports digital health platforms, allowing for telemedicine, virtual consultations, and online booking of health tourism services.
Sustainability and Eco-Friendly Practices: Wellness resorts in popular tourist destinations are increasingly adopting eco-friendly practices.</td></tr>
<tr><th colspan="5">Human Resource Management</th></tr>
<tr><td colspan="5">Training and Certification: The healthcare industry in the Philippines faces challenges with the emigration of skilled professionals, but the government and private sectors have programmes to train and retain healthcare workers.
Cultural Competency: Filipino healthcare workers are known for their cultural sensitivity and ability to interact with patients from diverse backgrounds, Training in cultural competency ensures that international patients feel comfortable and well-cared for.</td></tr>
<tr><th colspan="5">Technology Development</th></tr>
<tr><td colspan="5">Telemedicine and Digital Health: The Philippines is adopting telemedicine platforms to extend healthcare services beyond physical borders. Digital platforms are being used for virtual consultations, especially for follow-up care for international patients.
Medical R&D: There is limited R&D in healthcare in the Philippines compared to developed countries.
Automation and Digitalisation: Hospitals are moving towards digital record-keeping and automation of healthcare processes to improve efficiency and reduce costs.</td></tr>
<tr><th colspan="5">Procurement</th></tr>
<tr><td colspan="5">Local Sourcing for Wellness Products: Local sourcing of herbal and organic products for wellness treatments supports local industries and offers tourists and authentic Filipino wellness experience.
International Procurement for Medical Equipment: Advanced medical equipment is often imported to meet international standards for healthcare services.</td></tr>
<tr><th>Inbound Logistics</th><th>Operations</th><th>Outbound Logistics</th><th>Marketing and Sales</th><th>After Sales Service</th></tr>
<tr><td></td><td>Medical Equipment and Supplies
Wellness Products
Import of Specialised Services</td><td>Healthcare Facilities
Wellness and Spa Services
Hospitality and Resort Integration</td><td>Patient Transfers
Post-Treatment Care
Accommodation and Tourism Coordination</td><td>Digital and International Marketing
Partnerships with International Referral Networks
Branding and Promotion</td><td>Customer Support and Follow-Up Care
Feedback Mechanisms
Patient Experience Management</td><td></td></tr>
</table>

Source: Kenan Foundation Asia (2019)

There are numerous supporting organisations and related industries along the value chain. The government plays an important role in shaping the industry's value chain. To strengthen the health industry of the country, the government has imposed several policies to support the industry.

In 2004, a public-private partnership project by the name of the Philippine Medical Tourism Program (PMTP) was launched with the aim of building the Philippines' global competitiveness in medical tourism through quality standards implemented in the public and private sector. PMTP is administered by the DOH in partnership with several public and private organisations: DOT, Department of Trade and Industry, PRA, Technical Education and Skills Development Authority (TESDA), Philippine Hospital Association and HealthCore. However, the programme has not been very active in recent years.

To strengthen the supply side, the government encourages local and foreign investments on health tourism through tax and incentive plans. Investments are primarily encouraged in the SEZs. These investment promotion plans are administered by various government agencies both at the national and regional level and are offered in fiscal and non-fiscal forms.

Some of the tax and incentive plans to boost health industry investment are as follows:

1) ***Philippine Economic Zone Authority (PEZA):*** PEZA is a body that monitors and governs special economic zones, industrial estates and industrial parks, export processing zones, and other economic zones. Health tourism establishments may submit applications in the following categories: Tourism Ecozone, Medical Tourism Park, Medical Tourism Centre, Retirement Ecozone Park and Retirement Ecozone Centre. PEZA offers incentives in the following areas to enterprises:
   - 4-year Income Tax Holiday (ITH) (on income solely from servicing foreign patients for medical tourism enterprise)
   - Upon expiry of ITH - 5% Special Tax on Gross Income and exemption from all national and local taxes
   - Tax and duty-free importation of capital equipment (on selected medical equipment for medical tourism enterprise)
   - VAT Zero Rating on local purchases of goods and services
   - Exemption from expanded withholding tax
   - Simplified import-export procedures
   - Non-resident foreign nationals may be employed in supervisory, technical or advisory positions
   - Special Non-Immigrant Visa with Multiple Entry Privileges for investor, officer, and employees in supervisory, technical or advisory position and their families

   Other than tourism enterprises, tourism economic zone developers/operators also benefit from 5% Special Tax on Gross Income and exemption from all national and local taxes, VAT Zero Rating on local purchases, and expanded withholding tax exemption.
2) ***Tourism Infrastructure and Enterprise Zone Authority (TIEZA):*** TIEZA is a body attached to DOT and acts as a mechanism to drive investments in tourism enterprise zones (TEZ). TIEZA provides similar incentives to PEZA.
   - 6-year ITH that is extendible if there is expansion or facilities upgrade

- Net Loss Carry Over for 6 consecutive years
- 5% Special Tax on Gross Income in lieu of all national and local taxes and licence fees, imports and assessments.
- Tax and duty-free importation of capital investment and equipment, Transportation equipment and Spare parts, and goods and services
- Tax credit
- Social responsibility incentive - tax deduction equivalent to 50% of the cost of social responsibility activities
- Non-resident foreign nationals may be employed in supervisory, technical or advisory positions
- Special investor's resident visa for investor and family
- Maximum of 50 years lease of land and buildings in TEZ, renewable for not more than 25 years
- Right to foreign currency transactions is guaranteed
- No requisition of the property of the TEZ Operator or the registered tourism enterprise

TIEZA also gives ITH and tax importation incentives to existing accommodation establishments outside TEZ that will undertake substantial expansion or facility upgrade.

3) ***Board of Investment (BOI):*** Prospective investments outside of SEZ may be submitted to BOI. BOI's preferred investment activities cover investment in healthcare services, including drug rehabilitation centres, natural health products (herbal medicines or traditionally used herbal products) and tourism, including development and operation of health facilities and retirement villages. BOI also considers supporting MLEs in the tourism industry that provide business opportunities to MSEs in their value chains. BOI offers similar incentives as PEZA for investments in medical tourism.

- 4-year ITH on income solely derived from servicing foreign patients
- Upon the expiry of the ITH period, payment of 5% Gross Income Tax on income solely derived from servicing foreign patients, in lieu of all national and local taxes
- Tax and duty-free importation of medical equipment
- Employment of foreign nationals
- Special investor's resident visa

Nonetheless, there are issues in cluster policies that might be discouraging for investors and should be revised, such as the requirement to prove income from medical tourists before being allowed to receive investment incentives.

Investment promotion incentives on tourism and/or health facilities, including retirement villages, are granted to enterprises in other economic zones and certain cities. For example, incentives are offered to prospective investors in the Cagayan SEZ, like incentives given by PEZA. Davao city offers incentives for investors in the city, which include local fiscal incentives such as business tax exemptions and real property tax exemption and non-fiscal incentives such as facilitating the process of obtaining local permits and licences.

This is to establish Davao as a medical tourism destination by setting up specialised medical facilities such as cancer treatment facilities, retirement villages, and communities.

Since the implementation of the National Tourism Development Plan (NTDP) 2011–2016, the DOT has introduced the NTDP 2016–2022, which focuses on sustainable, resilient, and inclusive tourism. This updated plan emphasises safe and competitive tourism, sustainable practices, and improved governance.

In response to the COVID-19 pandemic, the DOT has developed a Tourism Response and Recovery Plan to mitigate its impact on the industry. Key initiatives include pursuing visa reforms to simplify entry for tourists, targeting emerging markets, promoting digital transformation within the tourism sector, and investing in infrastructure development. The DOT is also committed to enhancing sustainability by promoting eco-friendly travel options and improving facilities to attract more international visitors as travel resumes.[171] [172] [173]

In line with the Philippine Development Plan 2017–2022, the NTDP highlights development of human resource capacity and service standards. TESDA, the Philippines' Technical Vocational Education and Training authority, collaborates with the public and private sectors to offer no tuition fee to minimal fee training to build capacities of workforce. Training courses in tourism and healthcare include *hilot*, massage therapy, caregiving and health care services.

7.5 SWOT Analysis

From the value chain analysis certain strengths and weaknesses that could hinder or support the development of industry's competitiveness are identified. External factors are also considered in the SWOT analysis.

Strengths

The Philippines is increasingly recognised as a competitive player in health and wellness tourism due to a range of structural and service-related advantages:

- **Skilled English-Speaking Healthcare Professionals**: The Philippines produces a high number of well-trained medical professionals annually, many of whom are fluent in English and internationally experienced. This linguistic and professional proficiency enhances communication, builds trust with international patients, and reduces barriers to accessing care.

- **Affordable, High-Quality Facilities**: Medical treatments in the Philippines can cost 40–80% less than in the U.S. or other Western countries. For example, heart bypass surgery that costs US$100,000 in the U.S. is priced at approximately US$17,000–US$19,000 in the Philippines, offering a significant financial incentive for medical tourists (ASEAN Briefing, 2024).

- **Thriving Wellness Sector**: The country's tropical climate, scenic beach resorts, and spa culture support a robust wellness and relaxation industry. Tourists often combine

[171] Department of Tourism. (2022). *DOT pursues sustainable, resilient, inclusive PH tourism*. Retrieved from https://www.pna.gov.ph/articles/1152561
[172] Department of Tourism. (2023). *DOT holds Philippine visa reforms convergence*.
[173] Philippine National Tourism Development Plan 2016–2022.

medical procedures with rejuvenating experiences, enhancing the appeal of the Philippines as a holistic healing destination.

- **Cosmetic and Dental Tourism Potential**: The Philippines has a growing reputation in elective medical services such as dental care, dermatology, cosmetic surgery, and ophthalmology, which are increasingly sought after by tourists due to their affordability and quality.

Weaknesses

Despite its strengths, the Philippines faces significant structural and systemic challenges that hinder the full potential of its health tourism sector:

- **Brain Drain of Professionals**: Due to better opportunities abroad, many Filipino doctors and nurses migrate overseas, resulting in domestic shortages and a doctor to population ratio of approximately 1:26,000. This gap severely limits access to specialised and timely care, especially in rural areas.

- **Out-of-Pocket Healthcare Spending Reliance**: Most healthcare costs are covered by patients directly, reflecting the limited reach of public and private insurance systems. This makes medical services less affordable for locals and potentially risky for international patients seeking coverage assurance.

- **Quality Perception Gaps**: While many facilities offer high-quality care, the lack of international accreditation and limited presence of top-tier hospitals reduces global confidence in the safety and standards of care.

- **Limited Integration of Health and Wellness Tourism**: The absence of a centralised framework or agency to coordinate medical and wellness services leads to fragmented marketing, uneven service quality, and missed opportunities for cross-sector synergies.

- **Infrastructure Constraints**: Overcrowding at gateways like Ninoy Aquino International Airport, poor inter-island transport, and limited hospital beds (shortfall of 40,000–45,000 beds) negatively affect both logistics and patient experience.

Opportunities

The Philippines is strategically placed to benefit from powerful global trends and regional dynamics that can accelerate its health and wellness tourism growth:

- **Expansion of Telemedicine**: The rise of digital health solutions allows Filipino professionals to offer remote consultations and follow-ups. This boosts patient confidence and facilitates ongoing care beyond the treatment period.

- **Eco-Friendly Wellness Retreat Demand**: The country's natural assets—beaches, mountains, tropical forests—are perfect for developing sustainable wellness retreats, especially as global travellers grow more eco-conscious.

- **Holistic Healthcare Interest**: There is rising global demand for integrated approaches to health that combine medical treatment with spiritual and emotional well-being—an area in which Filipino culture, traditional healing, and wellness practices could play a key role.

- **Asia-Pacific Middle-Class Growth**: The booming middle class in countries like China, Indonesia, and Viet Nam increases demand for affordable, quality healthcare in nearby destinations. The Philippines' proximity and English-speaking environment make it highly accessible.

- **Global Trends in Healthcare Cost and Wait Time**: Rising healthcare costs and long wait times in developed countries like the U.S., Canada, and Australia are pushing patients to seek faster and cheaper options abroad. The Philippines, with relatively short waiting periods and significantly lower costs, can cater to this unmet demand.

- **Cheaper International Travel**: The growth of budget airlines and online booking services is making international travel more accessible. Lower travel costs make it easier for patients to choose overseas treatment, especially in short-haul destinations like the Philippines.

Threats

Several external threats could impact the Philippines' ability to scale up its health and wellness tourism industry:

- **Intense Regional Competition**: Other Asian countries such as Thailand, Singapore, and South Korea have long-standing reputations, internationally accredited hospitals, and robust government support, making the competition fierce. The Philippines must differentiate itself in terms of affordability, English fluency, and wellness integration.

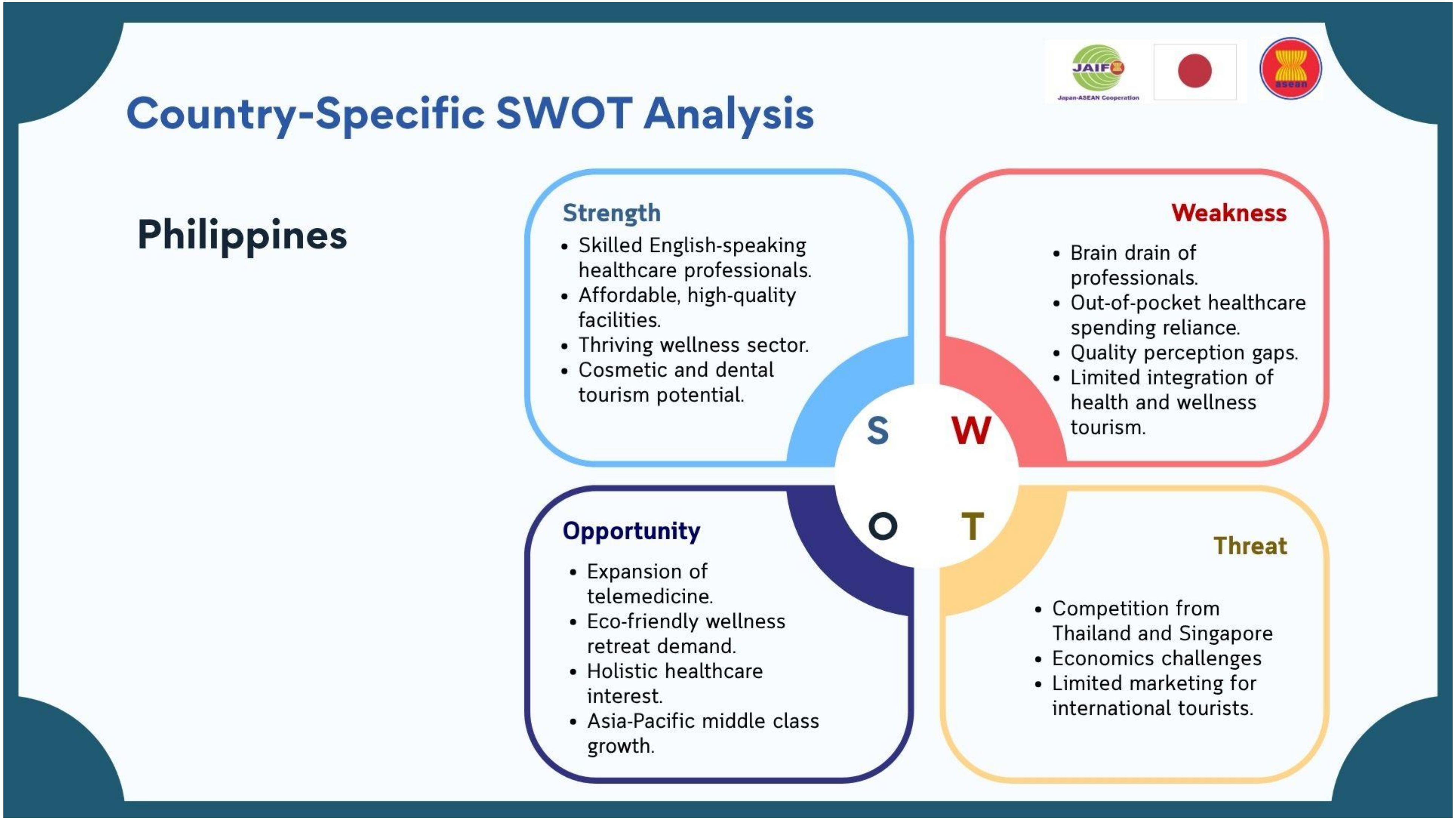
- **Economic Challenges**: A potential global economic slowdown, rising inflation, and slowing growth in major economies such as the U.S. and China could impact both the supply of investment and demand from international patients.

- **Limited International Marketing**: Despite having the raw materials for a strong offering, the Philippines lacks a cohesive international campaign to promote its health and wellness tourism sector. This weakens brand recognition and global visibility.

- **Natural Disasters**: As one of the world's most disaster-prone countries, the Philippines faces frequent typhoons, earthquakes, and floods. These risks can affect tourist safety and perception, especially during travel advisories issued by foreign governments.

- **Security Concerns**: Incidents of terrorism and armed conflict in regions like Mindanao, along with frequent international travel warnings, damage the country's image as a safe health tourism destination. Such risks demand proactive management and clear communication strategies to reassure travellers.

Figure 48 SWOT analysis of health tourism of Philippines



Source: Compiled by Kenan Foundation Asia (2025)

7.6 TOWS Matrix

The TOWS matrix outlines strategic directions for the Philippines to capitalise on its strengths, address weaknesses, exploit opportunities, and mitigate threats in the health tourism sector.

	Strengths (S)	**Weaknesses (W)**
	1) Cost advantage of health tourism industry (S1) 2) People (Health workers and local people) (S2) 3) Reputation as tourist destination (S3) 4) Tropical climate (S4) 5) Young workforce population (S5)	1) HRH shortage (W1) 2) Limited number of facilities (W2) 3) Existing health facilities are not modern and efficient (W3) 4) Lack of medical research facilities (W4) 5) Lack of medical facilities with international accreditation (W5) 6) Lack of data to formulate policy (W6) 7) Lack of medical tourist visa (W7) 8) Weak synergy among industry stakeholders (W8) 9) Limited access to finance for SMEs (W9) 10) Ease of doing business (W10) 11) Airport and air congestion (W11)
Opportunities (O) 1) Growing global demand of health tourism (O1) 2) Rise of medical costing developed countries (O2) 3) Waiting time to see doctors or specialists in developed countries (O3) 4) Decrease transportation cost (O4) 5) Rise of Middle class in ASIA (O5)	**S-O Strategies** • Enhance Skilled Workforce Training (S1-O3): Invest in training programmes and partnerships with educational institutions to develop advanced medical skills and technology adoption among healthcare professionals. • Promote Cost-Effective Packages (S1-O2): Develop competitive pricing strategies and promotional packages targeting regions with high medical costs, emphasising affordability and quality.	**W-O Strategies** • Improve Infrastructure (W2-O3): Collaborate with government and private sectors to upgrade healthcare facilities and transportation networks in SEZs, enhancing service delivery efficiency. • Strengthen Regulatory Framework (W3-O4): Work with regulatory bodies to streamline accreditation processes and introduce specialised medical tourist visas, improving industry standards and international credibility.
Threats (T) 1) High competition in health tourism (T1) 2) Natural Disaster (T2) 3) Terrorism (T3) 4) Economic Slowdown (T4)	**S-T Strategies** • Differentiate Service Quality (S2-T1): Focus on superior patient care and personalised services to differentiate from regional competitors, emphasising the Philippines' renowned hospitality and medical expertise. • Disaster Preparedness Plans (S3-T2): Develop contingency plans and partnerships with disaster response agencies to mitigate risks posed by natural disasters and terrorism, ensuring patient safety and continuity of services.	**W-T Strategies** • Diversify Market Presence (W1-T1): Collaborate with regional healthcare providers and market the Philippines as a stable and secure health tourism destination, diversifying sources of patients beyond local infrastructure limitations. • Advocate for Infrastructure Development (W2-T3): Advocate for government investments in airport and transportation infrastructure improvements to alleviate congestion and logistical challenges, enhancing accessibility for health travellers.

7.7 Diamond Analysis

Factor Conditions

The Philippines possesses many positive factors in offering competitive services in the health tourism. The country has a strong brand perception worldwide as a top tourism destination with a warm climate and various types of attractions from world renowned beaches to cultural heritage sites. Added to the natural resources and rich culture is its people. The locals are generally friendly, open to other cultures, and English is widely spoken. The country excels in tourism and hospitality.

As of 2020, the median age in the Philippines was approximately 25.3 years, reflecting a slight increase from 24.5 years in 2021.[174]

Despite people being an asset, remuneration packages in the healthcare industry are not sufficiently attractive, leading to brain drain of health professionals, particularly nurses and physicians. There is also shortage of health facilities. As a result, much of the health workforce does not have an opportunity for career advancement in country. In addition to the lack of health facilities, not many of the existing ones comply with international standards.

Tourism involves mobilisation of travellers. Such activity is especially significant for many travellers who travel for medical treatments. Therefore, the Philippines's constraints on transport infrastructure can limit the expansion of the tourism industry. Limitation of digital connectivity is also another hindrance to tourism development.

Lastly, to develop strategies that address the needs of the industry, policy makers should have a sufficient amount of relevant data. The lack of health tourism industry data, such as numbers of health tourist arrivals, country of residence and spending behaviour, makes it difficult to build policy for industry development.

Demand Conditions

As the global demand for health and wellness grows, so does the domestic market. Many overseas and former Filipinos, mostly based in North America, who make home visit trip with health-related activities, drive the growth in the country's domestic health and wellness industry.

The size of the domestic market is large: the country has more than 100 million people and the number keeps growing. The rise of the more sophisticated middle class, who look after themselves more and demand better quality of service, also drives product and service development.

In addition to the domestic demand, there is also a presence of demand from neighbouring countries, where healthcare and wellness facilities are insufficient, such as Guam.

---

[174] Philippine Statistics Authority. (2020). *Age and Sex Distribution in the Philippine Population*. Retrieved from https://www.psa.gov.ph/content/age-and-sex-distribution-philippine-population-2020-census-population-and-housing

Related and Support Industries

Perhaps the strongest point of the Philippines' health tourism is the fact that the country has long been competitive in tourism global value chains. Tourism-related and support industries such as transport and logistics, restaurants, retails, financial services, hospitality suppliers and tourism associations are well exposed to and familiar with the international and competitive nature of industry.

There are several education and training institutes for tourism. For health practices, there are also health science education institutes and some COEs. However, in recent years there have been concerns about the quality of education as the passing rate in professional examinations is low.

The Philippines does not have many medical research institutes, therefore and does not demonstrate competitive advantage in terms of research and development in healthcare. In addition, similar to many developing countries, it is dependent on import of state-of-the-art healthcare technologies and medical supplies.

Furthermore, though the health tourism industry consists of a few actors from healthcare, wellness and tourism, lack of synergy among the actors is prevalent. Some associations are not active or do not engage much in strategy development. This condition prevents close collaboration that should promote the growth of clusters and the industry as a whole.

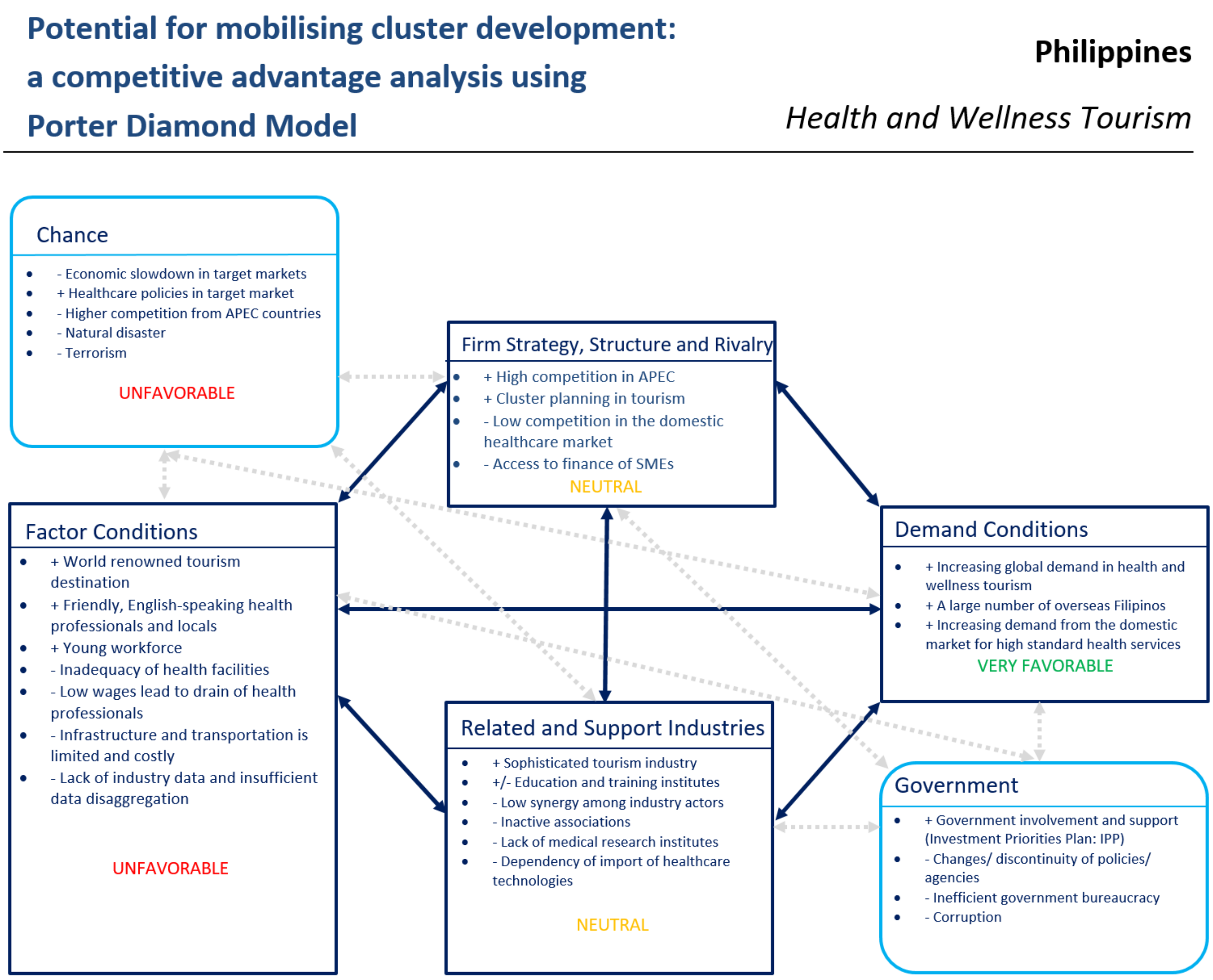
Firm Strategy, Structure and Rivalry

In the medical sector, domestic rivalry is not intense in the private sector. Private hospitals and clinics that achieve well-recognised healthcare standards are in demand and there are not many of them in the industry. The strong competition is at the regional level from highly competent providers of health tourism such as Malaysia, Singapore, Thailand and India. In wellness sector, on the contrary, more competition exists with a wide range of service providers.

The health tourism industry actors are clustered naturally in NCR, major cities and tourism destinations. The government has cluster planning policies with investment benefits that help shape the clusters. Nonetheless, there are some issues with cluster policies that might discourage investors and should be revised.

In terms of investment there are no significant barriers in establishing or expanding businesses. However, access to finance remains a main problem for SMEs.

Figure 49 Diamond Model Philippines



Source: Kenan Foundation Asia (2024)

Table 9 Porter's framework for health tourism of the Philippines

Determinants		Score	Remark and Status
Factor condition		**2.75**	
1)	Brand perception	4	The Philippines is a world-renowned tourism destination.
2)	Human resource and skill availability	3	People speak good English and are welcoming of foreigners. There are a large number of workforces to work in the service sector. However, relatively low wages lead to brain drain of skilled health professionals.
3)	Infrastructure	2	Infrastructure supporting tourism is not sufficient nor efficient, especially international gateways.
4)	Market intelligence	2	The data in health tourism is minimum and scattered.
Demand conditions		**4.25**	
1)	Size of domestic market		The Philippines has more than 1 million citizens with the promising growth of the middle class
2)	Growth of domestic demand	4	There is positive growth due to increasing health awareness and increasing disposable income
3)	Sophistication of domestic market	4	There is more demand of quality product and service from the middle class
4)	Presence of foreign markets	4	Large number of overseas Filipinos visit home and spend on health tourism. Neighbouring island states do not have sufficient health facilities and expertise and visit the Philippines for medical treatments.
Firm Strategy, Structure and Rivalry		**3**	
1)	Competition in domestic market	3	Competition in the healthcare sector is not intense. There are more players in the wellness sector.
2)	Cluster	3	The industry actors are clustered naturally and by existing cluster planning policies.
3)	Business establishment	3	There are no significant barriers in establishing or expanding businesses. However, access to finance is a problem for SMEs
Related and Support Industries		**2.86**	
1)	Tourism industry	5	Health and wellness industry is supported by the long-established tourism industry and related industries. Wellness is integrated with eco-tourism.
2)	Education and training	4	Institutes providing education and training in services, tourism and health exist. There is concern about quality of health education such as nurse.
3)	Market development	3	There is no significant actor other than DOT and the private sector working on market development of health tourism.
4)	R&D	2	Not many medical research institutes in country.
5)	Supplies	2	The healthcare industry relies mostly on imported technologies and supplies.
6)	Associations	2	A number of associations exist but many are inactive or do not engage in industry development roles.
7)	Synergy	2	Synergy among industry actors is low.

7.8 Problems Identified

From the competitive advantage analysis of the industry, we identify problems in the industry and potential strategies/actions as follows.

Brain Drain of Health Professionals

- Improve remuneration packages in the healthcare industry. Since the wage and benefits for health workers in the Philippines are still lower than in other countries, it is not easy to retain talents in the country without lifting wages or proving more benefits for workers.
- Attract health workers from other AMSs under Mutual Recognition Arrangements, which facilitates movement of health professionals within the region.

Shortage of Health Facilities

- Strategic investment in building health facilities to meet the needs of the growing population as well as leaving room for international patients.
- Large, credible public hospitals could offer health tourism services. Profits can be used for facilities upgrades.

Constraint of Transport Infrastructure and Digital Connectivity

Government investment in airport facilities needs upgrading, roads connecting tourist attractions, telecommunications and digital infrastructure. Negotiate direct flights to tourism areas to avoid passing through Manila.

Lack of Health Tourism Data

Develop data collection system with involvement, engagement and commitment of all parties in health tourism.

Quality of Health Professional Education

Assess quality of schools and ensure teaching quality, student-faculty ratio and other factors are up to quality standards.

Lack of Technologies, Research and Development

Encourage and support health science research and development activities such as international conference, research collaborations, grants etc.

Demand for Quality of Service

Encourage health facilities to adopt internationally recognised standards. Provide educational workshops and training for operators.

Lack of Synergy among the Actors

Develop mechanisms that provide linkages among key actors. This could be a special organisation, a working group or other forms. There should be an assigned leader and commitment from other parties.

High Competition in Asia

Develop unique services/products that make the Philippines stand out from other countries and could complement the regional offering.

Access to Finance for SMEs

Ensure laws and regulations facilitate SMEs access to finance. Develop tools that help identify borrowers and provide creditors with sufficient information. Encourage SMEs to participate in SME development programmes.

7.9 A Case Study: Joyce Socao-Alumno Joyce Socao-Alumno

Industry Development: from Cluster Development Agent to Product Development

About

Joyce Socao-Alumno is a pioneer and a constant contributor to the Philippines development of health tourism. She initiated and partook in national strategies and initiatives to achieve the country vision of being "the global leader in providing quality healthcare for all through universal health care," including the PMTP. She has partnered with various stakeholders, locally and internationally, from the government and private sectors in development and promotion of global healthcare destinations since 2004.

"We need to integrate a single standard for ASEAN as well"
Joyce Socao-Alumno, HealthCore

Her vast experience includes a National Assessor of the Philippines' Department of Tourism for the official star-rating of accommodation sector, a contributor to Philippine Daily Inquirer for the Philippine Health Travel section, an author of the Philippine Medical Tourism Compendium as well as several corporate roles in investment banking, integrated marketing communications and marketing in the financial and tourism industry.

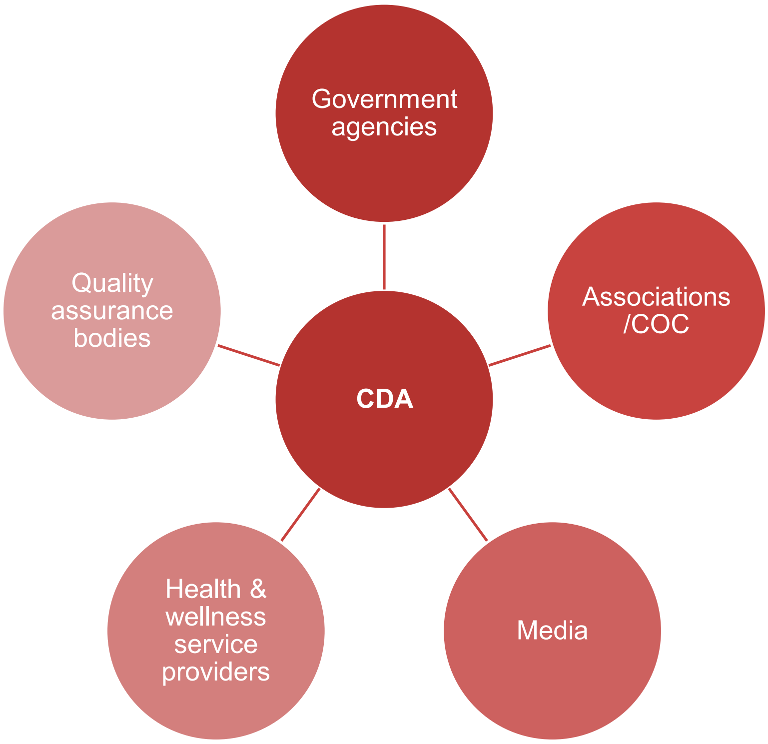
Today, Joyce is the Founder, President, and CEO of HealthCore, a consulting firm in global healthcare management, quality accreditation and medical tourism services in the Philippines. She founded HealthCore in 2010 with the vision "to make the country a premier healthcare and tourism destination by introducing international quality standards in the healthcare and hospitality industry evidenced by achieving globally recognised Quality Accreditation seals". She is also an adjunct professor, a speaker and judge for various local and international events such as IMTJ Medical Travel Awards.

Roles in Industry Development

Joyce saw an opportunity for the Philippines to be a leader in health tourism in the early 2000s while she was working for a foreign bank. As a financial analyst with a background in marketing in tourism and hospitality industry, Joyce combined the country's strength of tourism and abundance of health professional resources and brought out the industry's competitiveness. She immediately and actively presented the opportunity to DOT. With her experience and strong communication skills, the government was convinced the industry way to uplift the Philippines economy. Joyce, then, had a chance to take part in the country's development of the industry.

Joyce has had an important role in bringing together stakeholders in the industry in the role of Cluster Development Agent (CDA). She was a leader in several national initiatives, most remarkably the founding of PMTP in 2006 to be the centre of medical tourism cluster management.

Figure 50 Joyce Alumno as a facilitator among various actors



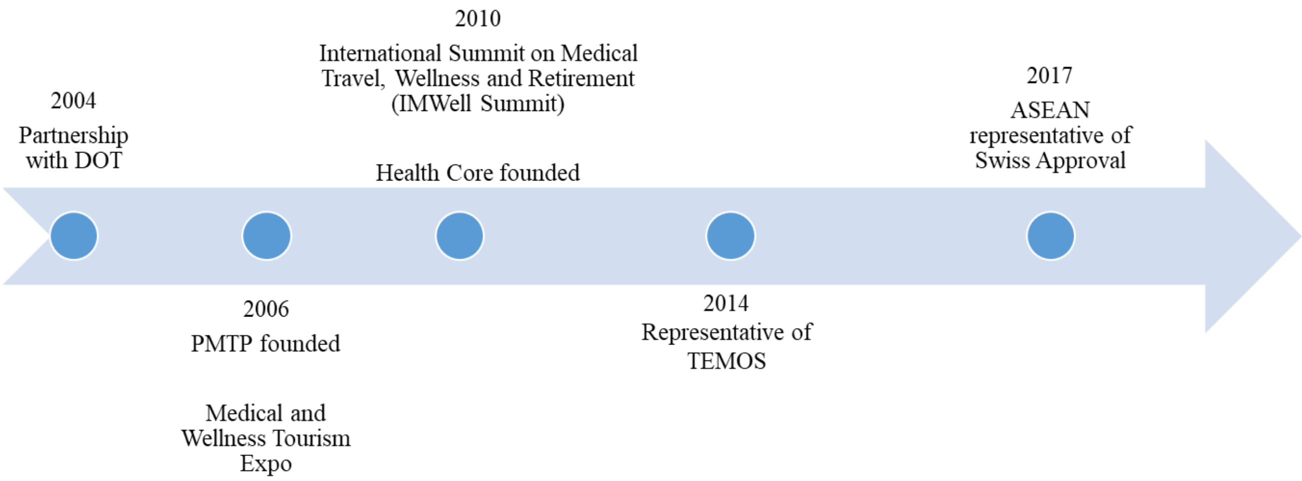
Source: Kenan Foundation Asia (2019)

Her role, however, was particularly strong in market development. She was a key person in implementing event marketing with the aim to establish the Philippines brand as a health tourism leader. Joyce partnered with DOT and other industry players to organise the Health Tourism Expo in 2006, the first of its kind in the Philippines. She succeeded in gathering stakeholders from multiple sectors and the bill was signed at the event.

Later in 2010, she led the International Summit on Medical Travel, Wellness and Retirement (IMWell Summit), an effort to make Asia a hub for medical, wellness and retirement. The event successfully hosted representatives of different Asian countries including India, Thailand, Malaysia, South Korea, Taiwan and Singapore.

Inconsistency in Philippine government administration and policies has obstructed the development of industry and cluster. Joyce founded HealthCore in 2010 and shifted towards the product development realm. She currently focuses on promoting quality assurance in healthcare. She believes quality assurance through international accreditations is fundamental to industry development. She envisions international accreditations being adopted throughout ASEAN. HealthCore, however, also provides consultancy service and helps businesses build partnership and linkages in the health and wellness industry through an extensive network of government, corporates and education institutes.

Figure 51 Timeline of Joyce Alumno's role in industry development



Source: Kenan Foundation Asia

Key Success Factors

- **Thorough Background in Related Industries:** First-hand experience working in marketing, hospitality and investment banking field gives Joyce an outlook of the entire industry's ecosystem. Being business-savvy, she always keeps an eye on the global trends and analyses what is necessary for creating a supportive business environment and competitive products and services.
- **Extensive Network:** Joyce also understands the importance of networking in a developing industry. She develops close relationships with various stakeholders, from public and private sectors, in the Philippines and overseas. She also encourages information exchange and collaboration among stakeholders through meetings and events such as forums and conferences. Networking activities emphasise her brand as an industry expert as well as facilitate cluster formation.

Interview Findings and Recommendations

From Kenan's interview with Joyce, she pointed out certain key issues in industry development as well as cluster development at the regional level:

- **Government support is paramount in building industry's competitiveness:** Change of government administration and discontinuity of support had an effect in marketing the country's health tourism while the industry was on the rise. Policies such as zoning, investment incentives and licence to practise with foreign doctor affect Foreign Direct Investment (FDI) and development of the industry.
- **Health and wellness services need to be professionalised:** Joyce believes that in order to establish itself as a health destination, the Philippines needs to develop its capacity and standards. It needs more hospitals that abide by international standards. In her opinion standards should be mandatory She stresses the importance of standards development, spa standards/protocols, and massage certifications.
- **ASEAN should develop a single standard across ASEAN as well as cluster collaboration**: Joyce realised the need for the region to develop a single standard. She supports adoption of international standards throughout ASEAN. Seeing the opportunity for more health tourism in the region, she is an ASEAN representative for international standards. She also encourages collaboration intra-ASEAN with

AMSs, amplifying each other’s strengths and supporting each other's weaknesses. Protocols can vary in each sector (medical, wellness and retirement) but should work in synchrony.

8 Singapore

8.1 Introduction: Overall Scenario

Singapore is positioning itself as a leading Urban Wellness haven that prioritises holistic well-being with accessible and "must-do" experiences to rejuvenate locals and visitors. The Singapore Tourism Board (STB) has recognised the growing global trend in wellness travel, which has been accelerated by the COVID-19 pandemic as travellers seek healthier lifestyles and restorative experiences.[175]

Singapore is actively implementing strategic initiatives to enhance its appeal as a wellness hub. The city-state is focusing on attracting international tourists while still catering to the local population's increasing interest in health and wellness.[176]

8.2 Definition of Cluster

8.2.1 Defining the Service

Health and wellness tourism encompasses a wide range of services designed to improve physical, mental, and emotional well-being. In Singapore, this includes:

- ***Medical Services***: Advanced medical treatments ranging from cosmetic surgery to complex surgeries in accredited hospitals.
- ***Wellness resorts/facilities:*** hotels/resorts/facilities offering luxurious spa experiences and holistic wellness experiences, including fitness programmes and health-tech therapies.
- ***Fitness & lifestyle programmes***: Comprehensive fitness offerings that include yoga, Pilates, and personal training sessions and lifestyle services, such as athleisure and healthy food.
- ***Traditional Medicine***: Traditional practices such as TCM, acupuncture, and herbal treatments.

These services are tailored to meet the needs of diverse clientele, from those seeking medical interventions to individuals looking for relaxation and rejuvenation.

8.2.2 Geographical Location

Singapore's strategic geographical location in Southeast Asia makes it easily accessible to travellers from around the world. The city-state has a well-developed transportation network, including Changi Airport, which is consistently ranked among the best in the world. The urban landscape integrates green spaces like parks and gardens that promote relaxation and well-being.[177]

[175] Tetiana, Sylchuk., Oksana, Kyrpichenkova. (2023). 5. Wellness tourism as service innovation of the hospitality industry. Pričornomors'kì ekonomìčnì studìï, doi: 10.32782/bses.79-35
[176] Maria, Abraham., Ming, Jing, Lim., Woan, Shin, Tan., Jason, T, S, Cheah. (2022). 1. Global Trends Towards Population Health Management and Key Lessons and Initiatives in the Singapore Context. International Journal of Integrated Care, doi: 10.5334/ijic.7016
[177] Timothy, Beatley. (2016). Singapore City, Singapore: City in a Garden. 51-66. doi: 10.5822/978-1-61091-621-9_5

Figure 52 Community Development Councils of Singapore Map

Source: World Atlas178

Notable locations include:

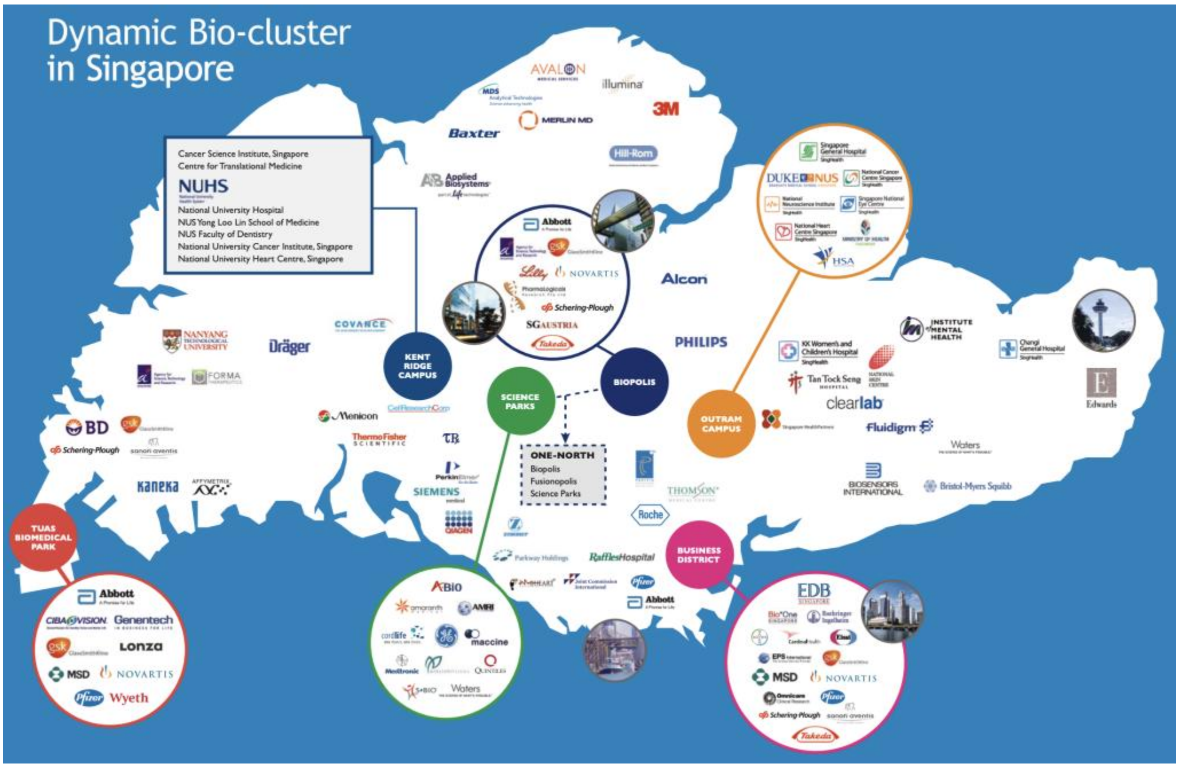
- ***Gardens by the Bay*****:** An expansive garden featuring a variety of flora that encourages outdoor activities.[179]
- ***Marina Bay Sands*****:** A luxury resort with wellness amenities including fitness centres.
- ***Sentosa Island*****:** A popular resort destination offering beachside relaxation and wellness retreats.

The combination of accessibility and natural beauty enhances Singapore's attractiveness as a health and wellness destination.

[178] Singapore Maps & Facts - World Atlas

[179] Silvia, Micheli., Johanna, Brugman. (2023). The Changi-Marina Bay Corridor: green strategies for Singapore's soft power. 27:61-71. doi: 10.1017/S1359135522000598

Figure 53 Medical research labs and institutes in Singapore.



Source: Singapore Biopolis of Asia[180]

8.2.3 Market Size, Employment and Segmentation

8.2.3.1 Market Size

The health and wellness tourism market in Singapore has shown strong momentum in recent years, driven by a combination of rising domestic interest in preventive care and the country's international reputation for high-quality medical and wellness services. This growth is supported by increased consumer awareness of health and lifestyle issues, as well as a broader global shift toward wellness-focused travel. While exact valuations of Singapore's wellness tourism market vary, industry analysts and wellness economy reports suggest that Singapore is well-positioned to capture a growing share of the expanding global wellness economy, which continues to accelerate in the post-pandemic era.[181] [182]

8.2.3.2 Employment

The health and wellness sector plays a crucial role in Singapore's economy by providing diverse employment opportunities across various fields:

- ***Healthcare Professionals***: Doctors, nurses, therapists, and specialists working in hospitals and clinics.
- ***Wellness Practitioners***: Spa therapists, fitness trainers, nutritionists, and holistic health coaches.

[180] victoryu-mediapublicity-4-full.pdf

[181] Clare, Lade., Paul, Strickland., Elspeth, Frew., Paul, Willard., Sandra, Cherro, Osorio., Swati, Nagpal., Peter, Vitartas. (2020). The Future of Health and Wellness Tourism. doi: 10.23912/9781911635222-4758

[182] Nasiche, Nasiche. (2024). The Role of Wellness Tourism in the Growth of the Hospitality Industry. doi: 10.47941/jmh.1954

- ***Support Services***: Administrative roles in healthcare facilities, marketing professionals for wellness brands, and hospitality staff in resorts.[183]

As the sector grows, it is expected to generate thousands of new jobs in both direct service roles and ancillary support positions.

8.2.3.3 Segmentation

The market segmentation for health and wellness tourism in Singapore can be categorised into several key areas:

- ***Medical Tourism***: Attracting patients from abroad seeking advanced medical treatments such as surgeries or specialised care.
- ***Wellness Retreats***: Offering immersive experiences focused on mental rejuvenation through yoga retreats or meditation workshops.
- ***Fitness Tourism***: Catering fitness enthusiasts looking for active vacations that include boot camps or sports training.
- ***Spa services & wellness hotels***: Providing therapeutic treatments that combine luxury with health benefits.

This segmentation allows for targeted marketing strategies that appeal to specific demographics within the broader wellness tourism market.[184]

8.2.4 Quality Standards

Singapore places a strong emphasis on maintaining high-quality standards across its health and wellness offerings. Regulatory bodies such as the Ministry of Health oversee the healthcare sector's compliance with stringent regulations that ensure safety, efficacy, and ethical practices. Key aspects of quality standards include:

- ***Accreditation of Healthcare Facilities***: Hospitals and clinics must meet accreditation standards to ensure they provide safe and effective care.[185]
- ***Training for Wellness Professionals***: Practitioners are required to undergo rigorous training programmes to maintain high service standards.
- ***Consumer Protection Regulations***: Policies are in place to protect consumers from fraudulent practices within the wellness industry.[186]

These quality standards build consumer trust and enhance Singapore's reputation as a reliable destination for health-related travel.

8.3 Cluster Map

Singapore's medical and wellness tourism industry is a dynamic ecosystem characterised by the interplay of various actors, all contributing to the country's reputation as a premier destination for high-quality healthcare and wellness services. The cluster map of this industry

[183] Cornelia, Voigt., Christof, Pforr. (2013). Wellness Tourism: A Destination Perspective. doi: 10.4324/9780203079362
[184] Nasiche, Nasiche. (2024). 1. The Role of Wellness Tourism in the Growth of the Hospitality Industry. doi: 10.47941/jmh.1954
[185] Olena, Martyniuk., S., V., Busel., Hanna, Nemchenko. (2024). 1. Implementation of international quality standards for health-care services. Three Seas Economic Journal, doi: 10.30525/2661-5150/2024-2-4
[186] Yee, Gary, Ang. (2023). 3. Development of the private hospitals in Singapore from 1983 to 2022. Journal of hospital management and health policy, doi: 10.21037/jhmhp-23-62

in Singapore illustrates the intricate relationships and interdependencies between core service providers, supporting entities, and institutions that collaborate to maintain and enhance the sector's global competitiveness.

At the heart of this cluster are **core actors**, the healthcare and wellness providers offering world-class medical treatments and holistic wellness experiences. These include hospitals, clinics, retirement facilities, spas, beauty centres, wellness centres, and yoga retreats, all of which cater to the diverse needs of wellness tourists from around the globe. Singapore's advanced hospitals and clinics including such as Mount Elizabeth Hospital are known for their high service quality and patient satisfaction, which fosters loyalty among medical tourists.[187]

Figure 54 Mount Elizabeth Hospital, Singapore

Source: Cerratto-Pargman, Teresa., Mochammad, Riyadh, Rizky, Adam. (2024). 2. An analysis of attitudinal loyalty in Singapore medical tourism from the perspective of Indonesian medical tourists

Supporting actors such as suppliers of medical equipment, pharmaceuticals, and wellness products play a crucial role in ensuring that these services are delivered with the utmost precision and quality. Consultants and intermediaries further facilitate the seamless operation of the sector by providing strategic advice and logistical support, attracting international patients.[188]

Finally**, institutes for collaboration,** including government agencies, educational institutions, and industry associations, create a robust regulatory and educational framework. These institutions ensure that Singapore's healthcare and wellness tourism industry adheres to the highest standards and continues to innovate and grow. The Ministry of Health, Singapore Tourism Board, and others regulatory bodies such as the Health Sciences

[187] Cerratto-Pargman, Teresa., Mochammad, Riyadh, Rizky, Adam. (2024). 2. An analysis of attitudinal loyalty in singapore medical tourism from the perspective of indonesian medical tourists. Journal Bisnis dan Kewirausahaan: Journal of Business and Entrepreneurship/Jurnal Bisnis dan Kewirausahaan, doi: 10.46273/csryey57

[188] Nur, Adilah, Md, Zain., Mohd, Hafiz, Hanafiah., Muhammad, Aliff, Asyraff., Hazmal, Ismail., Wan, Mohd, Adzim, Wan, Mohd, Zain. (2023). 5. Exploring medical tourism competitiveness in malaysia, thailand, and singapore: the indonesian tourists' perspectives. doi: 10.21837/pm.v21i30.1403

Authority are pivotal in maintaining the sector's credibility, while educational institutions and professional associations nurture the talent and standards needed to sustain excellence.[189]

In essence, the cluster map of Singapore's medical and wellness tourism industry reflects a well-integrated system where various stakeholders work together to deliver exceptional care and wellness experiences, driving economic growth and reinforcing Singapore's position as a leading global health tourism hub.

Core Actors

In Singapore, a range of core actors who provide specialised services and products to medical and wellness tourists supports the healthcare and wellness tourism sector.

Healthcare institutions in Singapore provide a range of licensable healthcare services, which may be general or specialised, licenced under the Healthcare Services Act. General hospitals offer a broad spectrum of medical services, while specialised institutions focus on particular fields such as cardiology, oncology, and orthopaedics. These hospitals are equipped with the latest technology and are often internationally accredited, ensuring a high standard of care.

Additionally, clinics in Singapore provide various services, from general outpatient care to specialised treatments in areas like fertility, dental care, and aesthetics. These clinics are known for their expertise and efficiency. For older visitors seeking long-term care or specialised services, Singapore also offers a range of retirement and senior care facilities.

Figure 55 Mount Elizabeth Hospital (Orchard) – Singapore

Source: Med Travel Asia[190]

The wellness sector in Singapore is equally diverse, with several types of providers catering to different needs. Spas in Singapore are renowned for their luxury and therapeutic treatments, ranging from quick relaxation sessions at day spas to comprehensive wellness

[189] Yee, Gary, Ang. (2023). 3. Development of the private hospitals in Singapore from 1983 to 2022. Journal of hospital management and health policy, doi: 10.21037/jhmhp-23-62
[190] Mount Elizabeth Hospital (Orchard) - Singapore - MedTravel Asia

packages at resort spas. Beauty centres, including cosmetic surgery clinics and aesthetic treatment facilities, attract medical tourists seeking procedures such as plastic surgery, dermatological treatments, and other cosmetic enhancements.

Wellness centres in Singapore offer holistic health services that integrate traditional and wellness services, appealing to those interested in a more comprehensive approach to health and well-being. Additionally, yoga and wellness retreats provide serene environments for relaxation and spiritual renewal, featuring yoga, meditation, and holistic living experiences for tourists looking to enhance their overall wellness.[191]

Supporting Actors

The effective operation of Singapore's healthcare and wellness tourism sector relies on a network of supporting actors who provide essential products, services, and expertise.

Suppliers play a crucial role in this ecosystem. Medical equipment suppliers deliver the diagnostic and surgical tools necessary for hospitals and clinics, ensuring that high standards of care are maintained. Their provision of reliable and advanced equipment is vital to sustaining Singapore’s reputation for medical excellence. Pharmaceutical suppliers are another key component, supplying medications and nutraceuticals that are critical for patient treatment and post-treatment care. Additionally, wellness product suppliers provide organic products, supplements, and other items that support the wellness industry, contributing to the overall health and well-being of clients.[192]

Consultants also contribute significantly to the sector. Healthcare consultants offer expertise in medical tourism, helping hospitals and clinics develop and implement strategies to attract international patients. They may also assist in designing healthcare facilities to meet global standards. Similarly, wellness consultants play a role in developing and managing wellness programmes, overseeing spa facilities, and providing strategic advice to wellness centres to enhance their services and appeal to international tourists.

Intermediaries further support the industry by facilitating the journey of medical tourists. Medical tourism facilitators, such as specialised travel agencies and coordinators, help international patients navigate their healthcare journey, from selecting the appropriate provider to arranging travel and accommodation. The travel industry, including airlines, hotels, and local transportation services, collaborates with healthcare providers to offer comprehensive packages that combine medical treatment with travel and lodging, ensuring a seamless experience for medical tourists.

Institutes for Collaboration

Singapore’s healthcare and wellness tourism sector benefits from a robust network of institutions that foster the regulatory, educational, and collaborative environment necessary for its success.

Government agencies are pivotal in shaping and supporting the industry. The MOH and STB play essential roles in regulating healthcare standards and promoting Singapore as a top destination for wellness tourism. These agencies ensure that the quality of care meets international standards and that the country remains appealing to wellness tourists.

[191] Milawaty, Nurjono., Hubertus, Johannes, Mar, Vrijhoef. (2019). 4. Integrated Care Ecosystems in Singapore. doi: 10.1007/978-3-030-31121-6_11

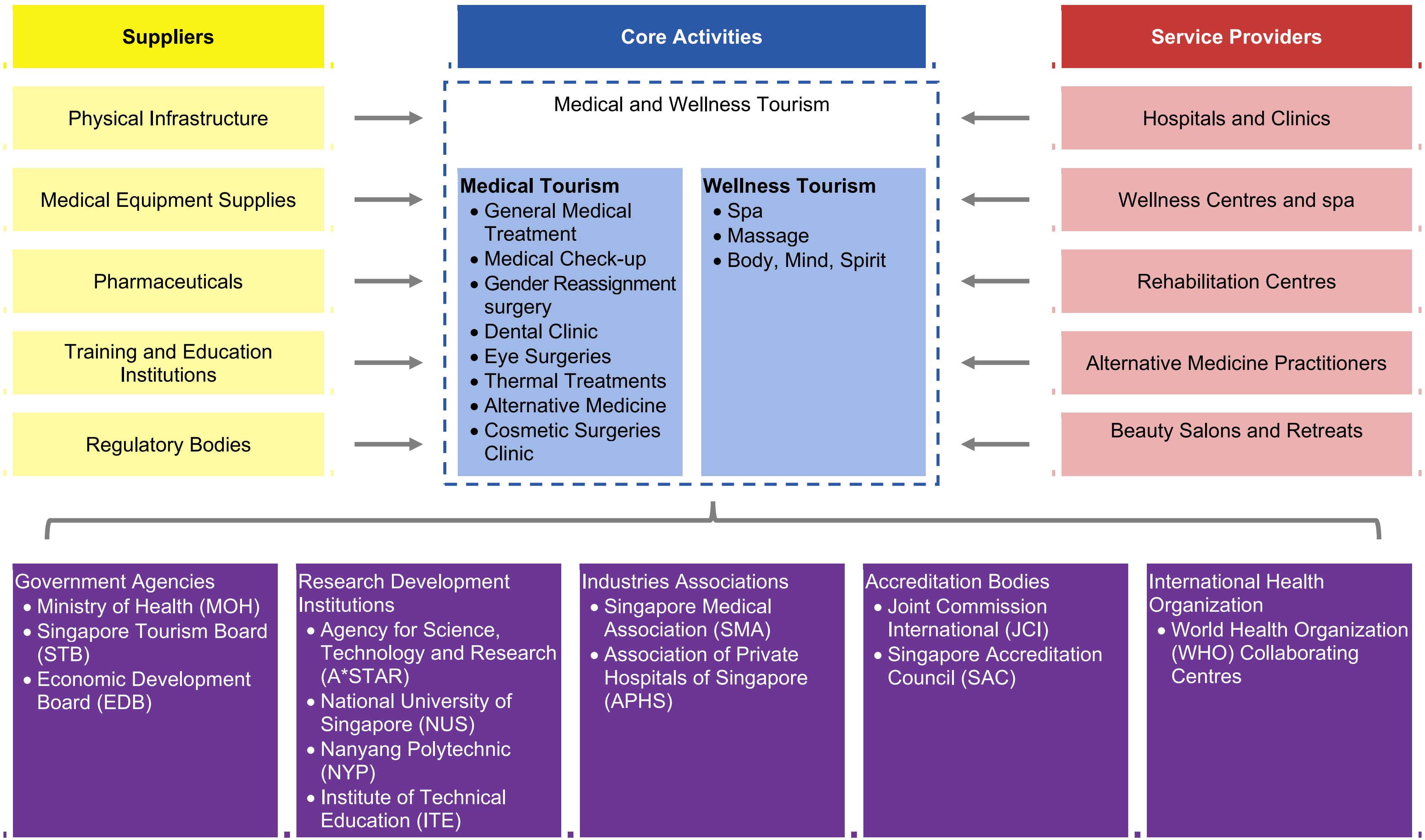
[192] Yee, Gary, Ang. (2023). 5. Development of the private hospitals in Singapore from 1983 to 2022. Journal of hospital management and health policy, doi: 10.21037/jhmhp-23-62

Additionally, regulatory bodies such as the Health Sciences Authority (HSA) and the Singapore Medical Council uphold stringent standards for medical practices and pharmaceuticals. International accreditation agencies like the JCI also contribute by providing certifications that affirm the quality of care and reassure international patients.[193]

Educational institutions are another cornerstone of this sector. The National University of Singapore (NUS), Duke-NUS Medical School, and NTU Lee Kong Chian School of Medicine are renowned for their contributions to healthcare.

[193] (2023). 4. Health tourism and government supports. International Journal of Emerging Markets, doi: 10.1108/ijoem-03-2022-0391

Figure 56 Cluster Map Singapore



Source: Compiled by Kenan Foundation Asia (2024)

8.4 Value Chain/Global Value Chain

The value chain of medical and wellness tourism in Singapore encapsulates the comprehensive network of activities and processes involved in delivering world-class services to international patients and wellness tourists. As a leading global destination renowned for its advanced healthcare infrastructure and exceptional wellness offerings, Singapore's value chain is meticulously structured to ensure a seamless experience from initial contact to post-treatment follow-up.

The value chain is divided into several key segments: inbound logistics, operations, outbound logistics, marketing and sales, services, and support activities. Inbound logistics cover the procurement of essential medical supplies, wellness products, and the recruitment of a highly skilled workforce. Operations encompass the core delivery of medical and wellness services, including healthcare treatments, wellness programmes, and accommodations. Outbound logistics focus on patient discharge, wellness programme completion, and travel coordination.

Marketing and sales efforts are directed at positioning Singapore as a leading wellness haven through global marketing campaigns and strategic partnerships. The services component ensures high levels of customer satisfaction with robust support and aftercare provisions. Support activities, including infrastructure management, human resource development, technology and innovation, and legal compliance, underpin the value chain, ensuring the efficiency and effectiveness of service delivery. These elements create an integrated and high-quality experience for international clients, reinforcing Singapore's status as a leader in the medical and wellness tourism sector.[194]

The value chain for medical and wellness tourism in Singapore encompasses a series of interconnected activities designed to deliver high-quality services and ensure a seamless experience for patients and tourists.

The process begins with inbound logistics, which involves sourcing and procurement of essential resources. This includes acquiring advanced medical equipment and supplies from global vendors to support state-of-the-art hospitals and clinics. Ensuring a steady supply of pharmaceuticals and medical consumables is crucial for maintaining high standards of care.

Similarly, wellness products such as organic essential oils and spa items are sourced from both local and international suppliers to enhance the wellness experience. Recruitment of skilled healthcare professionals, wellness experts, and multilingual staff is also a key component, ensuring that the workforce can cater to the diverse needs of international patients.

Operations constitute the core activities directly impacting service delivery. Healthcare services cover a broad spectrum, including diagnostics, surgeries, and specialised treatments in fields like cardiology and oncology. Wellness services are equally diverse, ranging from spa treatments and yoga sessions to holistic health programmes and non-invasive cosmetic procedures.

[194] Nur, Adilah, Md, Zain., Mohd, Hafiz, Hanafiah., Muhammad, Aliff, Asyraff., Hazmal, Ismail., Wan, Mohd, Adzim, Wan, Mohd, Zain. (2023). 4. Exploring medical tourism competitiveness in malaysia, thailand, and singapore: the indonesian tourists' perspectives. doi: 10.21837/pm.v21i30.1403

Accommodation and hospitality are integral to the experience, with hospitals offering patient accommodation, and luxury retreats providing wellness tourists with high-end lodging options. The management of patient care, including personalised treatment plans and post-operative care, is complemented by concierge services that handle travel arrangements and language support.

In the outbound logistics phase, the focus shifts to ensuring a smooth transition for patients and tourists. This includes coordinating patient discharge processes, arranging follow-up appointments, and providing telemedicine options for international patients. Wellness programme completion is managed by offering aftercare recommendations and virtual consultations. Additionally, transportation services and travel logistics are organised to facilitate seamless airport transfers and local travel.[195] [196]

The marketing and sales efforts aim to establish Singapore as a premier destination for wellness tourism. This involves destination marketing through international campaigns and participation in wellness expos. Digital content development, including websites and social media, plays a crucial role in attracting potential tourists. This is further supported by search engine optimisation and online advertising strategies.[197] Sales efforts include forming partnerships with international travel agencies and medical tourism facilitators to offer customised packages that cater to diverse markets.

Enhancing the customer experience is central to the services provided. This includes 24/7 customer support for international patients and their families, language interpretation services, and cultural liaison support. Aftercare services extend to ongoing medical support and wellness consultations even after the patient has returned home, with access to online health records and virtual consultations. Quality assurance is maintained through surveys and feedback mechanisms, leading to continuous improvement processes.

Finally, support activities ensure the smooth operation of the value chain. Infrastructure management involves maintaining state-of-the-art medical facilities and wellness centres and ensuring compliance with international standards.[198] Human resource management focuses on training and development programmes, staff retention, and workforce diversity. Investment in technology and innovation, such as medical technology, telemedicine platforms, and wellness apps, enhances patient care. Legal and regulatory compliance is managed to adhere to both local and international regulations, including patient rights and insurance.

This comprehensive and integrated approach to the value chain underscores Singapore's commitment to delivering top-tier medical and wellness tourism services. Each segment, from inbound logistics to aftercare, contributes to the country's reputation as a global leader in this field, supporting industry growth and enhancing the overall experience for international patients and wellness tourists.

[195] Medical tourism helping to drive Singapore’s retail growth
[196] Exploring Singapore’s Robust Medical Travel Industry | Medical Tourism Magazine | Medical Travel | Health Tourism
[197] Medical Tourism Sector: The Best Marketing Strategies for Medical Practitioners in Singapore - MediaOne
[198] Targeting Singapore: Successful Marketing Techniques for Medical Tourism | Medical Tourism Magazine | Medical Travel | Health Tourism

Figure 57 Global value chain of Singapore

Value Chain Singapore

Suppliers | **Customers**

Firm Infrastructure

- Maintaining state-of-the-art medical facilities and wellness centres.
- Ensuring compliance with international healthcare standards and certifications.

Human Resource Management

- Training and development programmes for healthcare and wellness professionals.
- Implementing staff retention strategies and ensuring workforce diversity.

Technology Development

- Investing in medical technology, telemedicine platforms, and wellness apps.
- Enhancing patient care with AI, data analytics, and personalised medicine.

Procurement

- Ensuring adherence to local and international healthcare regulations.
- Managing legal aspects of medical tourism, including patient rights and insurance.

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Medical Supplies & Equipment Procurement 2. Wellness Product 3. Workforce Recruitment	1. Healthcare Services 2. Wellness Services 3. Accommodation & Hospitality 4. Customer Service & Patient Care	1. Patient Discharge & Follow-Up 2. Wellness Programme Completion 3. Transport & Travel Coordination	1. Destination Marketing 2. Digital & Content Marketing 3. Sales & Partnerships	1. Patient Support Services 2. Aftercare & Support 3. Quality Assurance & Feedback

Source: Compiled by Kenan Foundation Asia (2024)

8.5 SWOT Analysis

Singapore's healthcare sector is a cornerstone of its global reputation, characterised by its cutting-edge facilities, highly skilled professionals, and strong government backing. This SWOT analysis offers a comprehensive look at the strengths, weaknesses, opportunities, and threats facing Singapore's healthcare system.

Strengths of the sector include world-class medical facilities equipped with advanced technology, a skilled and well-trained workforce, and robust government support for research and development. Additionally, Singapore's strategic location enhances its accessibility to regional patients, while its commitment to research and innovation drives continuous advancements in healthcare. International accreditations and certifications further bolster the sector's reputation for high-quality, patient-centred care.

However, the sector faces certain weaknesses, such as the high cost of healthcare services, which may deter some patients. Additionally, there is a need to enhance global awareness of Singapore’s healthcare offerings and promote the benefits of medical tourism more effectively.

The growing demand for medical tourism in Asia and the increased need for healthcare services for ageing populations have created opportunities to capitalise on. Singapore can expand its wellness tourism sector by leveraging its existing reputation for quality healthcare. Partnerships and collaborations, as well as advancements in technology and digital health, are avenues for further growth and enhancement of services.

The sector also faces several threats, including intense competition from other medical tourism destinations, potential economic downturns, and travel restrictions that may affect the influx of foreign patients. Furthermore, challenges related to healthcare capacity could impact the sector's ability to meet growing demands.

While regulatory changes are a constant factor in any dynamic sector, and can sometimes pose challenges, Singapore's robust regulatory environment, overseen by bodies like MOH and HSA, is considered a key strength.[199] The regulatory environment contributes significantly to the high standards and global reputation of Singapore's healthcare services. Therefore, rather than framing regulatory changes as a direct threat, it's more accurate to acknowledge that adapting to evolving regulations and maintaining alignment with best practices requires ongoing effort and vigilance. This ensures that Singapore's healthcare system continues to provide world-class care and uphold its strong reputation

Strengths

Singapore is a leader in healthcare for multiple reasons. First, it boasts world-class healthcare facilities, including state-of-the-art hospitals and clinics equipped with advanced medical technology, which contributes to high-quality and reliable patient care. This infrastructure is complemented by a highly skilled workforce, comprising qualified doctors, nurses, and allied health professionals. Such a workforce ensures that patients receive top-tier care across all specialties.

Another significant strength is the government support for the healthcare sector. The Singaporean government invests heavily in research, development, and healthcare funding, creating a robust ecosystem for medical advancements and a conducive

[199] HCSA website: https://www.hcsa.gov.sg/),

environment for healthcare innovation. This support is underpinned by political stability, which has enabled policies to be implemented consistently and helped maintain public confidence in Singapore's healthcare system. Singapore’s location also serves as an advantage. Situated centrally, the country is easily accessible for patients from neighbouring regions, which has been a key factor in attracting international patients.

Furthermore, the country is known for its high quality of services, with a strong emphasis on patient-centred care, further enhancing its global reputation. This commitment to quality is further strengthened by strong partnerships between the public and private healthcare sectors, leading to better health and healthcare outcomes for the population.

Singapore also prioritises research and innovation, consistently driving advancements in medical science, which, in turn, strengthens its position as a premier healthcare provider. Many of Singapore's healthcare facilities hold international accreditations and certifications, reinforcing its reputation for maintaining rigorous standards of care that reassure both local and foreign patients.

Weaknesses

Despite these strengths, Singapore's healthcare system faces some notable weaknesses. High costs remain a primary concern, as medical services in Singapore are known for being expensive. This factor can deter patients from opting for Singapore as a healthcare destination, especially when more affordable options are available in the region. This high cost is further driven by factors such as the limited availability of skilled workforce, which increases labour costs within the healthcare sector.

While this has contributed to its growth, it also creates a vulnerability to fluctuations in global economic conditions and travel restrictions, as seen during the COVID-19 pandemic. It is important to note that while the system serves international patients, it is primarily designed to serve the needs of the resident population. More broadly, a potential challenge is the limited awareness of Singapore’s healthcare offerings among some international patients. While Singapore has a strong reputation among certain segments, some potential international patients may not be fully aware of the full range of services and advantages available, which could limit further growth in the medical tourism sector.

Opportunities

Several opportunities present promising avenues for Singapore's healthcare sector. One of the most significant is the growing demand for medical tourism, especially in Asia. With rising healthcare costs in Western countries, many patients are looking to Asia for affordable, high-quality treatment. This trend represents a substantial opportunity for Singapore to attract patients from around the globe.

Singapore’s ageing population also creates a domestic demand for healthcare services, particularly in geriatric care. The country’s expertise in quality healthcare positions it to serve this growing market effectively. Singapore is also working towards its ambitions of being an urban wellness haven, and will further expand into wellness tourism, leveraging its established reputation in medical care to offer a holistic approach that combines medical and wellness services, leveraging its established reputation in medical care to offer a holistic approach that combines medical and wellness services.

Partnerships and collaborations with other countries and international organisations also hold potential, as they can enhance Singapore’s healthcare offerings and extend its reach. Finally, the adoption of technology and digital health solutions provides an opportunity to improve efficiency, accessibility, and the patient experience. Innovations in telemedicine, artificial intelligence, and electronic health records can streamline processes and help Singapore maintain a competitive edge.

Threats

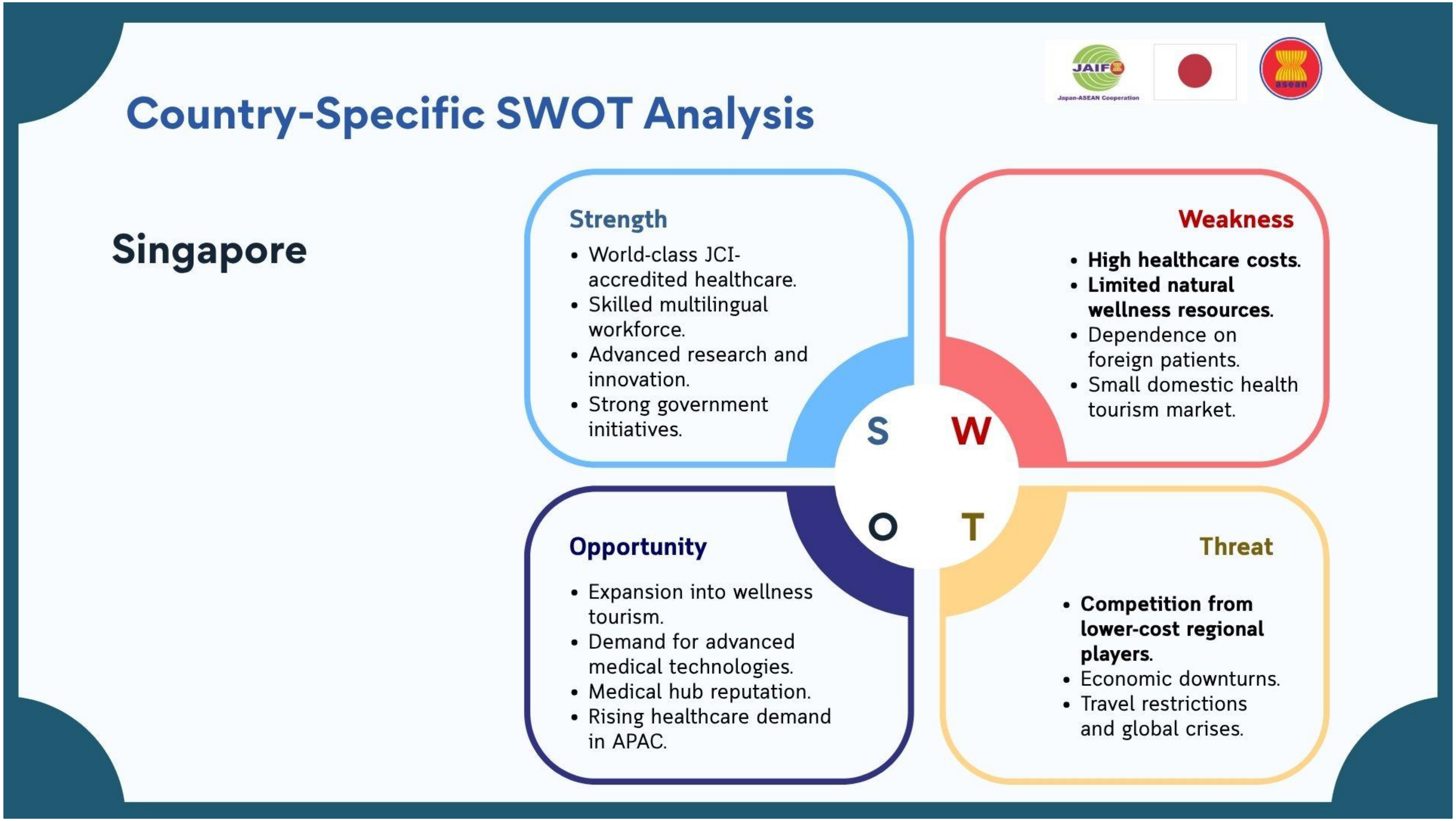
Competition from other countries offering medical tourism, such as Thailand, Malaysia, and South Korea, poses a challenge. These nations offer high-quality healthcare at more affordable prices, which could divert potential patients away from Singapore.

Another concern is the impact of economic downturns on medical tourism and healthcare spending. Economic fluctuations can reduce the disposable income of potential patients, thereby decreasing the demand for non-essential medical procedures abroad. Healthcare capacity is also a looming threat, as increased demand may stretch Singapore’s resources, potentially affecting service delivery.

Lastly, regulatory changes pose an unpredictable risk to the sector. Potential shifts in government policies such as revisions to healthcare pricing regulations, adjustments to licensing requirements for foreign healthcare providers, or the introduction of stricter quality and accreditation standards could affect the operational landscape of Singapore’s healthcare industry. Such changes may influence the cost and accessibility of services.

Singapore’s healthcare sector is a powerhouse marked by advanced facilities, a skilled workforce, and strong government support, all of which bolster its international reputation. Singapore has multiple opportunities to enhance its healthcare sector further, especially by expanding into wellness tourism, leveraging technology, and forming strategic partnerships. However, competition from other Asian countries, economic volatility, and regulatory uncertainties remain potential hurdles. With strategic planning and adaptation, Singapore can maintain and potentially enhance its position as a leading destination for wellness tourism.

Figure 58 SWOT analysis Singapore



Source: Compiled by Kenan Foundation Asia (2024)

8.6 TOWS Matrix

The TOWS Analysis is an extension of the SWOT framework, and is designed to develop strategic options by examining the interplay between internal strengths and weaknesses and external opportunities and threats. For Singapore's healthcare sector, this analysis provides a strategic lens to align its internal capabilities with external conditions, facilitating the formulation of effective strategies to enhance its global position.

In this TOWS analysis, we will explore how Singapore's strengths such as its world-class medical facilities, highly skilled workforce, and strong government support can be leveraged to capitalise on emerging opportunities like the growing demand for medical tourism and advancements in technology. Conversely, we will address how to mitigate the impact of potential threats, including intense competition from other countries and economic fluctuations, while also addressing internal weaknesses such as high service costs.

By systematically analysing these interactions, the TOWS framework will help identify strategic initiatives to enhance Singapore's competitive advantage, optimise its resources, and address challenges effectively. This approach will guide the development of targeted strategies that align Singapore's healthcare sector's capabilities with its strategic goals, ensuring continued growth and excellence in the global healthcare arena.

	Strengths (S) 1) World-Class Healthcare Facilities (S1) 2) Skilled Workforce (S2) 3) Government Support (S3) 4) Strategic Location (S4) 5) High Quality of Services (S5) 6) Research and Innovation (S6) 7) Accreditation and Certifications (S7)	**Weaknesses (W)** 1) High Costs (W1) 2) Limited Natural Wellness Resources (W2) 3) Limited Awareness (W4)
Opportunities (O) 1) Growing Demand for Medical Tourism (O1) 2) Ageing Population (O2) 3) Expansion into Wellness Tourism (O3) 4) Partnerships and Collaborations (O4) 5) Technology and Digital Health (O5)	**S-O Strategies** • Leverage World-Class Healthcare Facilities to Attract Ageing Population (S1, O2) • Utilise Government Support to Expand into Wellness Tourism (S3, O3) • Strategic Location and High Quality of Services to Cater to Growing Demand (S4, S5, O1) • Promote Research and Innovation in Technology and Digital Health (S6, O5) • Accreditation and Certifications to Form Partnerships (S7, O4)	**W-O Strategies** • Address High Costs through Technology and Digital Health (W1, O5) • Increase Awareness through Global Wellness Institute Initiatives (W4, O3) • Develop Alternative Wellness Resources to Expand Market (W2, O3)

Threats (T)	S-T Strategies	W-T Strategies
1) Competition from Other Countries (T1) 2) Economic Downturns (T2) 3) Travel Restrictions (T3) 4) Healthcare Capacity (T4) 5) Regulatory Changes (T5)	• World-Class Healthcare Facilities to Counter Competition (S1, T1) • Government Support to Mitigate Economic Downturns (S3, T2) • Research and Innovation to Overcome Regulatory Changes (S6, T5) • Accreditation to Assure Quality during Healthcare Capacity Strains (S7, T4)	• Mitigate High Costs to Compete with Other Countries (W1, T1) • Enhance Local Healthcare Capacity to Handle Surges (W3, T4) • Develop Crisis Management Plans for Travel Restrictions (W3, T3) • Increase Global Awareness to Counter Economic Downturns (W4, T2)

8.7 Diamond Analysis

Porter's Diamond Analysis provides a structured framework to assess the competitive advantages of industries within a specific country. When applied to Singapore's medical and wellness tourism sector, this analysis reveals how the nation’s unique attributes contribute to its position as a leading destination in the global healthcare and wellness market. Singapore is recognised for its state-of-the-art infrastructure, highly skilled workforce, and strategic location, which collectively underpin its strong performance in this sector.

Additionally, the supportive regulatory environment and advanced related industries further enhance Singapore's ability to attract international tourists seeking high-quality medical and wellness services. However, the analysis also highlights challenges, including high operational costs and intense competition from neighbouring countries. By examining these factors, the Diamond Analysis provides insights into how Singapore can leverage its strengths and address its weaknesses to maintain its competitive edge in the evolving landscape of medical and wellness tourism.

Singapore has world-class infrastructure featuring state-of-the-art medical facilities, advanced technology, and well-maintained wellness centres. This high-quality infrastructure supports the delivery of exceptional medical and wellness services, establishing the country as a premier destination in these sectors. The workforce in Singapore is highly skilled and educated, with a significant number of specialists proficient in the latest medical techniques and wellness practices.

Additionally, Singapore's favourable location in the heart of Southeast Asia provides convenient access for international tourists seeking medical and wellness services. The Singaporean government plays a crucial role, offering robust support through stringent regulations that ensure high standards of care, safety, and hygiene. However, high operational costs associated with maintaining these world-class facilities can be a deterrent for some tourists who might find more affordable options elsewhere. Moreover, Singapore's limited natural resources restrict the development of certain wellness tourism types, such as nature-based retreats.

Singapore's domestic market is sophisticated, with a population that is highly educated and health conscious. This demand for high-quality services drives continuous improvement and innovation within the sector. The country also attracts a substantial number of international patients and wellness tourists, drawn by its reputation for excellence in medical services and wellness practices. Singapore's multicultural environment further appeals to a diverse global audience.

Additionally, there is a growing global trend towards preventive health and wellness, aligning well with Singapore's offerings in areas such as regular health check-ups, wellness retreats, and alternative therapies. Despite strong demand, the high costs of medical and wellness services in Singapore can make it less competitive compared to regional players, particularly for price-sensitive consumers.

Singapore's robust healthcare industry is supported by leading pharmaceutical companies and research institutions that innovation and ensure the availability of advanced medical treatments and wellness products. The thriving tourism industry complements medical and wellness tourism by offering luxury hotels, fine dining, and world-class shopping experiences, enhancing the overall experience for tourists.

The country's advanced ICT infrastructure facilitates seamless communication, telemedicine, and digital marketing efforts, broadening the reach of medical and wellness services globally. However, Singapore's reliance on imported raw materials for pharmaceutical production and wellness products could impact costs and supply stability.

The competitive business environment in Singapore drives firms in the medical and wellness tourism sector to innovate and uphold high service standards continually. Singaporean firms frequently engage in strategic partnerships with global healthcare and wellness brands, enhancing their offerings and credibility. These partnerships also facilitate the exchange of knowledge and best practices. Singapore has effectively branded itself as a premium destination for medical and wellness tourism, supported by international accreditation and recognition of its healthcare facilities.

Nevertheless, the country faces intense competition from regional rivals such as Thailand and Malaysia, which offer similar services at lower prices. This competition pressures Singaporean firms to differentiate themselves through quality and innovation. Additionally, while Singapore excels in high-end medical services, it may have a smaller market for niche wellness services prevalent in countries with a stronger cultural focus on traditional and alternative medicine.

The Singaporean government plays a critical role in promoting wellness tourism through strategic initiatives, such as proactive approach ensures the sector remains competitive and appealing to locals and international visitors. Stringent regulatory standards enhance the credibility and trustworthiness of Singapore’s medical and wellness services among international tourists.

The government also offers various incentives and subsidies, including tax incentives for healthcare providers, grants for innovation in medical technologies, and subsidies for wellness initiatives. However, regulatory complexity can sometimes delay the introduction of new services or infrastructure improvements, potentially hindering the growth of niche wellness services.

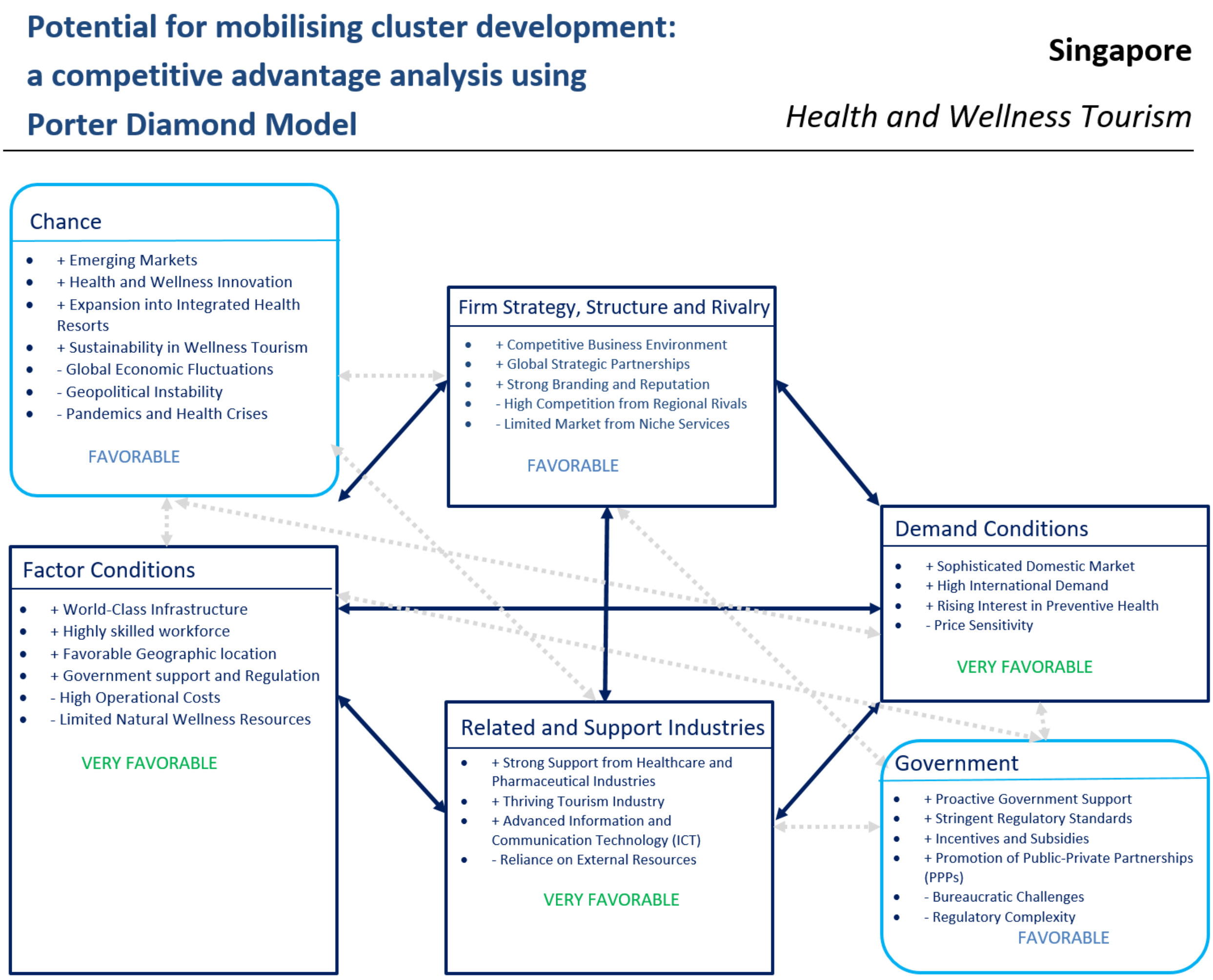
Singapore has opportunities to tap into emerging markets, particularly in Asia and the Middle East, where demand for high-quality medical and wellness services is growing. Targeted marketing and partnerships with healthcare providers in these regions can help capture a larger share of this market.

As a hub for technological innovation, Singapore has the potential to lead in developing cutting-edge health and wellness technologies such as personalised medicine, telehealth services, and longevity diagnostics. Expanding into integrated health resorts that combine medical services, wellness treatments, and luxury accommodation aligns with the global trend towards holistic health experiences and could attract high net worth individuals seeking exclusive retreats.

Furthermore, Singapore can position itself as a leader in eco-friendly wellness tourism by integrating sustainable practices and promoting green certifications. The sector still faces threats from global economic fluctuations, geopolitical instability, pandemics, and intense regional competition. Economic downturns or fluctuations could impact international tourist spending, while political instability and health crises could disrupt travel flows.

Additionally, rising competition from regional players poses a challenge. By leveraging government support and capitalising on emerging opportunities while addressing these threats, Singapore can continue to maintain its position as a leading destination for medical and wellness tourism.[200] [201] [202] [203]

Figure 59 Diamond Model Singapore



Source: Compiled by Kenan Foundation Asia (2024)

[200] The Rise of Medical Tourism in Asia Pacific
[201] Medical Tourism Sector: The Best Marketing Strategies for Medical Practitioners in Singapore - MediaOne
[202] Exploring Singapore's Robust Medical Travel Industry | Medical Tourism Magazine | Medical Travel | Health Tourism
[203] View of Exploring Medical Tourism Competitiveness in Malaysia, Thailand, and Singapore: The Indonesian Tourists' Perspectives

8.8 Problems Identified

Singapore faces several challenges that could hinder its sustained growth and competitiveness in this rapidly evolving sector. Despite its reputation for world-class healthcare, various factors may impact its ability to maintain its position and adapt to changing global trends.

One of the most significant challenges is the high cost of healthcare services in Singapore. While the country is known for its top-tier medical treatments and facilities, the associated expenses can be a major deterrent for international patients, particularly those who seek more affordable care. The high costs might drive potential patients to neighbouring countries like Malaysia, Thailand, and India, where they can access similar treatments at a fraction of the price.[204] This shift could lead to a potential loss of market share as patients opt for more cost-effective options in nearby regions.

Another issue is Singapore's limited focus on wellness tourism. Although the country excels in medical tourism, its wellness tourism offerings remain relatively underdeveloped compared to its regional competitors. As global demand for wellness tourism grows encompassing preventive healthcare, spa treatments, and wellness retreats. Singapore risks missing out on this lucrative market. The lack of purpose-of-visit driving wellness offerings, which are increasingly sought after by tourists looking for holistic health experiences, further exacerbates this challenge.

The competition from regional neighbours is another pressing concern. Countries like Malaysia, Thailand, and India offer high-quality healthcare at lower prices and have developed and robust wellness tourism sectors. These nations provide a wide range of services, from medical procedures to wellness retreats, at more competitive rates.

As these countries continue to enhance their offerings, Singapore's market share in the region could decline if it does not innovate and adapt to the shifting preferences of global consumers. The competition is particularly intense in areas where patients seek a combination of medical and wellness services, which are increasingly bundled together in attractive packages by Singapore's competitors.[205]

Singapore's ageing population presents significant challenges for its healthcare system, increasing demand for services and straining existing resources. As the demographic shift progresses, the country is expected to see a substantial rise in the number of elderly residents, with projections indicating that by 2030, 25% of Singaporeans will be aged 65 and above.[206] This increase in the elderly population necessitates a greater focus on healthcare services, particularly in specialised areas such as geriatrics and chronic disease management, where there is currently a notable shortage of healthcare professionals.[207]

The shortage of healthcare professionals exacerbates this issue, leading to longer waiting times and potentially reduced quality of care. A recent survey indicated that nearly 90% of healthcare leaders in Singapore acknowledge the ongoing scarcity of talent in the industry, which is critical for meeting the rising demand for healthcare services.

---

[204] Singapore 'losing medical tourists to neighbours' | The Straits Times
[205] Immigration@SG | Singapore's Lead in Medical Tourism
[206] What is Age Well SG?
[207] Challenges Confronting the Practice of Nursing in Singapore - PMC

This workforce gap poses a challenge not only for residents but also for international patients seeking care in Singapore.

Additionally, navigating regulatory processes can sometimes present challenges for new entrants and the adoption of certain innovations. Singapore's stringent regulatory frameworks, overseen by agencies like MOH and the HSA, are essential for ensuring high standards of care and patient safety. However, it is important to note that Singapore actively fosters innovation through initiatives like regulatory sandboxes, designed to allow controlled testing of new healthcare solutions.

These sandboxes aim to balance robust oversight with the need to encourage advancements in the medical and wellness tourism sector. Therefore, rather than viewing regulations as outright barriers, it's more accurate to say that businesses need to navigate the regulatory landscape effectively, and that ongoing efforts are being made to streamline processes and support innovation within a framework of high quality and safety. This ensures that Singapore remain competitive while upholding its commitment to world-class healthcare.[208]

The lack of comprehensive data on wellness tourism further complicates efforts to develop this sector. Without robust data and research, policymakers and businesses struggle to craft targeted strategies to grow wellness tourism effectively. The absence of data-driven insights can result in missed opportunities for expansion, limiting Singapore’s ability to respond effectively to market trends.

Moreover, sustainability concerns are increasingly relevant as Singapore grapples with the environmental impact of its urban development. The city-state faces challenges related to high energy consumption, waste management, and maintaining green spaces, all of which are critical factors in appealing to wellness tourists who prioritise eco-friendly destinations. As global travellers become more conscious of environmental issues, Singapore's current sustainability challenges could detract from its attractiveness as a wellness destination focused on nature and sustainability.[209]

Addressing these challenges is essential for Singapore to maintain its reputation as a leader in medical and wellness tourism while adapting to changing global trends.

Cultural perception and marketing are areas where Singapore may also face challenges. There appears to be a lack of strong branding and marketing around Singapore as a holistic health and wellness destination. The focus has predominantly been on medical excellence rather than a comprehensive health and wellness experience. Without a compelling narrative that integrates wellness tourism with medical services, Singapore might not fully capitalise on the holistic health and wellness trend. Effective marketing strategies that highlight the unique aspects of Singapore’s wellness offerings, combined with its medical services, are necessary to attract a broader range of tourists.

Singapore faces several challenges that could impact its future growth and competitiveness. Addressing these issues ranging from high costs and competition to regulatory barriers and sustainability concerns will be crucial. By diversifying its offerings, enhancing its wellness tourism sector, and adopting more sustainable practices, Singapore can continue to thrive in the global tourism market.

---

[208] Singapore hospitals struggle to meet demand for radiographers, pharmacists amid shortage in healthcare workers - CNA

[209] Thousands of Medical Jobs Available in S'pore's Healthcare Sector | CareersCompass by MyCareersFuture

9 Thailand

9.1 Introduction: Overall Scenario

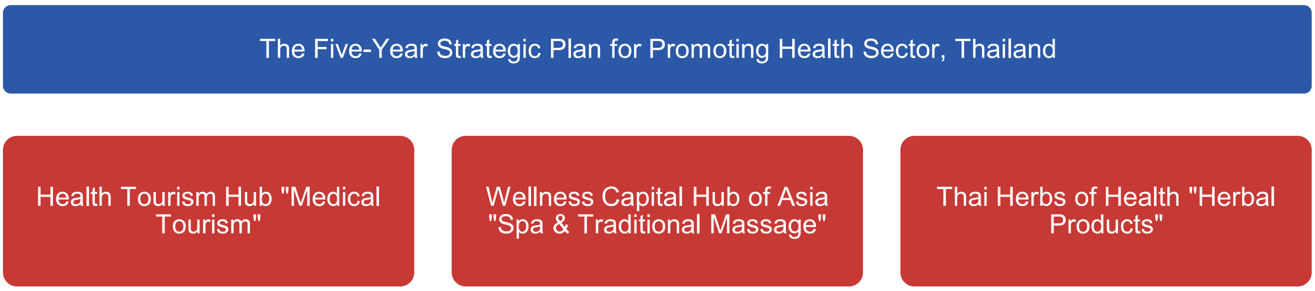
Thailand is known as a country with rich natural resources and a sophisticated culture. In addition, Thailand is located in the middle of ASEAN region. Consequently, Thailand has become a major destination for tourism for both domestic and international.[210]

- 2019: Approximately 39.8 million international tourists.
- 2020: Due to the COVID-19 pandemic, arrivals drastically dropped to about 6.7 million.
- 2021: Continued impact of the pandemic with around 428,000 arrivals.
- 2022: Recovery began with approximately 11.15 million tourists.
- 2023: Thailand welcomed about 28 million international tourists. Thailand also remains ranked 10th worldwide.[211]

After the economic crisis in 1997, which started in Thailand and spread to the rest of the world, the Royal Thai Government (RTG) initiated many measures and policies to aid recovery. One of measures was the promotion of health tourism. In 2004, the RTG enacted a five-year strategic plan to make Thailand a health hub of Asia. The five-year strategic plan promoted health sector internationalisation under the theme of “Health Tourism Hub of Asia”, “Wellness Capital of Asia”, and “Thai Herbs of Health”.

The development plan covered medical care services, health services, and herbal products. Initial target development areas included Bangkok, Chiang Mai and Phuket, with ten other provinces to be developed later. The government will provided overall planning, marketing, monitoring services, and price standardisation, certification, regulation, biotechnology related research and development.

Figure 60 Summary the Five-Year strategic plan



Source: Kenan Foundation Asia (2019)

The annual growth rate for medical tourism in Thailand is projected to be approximately 15.7% from 2024 to 2034.[212] As of 2023, Thailand's medical tourism market is estimated to be valued at approximately US$2.9 billion (95.6 million THB) and ranked 5th globally for medical tourism.[213]

[210] Statista. (2023). *Thailand: number of international tourist arrivals*. Retrieved from Statista
[211] Bangkok Post. (2024). *Tourist arrivals top 28m in 2023*. Retrieved from Bangkok Post
[212] Future Market Insights. (2023). *Thailand Medical Tourism Industry Share & Forecast to 2034*. Retrieved from Future Market Insights
[213213] Grand View Research. (2023). *Thailand Medical Tourism Market Size | Industry Report 2030*. Retrieved from https://www.grandviewresearch.com/industry-analysis/thailand-medical-tourism-market-report

Health tourism accounts for around 3% of Thai GDP, with 90% of its revenue coming from beauty and anti-ageing businesses, preventive medicine, and sport and adventure tourism. The other 10% of revenue comes from spa businesses. Moreover, health tourists have 61% greater spending than average tourists due to their high purchasing power and longer duration of stay. Today, Thailand is facing with many challenges, especially the growing competition from neighbouring countries, such as Singapore, Malaysia, and the Philippines. According, Thailand needs to improve its marketing strategies as well as improve the quality of services.[214]

9.2 Definition of Cluster

9.2.1 Defining the Service

According to the Ten-Year Strategic Plan, health tourism in Thailand can be divided into four main areas: the wellness sector, medical service sector, academic medical sector, and health products sector.

The wellness sector can be divided into three main focuses: body, mind, and spirit. A study done by Nutworadee Kanittinsuttitong (2018) stated that the most popular services for wellness sector include spa, thermal, Ashrams, Yoga Retreat, Thalassotherapy Spa, Thermal Baths, Health Resorts, Wellness Centre, Wellness Cruise, Healthy Hotel, Beauty Salon, Gym/Fitness Centre, Holistic Care, Detox, and Ayurveda. In addition, Thailand is also acknowledged as a major destination in rehabilitation, especially in Northern Thailand.

For the medical sector, Thailand has been known in terms of quality standards and capable human resources. The medical services provided range from general examination, dentistry, cancer treatment, hip replacement, kidney transplants, cardiology testing, heart surgeries, laser eye surgeries, cosmetic surgeries, weigh loss surgeries, sex change operation, and balloon dilatation. In 2023 there was approximately 9,800 public hospitals, 370 private hospitals, and 38,512 physicians in Thailand.[215]

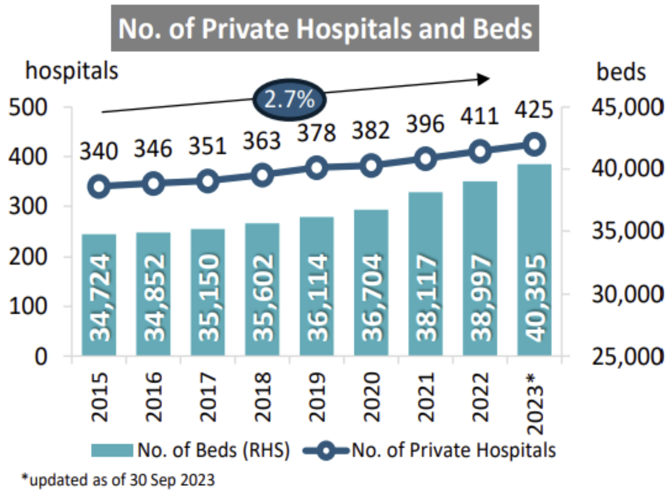
9.2.2 Geographical Location

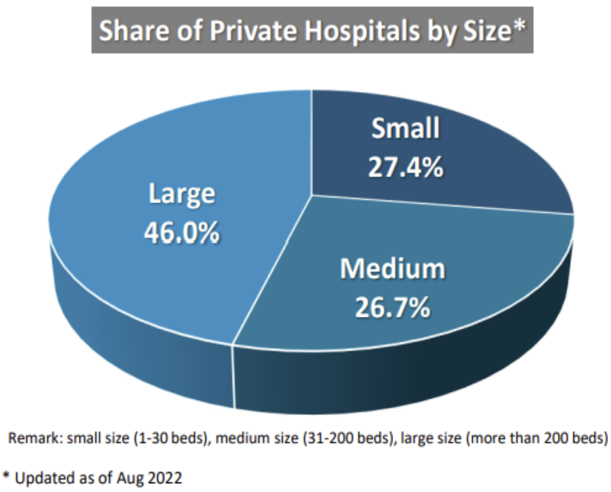
Thailand is an ideal destination for medical tourism, high-quality medical care, cost-effectiveness, and lower cost of living that is favourable for long-stay patients. This is also backed by the government, which has an effort to turn the country into a “world medical hub”. Thailand had 370 private hospitals, with 116 (31.4%) located in Bangkok and 254 (68.6%) in upcountry regions.[216]

[214] Jutamas Rerkrujipimol (2008) Medical Tourism in Thailand and Its Marketing Strategies.
[215] Bank of Ayudhya. (2023). *Medical tourism in Thailand: facts, figures and services on offer*. Retrieved from ITIJ
[216] Krungsri Research. (2020-2022). *Industry Outlook: Private Hospitals*. Retrieved from Krungsri Research

Figure 61 shows numbers of private hospitals. The number of private hospitals increased by 2.7% per year, especially large private hospitals with a proportion as high as 46% to support the expansion of urbanisation in various provinces. With such a large population, there are not enough government healthcare facilities.

Figure 61 Number of Private Hospital Overview

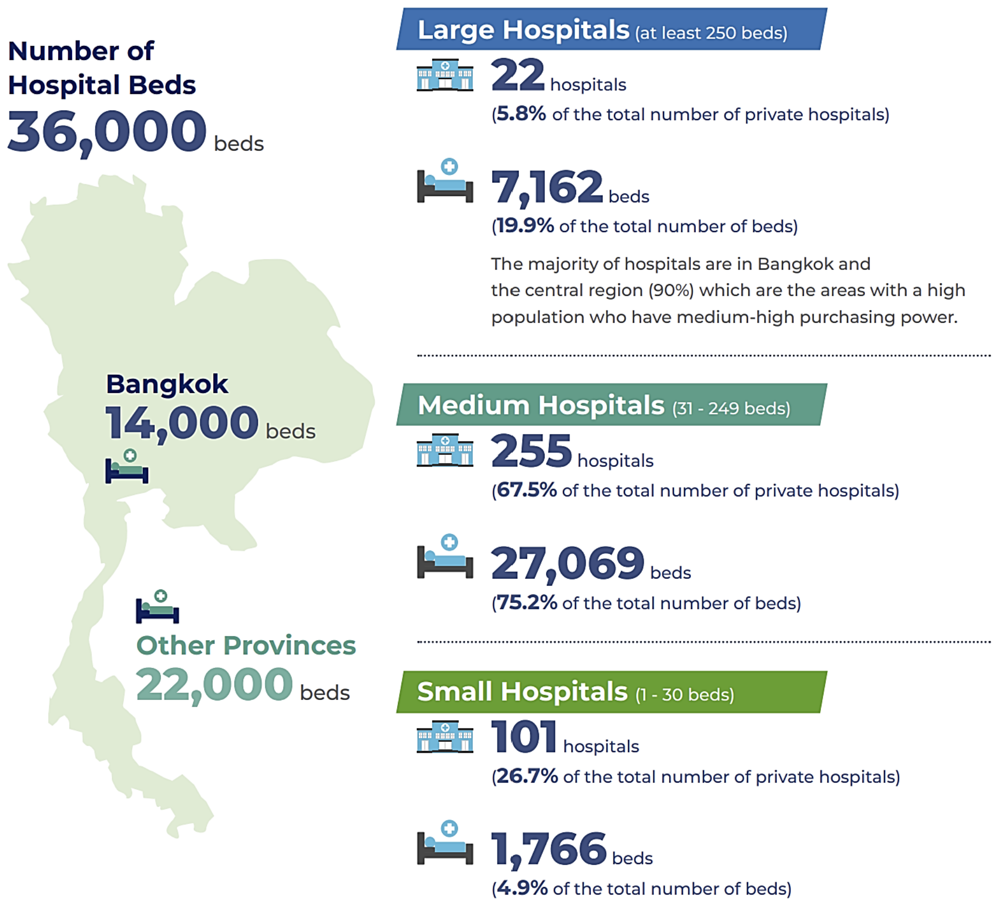




Source: LH Bank, Business Research (2024)

According to Figure 62, Private hospitals can be divided into 3 categories in accordance with their sizes which are measured by the number of beds, signifying their service capabilities.

Figure 62 Category of Private hospital

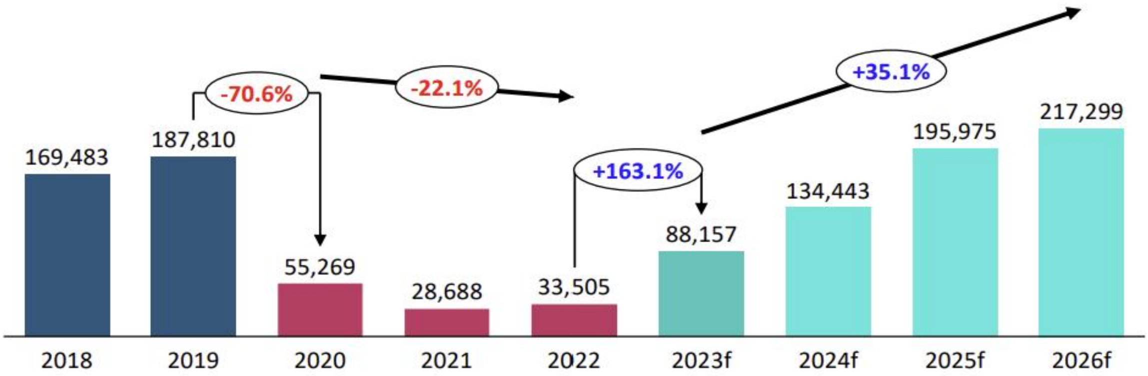


Source: Thailand's Healthcare Industry by DITP[217]

[217] 11_Thailand_s-Healthcare-Industry.pdf

Thailand's medical tourism market is expected to recover significantly in 2023, with continued growth from 2022. This recovery is driven by the pending demand for medical treatment after being affected by travel restrictions during the COVID-19 epidemic in 2020–2021, especially tourists from the CLMV, the Middle East and China being a major target group.

Figure 63 Thailand Medical Tourism Market Value 2018-2026f (Mn THB)



Source: LH Bank, Business Research (2024)[218]

9.2.3 Market Size, Employment, Segmentation

9.2.3.1 Market Size

Since there is limitation in terms of statistical data on wellness tourism, the research applied the statistical data of medical tourism.

As of 2023, it is estimated that over 1 million foreign tourists visit Thailand annually for medical treatment. This marks a recovery from the impact of the COVID-19 pandemic and an increase from previous years.[219]

Based on the statistics mentioned above, the estimation of the Bank of Ayutthaya in 2018 found that the number of non-Thai patients is growing over time as a greater number of expatriates decide to move to Thailand for work or retirement, and more individuals from region and neighbouring countries travel to Thailand for treatment. The combined total number of tourists who have a need for some medical care and medical tourists (i.e. those who travelled specifically for treatment) accounts for around 60% of all non-Thais receiving care from a private hospital.[220]

---

[218] PowerPoint Presentation

[219] Statista. (2023). *Medical tourism in Thailand - statistics & facts*. Retrieved from https://www.statista.com/topics/12559/medical-tourism-in-thailand/

[220] Bank of Ayutthaya (2018). Private Hospital Industry. Retrieved February 22, 2019 from https://www.krungsri.com/bank/getmedia/6bb5fd01-cebc-4656-938c-ba380ee0db09/IO_PrivateHospital_2017_EN.aspx

Table 10 Number of foreign patients in 2022, Classified by type of treatment[221]

Region	OPD	IPD	Total Patients
Whole Country	3,000,000	150,000	3,150,000
Bangkok	1,800,000	80,000	1,880,000
Central Region	600,000	30,000	630,000
Northern Region	160,000	20,000	180,000
North-eastern Region	90,000	10,000	100,000
Southern Region	250,000	10,000	260,000

Source: Bank of Ayutthaya (2018). Private Hospital Industry

The biggest share is patients from Asia and neighbouring countries at nearly 60%. The second largest share, nearly 30%, was held by the expatriate residents of Thailand. This portion includes both long-term tourists and foreign workers with their families. Much of the success in pulling in the long-term visitors is due to the Tourism Authority of Thailand's campaign targeting the retired Japanese, while the increase in expatriates is the result of invitation of FDI. Those policies are taking the role of promoters of medical tourism of Thailand. The third position was taken by Europe with 10% share, but these patients from other parts of the world are limited in number.

Traditionally, Japan has been the biggest market, but recently patients from ASEAN countries and the Middle East countries are growing. The increase in Japanese patients reflects the region's relative quick recovery and rapid economic growth since the 1997 crisis. The increase in patients from the Middle East may be due to the diversion of people who would have otherwise gone to the US choosing to come to Thailand and other countries in this region because of the difficulty of getting US visas.

9.2.3.2 Employment

In 2023, there was roughly 38,820 doctors with rational 1.54 doctors per 1000 persons. Around 194,700 nurses (2.83:1000) and 8,000 dentists (1:12,500).[222] According to the statistical data from the Statista data. Please see it in Figure 64.

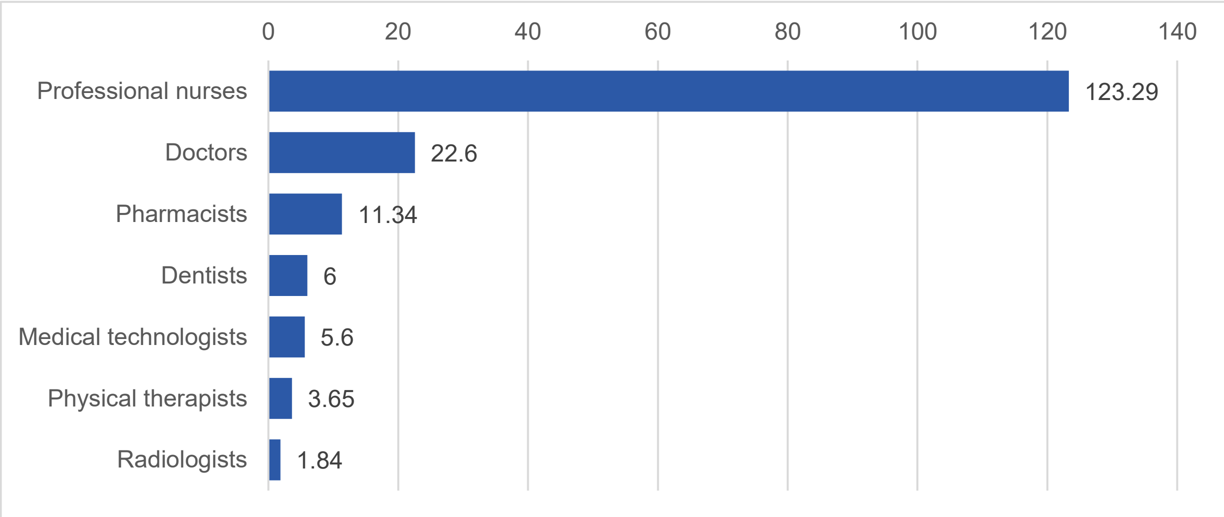
- ***Professional Nurses (123,290):*** Nurses make up the largest category of medical personnel in Thailand. With 123,290 nurses, they are the backbone of the healthcare system, likely performing a wide range of duties, from patient care to administrative and support functions in hospitals and clinics.
- ***Doctors (22,600):*** There are approximately 22,600doctors in Thailand. Doctors represent a significant portion of the healthcare workforce, providing diagnosis, treatment, and medical procedures.
- ***Pharmacists (11,340):*** Pharmacists are crucial in ensuring that medications are dispensed properly and offer consultations on proper medication use. They make up a smaller but important group in Thailand's healthcare sector.

[221]Bank of Ayutthaya (2018). Private Hospital Industry. Retrieved February 22, 2019 from https://www.krungsri.com/bank/getmedia/6bb5fd01-cebc-4656-938c-ba380ee0db09/IO_PrivateHospital_2017_EN.aspx
KResearch. (2023). *Private hospitals business in 2024, revenues from foreign patients is projected to grow at a slower rate*. Retrieved from KResearch
Statista. (2023). *Number of foreign patients in hospitals in Thailand from 2010 to 2024*. Retrieved from Statista
LH Bank. (2023). *Thai Health - Medical Tourism & Wellness*. Retrieved from LH Bank
[222] Statista. (2023). *Thailand: number of healthcare professionals by type 2023*. Retrieved from Statista

- ***Dentists (6,000):*** Dentists, numbering around 6 thousand, are specialised medical professionals who focus on oral health, including treatment and prevention of dental diseases.
- ***Medical Technologists (5,600):*** Medical technologists are responsible for conducting lab tests and assisting in diagnostics. While their numbers are smaller, they play a vital role in diagnostic medicine.
- ***Physical Therapists (3,650):*** These professionals specialise in rehabilitation and recovery, helping patients regain mobility and function after injuries or surgeries.
- ***Radiologists (1,840):*** Radiologists, specialising in diagnostic imaging, are the smallest group in this chart, with roughly 1,840 in Thailand.

This is the relative distribution of healthcare workers across different fields, with a significant concentration in nursing, followed by doctors and other medical specialists. The disparity between the categories may reflect the different levels of training and specialisation required for each role.

Figure 64 Number of workers in medical sector



Source: Number of healthcare professional Thailand 2023, by type Published by Kankanit Ciba[223]

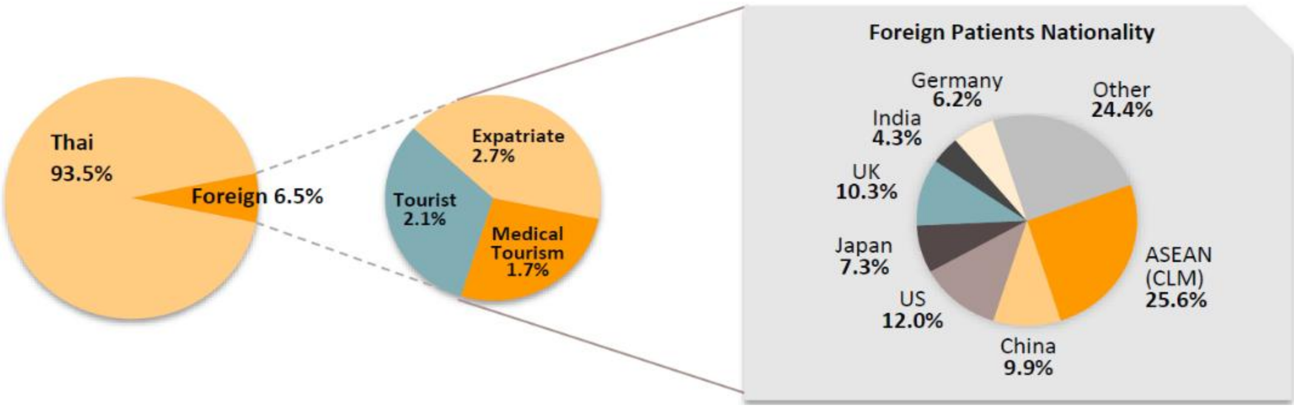
9.2.3.3 Segmentation

In 2023, it is estimated that approximately 70% of health and wellness tourists are Thai nationals, and only 30% are foreign tourists. This marks a significant increase in the proportion of non-Thai tourists compared to the 6.5% reported in 2010. To promote Thailand as a medical hub, the government introduced a medical treatment visa in 2023, allowing foreigners to stay for up to 90 days for medical purposes. This initiative aims to facilitate longer stays for medical tourists and attract more international patients.

Moreover, the combination of Thailand's appeal as a tourist destination with its advanced healthcare facilities creates a unique opportunity for medical tourism, where patients can combine treatment with leisure activities.[224] [225] [226]

[223] Thailand: number of healthcare professional by type 2023 | Statista
[224] Proportion of Thai Nationals vs. Foreign Tourists:Statista. (2023).
[225] Medical Treatment Visa:Pacific Prime. (2023).
[226] Combination of Treatment and Leisure:Asian Insiders. (2024).

Figure 65 Type of health tourists in Thailand



Source: NSO, MOC, MOPH and Krungsri Research[227]

9.2.4 Quality Standards

Thailand remains a leading destination for medical tourism, boasting a robust network of 62 JCI-accredited hospitals, the highest in ASEAN and 4th globally. [228] These hospitals are primarily located in popular tourist destinations such as Bangkok, Chonburi, Phuket, and Chiang Mai, catering to international patients seeking high-quality yet affordable healthcare. Notable institutions include Bangkok Dusit Medical Services (BDMS), which is the largest medical group in Thailand, and Bumrungrad International Hospital, one of the first JCI-accredited hospitals in ASEAN.

BDMS operates a comprehensive network of hospitals, specialised facilities, and wellness programmes, treating over 10 million patients annually. Bumrungrad International Hospital specialises in advanced multi-specialty care, attracting over 400,000 international patients from 190 countries each year. Thailand’s reputation for value-for-money care is bolstered by medical costs that are 50–75% lower than in countries like the U.S. and Singapore, while maintaining world-class standards.

The country’s medical tourism offerings include procedures such as cosmetic surgery, orthopaedics, cardiology, cancer treatment, and sex reassignment surgery. In 2022, medical tourists accounted for approximately 8–12% of the nearly 10 million foreign visitors, with 70% of these patients coming from the Middle East. Projections suggest Thailand's medical tourism market could reach 760 billion THB by 2027, driven by its position as a full-service medical hub integrating telemedicine, medical device innovation, and advanced healthcare services.

Thailand medical tourism treatments and procedures

- ***Heart Surgery***

Thailand offers a wide range of heart surgeries, including coronary artery bypass grafting, heart valve replacements, and minimally invasive heart surgery.[229] In 2023, the estimated cost of cardiac surgery in Thailand is US$15,000 to US$35,000. This is significantly less than in Western countries, where similar procedures cost US$70,000 to US$200,000. The cost-effectiveness, short waiting times, and personalised treatment plans combined with

[227] Krungsri Research
[228] JCI-Accredited Organizations | Joint Commission International
[229] Coronary Artery Bypass Grafting (CABG): Procedure, Benefits | MedPark Hospital

high-quality care and advanced medical technology make Thailand one of the most sought-after destinations for heart surgery.

- ***Orthopaedic Surgery and Joint Replacement***

Thailand is regarded for its exceptional orthopaedic surgeries and joint replacements for a vast array of minimally invasive spinal surgeries, endoscopic spine surgery, hip and knee replacements, joint replacements, transformational lumbar interbody fusion, and complex scoliosis surgery.[230] [231] [232] In 2023, hip and knee replacements in Thailand cost between US$7,000 and US$15,000, which is 50 to 70% lower than in Western countries.

Thailand's orthopaedic surgery facilities use state-of-the-art medical technologies, encompass board-certified orthopaedic surgeons, and offer affordable costs without compromising on quality, making Thailand a worthwhile travelling destination for orthopaedic surgery and joint replacement.

- ***Dental Treatment***

Thailand is renowned for its world-class clinical dental practices with comprehensive dental services, including specialised restorative and personalised smile solutions conducted by highly skilled dentists, prosthodontists, maxillofacial surgery specialists, endodontists, periodontists, operative dentists, etc. The average cost of dental treatments in 2023 varied by treatment. Thailand's dental tourism, regarded for its high-quality care, affordable prices, and state-of-the-art technology, makes Thailand a top destination for ideal dental tourism, offering a blend of superior dental care and a memorable travel experience.

- ***Reproductive Medicine: In Vitro Fertilization (IVF), Intracytoplasmic Sperm Injection (ICSI)***

Thailand is a suitable destination for reproductive medicines, whether IVF or ICSI for individuals with infertility, due to cost-effective, world-class medical facilities and advanced technologies.[233] [234] Thailand's clinical practices house of expert reproductive endocrinologists, sophisticated obstetricians, and gynaecologists specialising in maternal and fatal care with extensive experience in performing reproductive care, enabling countless successful treatment outcomes.

In 2023, the estimated cost of IVF in Thailand ranged from US$8,000 to US$13,700, while the cost of ICSI was approximately US$10,000. These costs can vary based on the clinic and specific patient needs, with additional charges for medications, genetic testing, and other related services. The high demand for fertility treatments is substantial, reflecting the country's growing reputation as a medical tourism hub for reproductive medicine.

- ***Cosmetic Surgery***

Thailand adores all visitors worldwide for various kinds of cosmetic surgery due to its competitive costs, high-quality practices, and the aesthetic eyes of surgeons. Cosmetic surgery in Thailand is renowned for its leading-edge medical facilities, state-of-the-art

---

230 Endoscopic Spine Surgery: Procedure, Benefits | MedPark Hospital
231 TLIF Surgery: Transforaminal Lumbar Interbody Fusion | MedPark Hospital
232 Scoliosis Surgery, Surgical techniques, Recovery time | MedPark Hospital
233 IVF (In Vitro Fertilization) - Steps of IVF Treatment | MedPark Hospital
234 Intracytoplasmic Sperm Injection (ICSI) | MedPark Hospital

technologies, and minimally invasive surgical techniques, enabling aesthetically pleasing results. The average cost of dental treatments in 2023 will vary by treatment.

For instance, facelift cost between US$4,000 and US$7,000, orthographic surgery cost between US$10,000 and US$20,000, and botulinum toxin (Botox) cost between US$10 and US$15 per unit. These advantages of affordability, post-surgery follow-ups with care, and the opportunity to recover in a beautiful, tropical environment make Thailand an attractive option for individuals seeking cosmetic enhancements.

- ***Eye Surgery***

Thailand has gained international acceptance for eye surgery. The country is fully equipped with experienced ophthalmologists, cutting-edge medical technology, and state-of-the-art facilities to treat a wide range of refractive errors and eye conditions, including corneal diseases, retinal diseases, glaucoma, cataracts, and LASIK surgery.[235] The estimated cost of LASIK eye surgery in Thailand in 2023 for both eyes was US$1,500 to US$2,050, while cataract surgery with confocal lens implants cost around US$2,400 per eye.[236]

Aside from minimally invasive surgical techniques, short recovery times, and a high level of hygiene, visitors can expect excellent customer service while enjoying their time in a friendly, supportive environment to boost a smooth recovery. All these exceptional benefits make Thailand an ideal country for restoring vision and improving quality of life.

- ***Cancer Treatment***

Thailand has gained long-term international recognition for providing comprehensive cancer treatment using a wide range of clinical approaches. From chemotherapy, immunotherapy, targeted therapy, radiotherapy, stem cell and bone marrow transplants, and surgery, Thailand is equipped with advanced oncology technology, state-of-the-art medical facilities, highly accredited oncologists, and multidisciplinary medical professionals with patient-centric care. [237] [238]

The average cost of cancer treatments in Thailand in 2023 was estimated to be between US$2,000 and US$130,900, depending on the type, stage, and specific treatment approach. Breast cancer radiation therapy costs ranged from US$2,000 to US$2,600, while prostate cancer cost approximately US$5,700. This is 60 to 70% lower than in western countries. With high standards of care, countless cases of treatment success, and the opportunity to combine medical treatment with leisure, Thailand is one of the most preferred countries for individuals seeking efficient cancer treatment.

- ***Long COVID-19 Rehabilitation***

COVID-19 affects the physical and mental states of people worldwide, including the long-term consequences of symptoms afterward. Thailand boasts a robust Long COVID rehabilitation programme that suits long-term staycations.[239] These programmes cater to dedicated multidisciplinary clinical practitioners in a wide variety of programmes that feature physical therapy, occupational therapy, cognitive rehabilitation, mental health support, nutrition, and lifestyle guidance to maximise recovery.

[235] Glaucoma - Symptoms, Causes, Diagnosis and Treatment | MedPark Hospital
[236] LASIK: Procedure, Advantages, Types, Candidates | MedPark Hospital
[237] Chemotherapy: Treating Cancer, Uses, Side Effects | MedPark Hospital
[238] Targeted Therapy | MedPark Hospital
[239] Long COVID | MedPark Hospital

In 2023, the estimated cost for long COVID-19 rehabilitation in Thailand ranged from US$1,000 to US$5,000, depending on the complexity and duration of the treatment programme, reflecting the country's significant growth in the need for rehabilitation after COVID-19 from visitors worldwide. With a wide variety of these advantages, Thailand is therefore truly ideally a country for everyone seeking a Long COVID rehabilitation programme to embark on their recovery journey and regain their overall well-being.

Thailand wellness tourism standards

For wellness tourism, there are two main standards development for businesses: Thai Spa Standard and Health Service Standards for Oversea Establishment. The scope of both standards focusses on the same sector, which is spa and Thai massage. The framework covers five categories, including place, staff, service, tools, and safety. The box below shows the scope of the standards.[240]

In addition, there is the Notification of the Ministry of Public Health B.E. 2509 (amendment B.E. 2551) that is used for control to quality of the wellness providers. This notification covers health spa services, health massage, and relaxed massage. According to the Ministry of Public Health, around 1,700 services providers received certification from the government under this notification.[241]

Summary scope and framework of Health Service Standards For Oversea Establishment

The scope is for two types of health service establishment including Spa for Health and Thai Traditional Massage for Health .Firstly, the establishment must meet minimum requirement of the local law related to service establishment in the country where the operation is located .The criteria of the standard are as follows:

1) The owner of the establishment must be Thai nationality or foreigner with Thai nationality spouse. If the establishment is operated by a registered company at least 50% of stakeholder must be Thai.
2) Establishment must be registered according to the local law of the country where the operation is located.
3) Establishment must have registration certificate from local government office stating the period of business management at least one year.
4) Establishment must be in the correct sector of business according to Thai law.

The framework of the “Health Service Standards for the Oversea Establishment ”consists of five categories . The details of each category are as follows :

1) Place
2) Staff
3) Service
4) Tools, Equipment and Product
5) Safety

In five categories there are 16 criteria and 56 indicators .

Source: Ministry of Public Health (2008)

[240] http://www.thaispa.go.th
[241] http://www.bangkokbiznews.com/news/detail/716658

9.3 Cluster Map

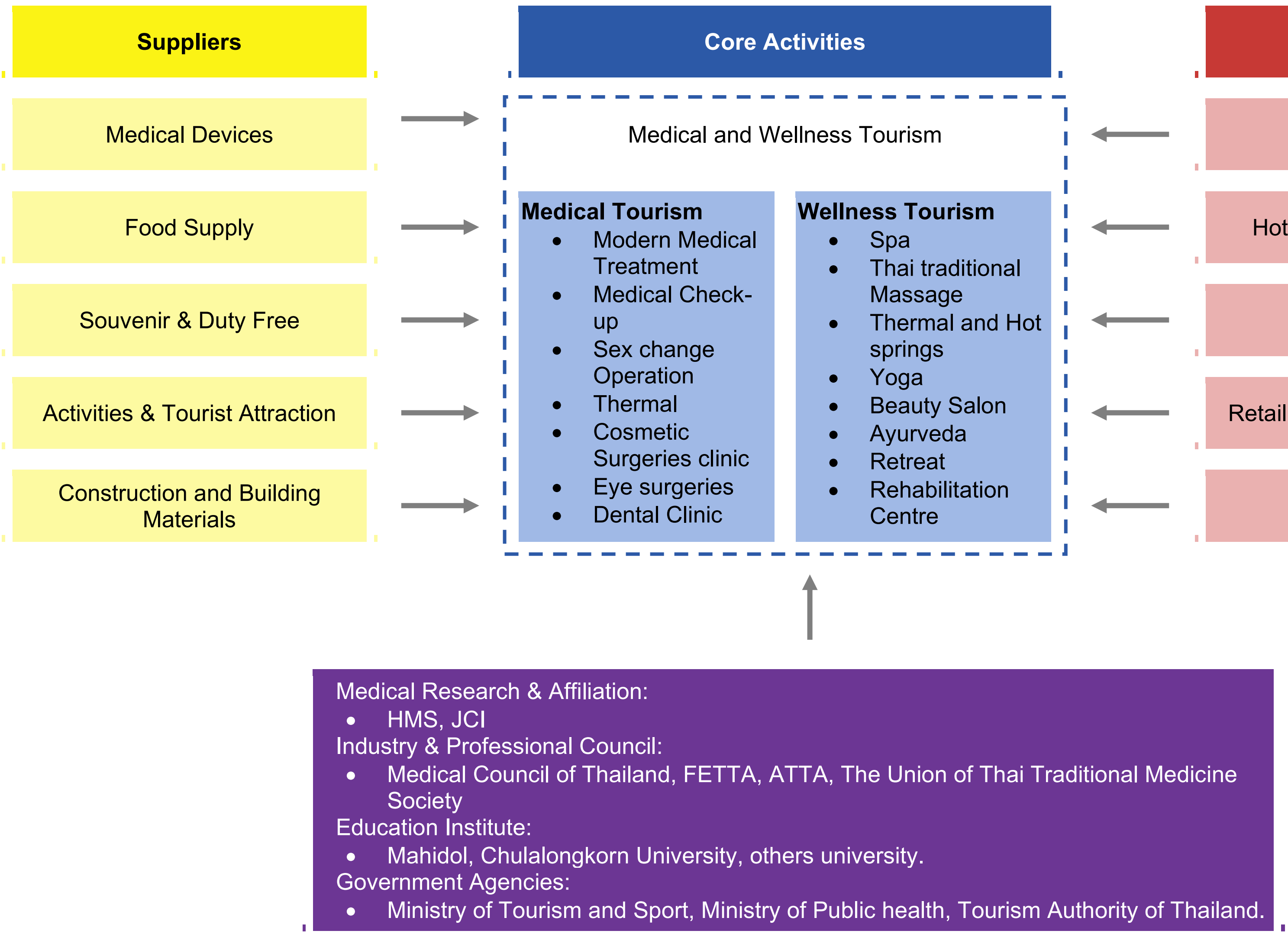
Health and wellness tourism is an emerging cluster at intersection between tourism and medical clusters. The tourism elements of this cluster include international and local transportation, tour agents and operators, hotels, restaurants and other tourism activities, attractions and entertainment. Thailand has a strong position in these areas. The medical elements of the cluster include leading private hospitals, cosmetic and LASIK surgery, dentistry, and alternative medicine, including the famous Thai massage and herbal treatment. Except for the hospitals, who are an emerging player, the other sectors have been very active in Thailand.

For cluster map analysis, attention should be paid to the supporting players at the bottom:

- ***Medical research affiliations and certifications:*** The second largest private Bangkok hospital is affiliated with Harvard Medical School for staff training; Bumrungrad is JCI-accredited.
- ***Educational Institutions:*** Chulalongkorn and Thammasat Universities, Mahidol Medical School; International Tourism Industry Management School led by leading Dusit Thani Hotel Group; Wat Pho Temple-affiliated traditional massage school.
- ***Government Agencies:*** Ministry of Health and Ministry of Tourism and Sport with its affiliation, Tourism Authority of Thailand, which has fifteen offices abroad. The Thai government has launched a campaign for Thailand to be the “Medical Hub of Asia” emphasising a combination of the recently emerging medical industry with traditional strengths such as spas, traditional massage, and herbal treatment.

A weak element of cluster support is International Financial Corporations (IFCs). Thailand has IFCs in fields related to medical tourism: Medical Council of Thailand and the Federation of Thai Tourism Association, corresponding to the medical and the tourism areas, respectively. But these are industry-oriented IFCs, and not cluster-oriented. There is little collaboration between these two associations to promote health and wellness tourism.

Figure 66 Cluster map of Thailand



Source: Kenan Foundation Asia (2024)

9.4 Value Chain/Global Value Chain

The engagement in value chains and global value chains of Thailand's health and medical industry can be classified into two main roles, the role of destination country and the role of origin country.

As a sending country, Thailand is a major origin country for health and wellness products. There are many Thai spa businesses established abroad, as well as many workers in spa industry employed in other countries.

In the role of destination country, Thailand has historically been recognised as a destination country for health and medical tourism by the regional market and international market. The advantages in natural resources, medical technology, professional medical staff, and hospitality are a pull factors that attract many health and medical tourists to visit Thailand. Most health and wellness tourists in Thailand are from neighbouring countries (e.g. Lao PDR, Cambodia, Myanmar, and Viet Nam), the Middle East, Europe, the U.S., and Japan.

For the health and wellness tourists, there are two main channels to receive services: working through an agency or directly contacting services providers. Currently, there are many hospitals in Thailand which have established clinic and transferred centres abroad, such as Bangkok Hospital and Bumrungrad Hospital.

According to the survey done by BNH hospital the factors affecting the decision to get health services in Thailand are the following.

- ***Professional Treatment:*** Thailand has been acknowledged as one of the world's best places to spend recovery time after complicated surgery.
- ***Short Waiting Times:*** In Thailand, physical examinations can be done on the same day as admittance into hospital and surgery can be done in as little as three days.
- ***The Price:*** The lower cost of like-for-like treatments in Thailand versus most western countries is one of the main factors that keeps it so popular. Exact costs are difficult to provide because each person's needs are unique, but a general rule is that treatment is 30% cheaper than in Europe and 70% cheaper than in the U.S. It is common for Thai doctors to study abroad, and their combined international experience and added skills ensure Thailand is at the forefront of medical techniques and innovation.
- ***Insurance Companies May Consider Covering Patient's Treatment and Flight:*** Even if patients are not based in Thailand, insurance companies may consider covering treatment, flights and stay provided it is work out more expensive than in-country treatment. Expats who are living elsewhere in Asia are the most common type of patient to use this method of receiving healthcare.
- ***Advanced/Cutting-Edge Technology:*** At present, Bangkok has more than 42 JCI accredited hospitals. This accreditation is only possible if a hospital offers the latest advances in surgery and treatment.

Figure 67 Global value chain of Thailand

Value Chain Thailand

Suppliers	Firm Infrastructure					Customers
	• Hospital and Wellness Facilities: Thailand's infrastructure includes world-class hospitals, spas, and wellness centres equipped with state-of-the-art technology. Hospitals such as Bumrungrad and Bangkok Hospital lead the way in advanced medical facilities. • Government and Private Sector Collaboration: Public-private partnerships, such as the Philippines Medical Tourism Program (PMTP), help in shaping policies and providing tax incentives for investors, especially in special economic zones (SEZs)					
	Human Resource Management					
	• Highly Skilled Workforce: Thailand boasts a pool of well-trained medical professionals, many of whom have received international training. • Education and Training Support: Institutions like the Ministry of Education and the Thai Spa Association contribute to the training of healthcare professionals and spa therapists, ensuring a high-quality labour force for health and wellness tourism.					
	Technology Development					
	• Highly Skilled Workforce: Thailand boasts a pool of well-trained medical professionals, many of whom have received international training. • Education and Training Support: Institutions like the Ministry of Education and the Thai Spa Association contribute to the training of healthcare professionals and spa therapists, ensuring a high-quality labour force for health and wellness tourism.					
	Procurement					
	• Medical and Wellness Supplies: Hospitals and wellness centres procure state-of-the-art equipment and supplies from both local and international suppliers. The quality and sourcing of medical tools, drugs, and wellness products are strictly regulated to ensure high standards.					
	Inbound Logistics	**Operations**	**Outbound Logistics**	**Marketing and Sales**	**After Sales Service**	
	1. Patient Acquisition Channels 2. Agreements and Networks	1. Healthcare Service Delivery 2. Patient Care and Procedures	1. Post-Treatment Recovery 2. Follow-Up Services	1. Hospital and Spa Marketing 2. Branding of Thailand as a Destination	1. Support and Concierge Services 2. Insurance Coverage and Partnerships	

Source: Compiled by Kenan Foundation Asia (2024)

There are many organisations and stakeholders involved in the health value chain of Thailand. The lists below detail the organisations involved in health tourism in Thailand.

- Tourism Authority of Thailand (falls under Ministry of Tourism & Sports): National body responsible for promoting tourism in Thailand.
- Department of International Trade Promotion (DITP) and Department of Business Development (DBD) (fall under Ministry of Commerce): DITP's mission is (1) to expand the market for Thai products and services; (2) to consistently enhance the added value of export product and service; (3) to upgrade the competitiveness of Thai entrepreneurs in ASEAN and global markets. DBD's duties include business development, promotion, registration, promotion of trade associations and chambers, promotion of service and e-commerce businesses.
- Department of Industrial Promotion (falls under Ministry of Industry): Supports new enterprises and job creation and promotes and develops industries, especially SMEs and community-based industries, to compete in the global market.
- Ministry of Education: Responsible for the supervision of educational programmes, including medical education and spa training.
- Ministry of Public Health (MOPH): Oversees quality standards and regulation in both health tourism, including spas. Also seems to be loosely involved in promotional activities, although this is not one of its official functions.
- Office of SMEs Promotion (OSMEP): Acts as a central planning office and coordinates the action plans of all relevant offices in promoting SMEs in Thailand. OSMEP's role is to promote and, when appropriate, re-implement certain promotional activities to enhance SME potential.
- Thai Spa Association: Represents the Thai spa industry and supports initiatives in promotion, training of therapists, etc.
- Medical Tourism Cluster Thailand: Represents and promotes the medical tourism sector and facilitates foreigners seeking medical services in Thailand. Membership consists of hospitals/clinics, hotels and recuperation facilities, health travel planners, doctors, nurses, ambulance service providers, spa operators, and other downstream supporting businesses.

9.5 SWOT Analysis

The analysis of strengths, weaknesses, opportunities, and threats evaluates the current conditions of operation in the tourism industry in Thailand under a strict and competitive business environment. The government and private sectors could clearly define challenges before putting forward targets for the future. Those aspects need evaluation from customers' perspective, which ensures realistic insights.

Strengths

Thailand possesses a range of well-documented strengths that have made it one of the leading medical tourism destinations globally:

- **Largest Number of JCI-Accredited Hospitals in ASEAN**: Thailand had 62 hospitals accredited by the JCI as of 2024, which is more than any other ASEAN country. This certification signals adherence to globally recognised healthcare standards, enhancing patient trust and reinforcing Thailand's medical tourism brand.

- **Thai Hospitality**: International patients consistently cite Thai hospitality as a key factor in their satisfaction. The country's reputation for warm, attentive service complements the medical experience, supporting healing and encouraging return visits.

- **Cost-Effective Treatments with Global Standards**: Medical procedures in Thailand are significantly cheaper than in Western countries and even regional peers. For example, coronary angioplasty costs about US$4,500 in Thailand compared to US$30,000 in the U.S. (2023 data). Despite the affordability, the quality of care remains internationally competitive.

- **Strong Government Support for Medical Tourism**: Since 2003, Thailand has pursued a strategic vision to become Asia's "Medical Hub" by implementing supportive visa policies (e.g., "Visa for Medical Treatment") and investing in healthcare infrastructure. This has allowed the private sector to scale and professionalise medical tourism offerings.

- **Geographic and Natural Advantage**: Thailand's central location in Southeast Asia and its robust logistics infrastructure make it a transit and treatment hub. Combined with its natural beauty beaches, forests, mountains it is ideal for recovery, wellness, and preventive health retreats.

Weaknesses

While Thailand leads in many areas, it also faces critical internal challenges that affect its competitiveness:

- **Political Instability**: Repeated coups and civil unrest have raised concerns among investors and tourists. Political volatility undermines Thailand's image as a secure destination, affecting long-term confidence in the health and wellness tourism sector.

- **Retention Challenges for Healthcare Professionals**: Strict local licensing laws limit the registration of foreign medical practitioners, and the domestic workforce faces burnout and brain drain risks. This could compromise Thailand's ability to scale up specialist services in the long term.

- **Limited English Proficiency**: Although some private hospitals cater well to foreign patients, language barriers remain especially outside urban centres. This limits expansion into high-potential second-tier cities.

- **Regional Disparities in Healthcare Infrastructure**: Urban hospitals in Bangkok and major cities are world-class, but many provinces lack the facilities, trained personnel, and investment needed to support high-end medical tourism. This uneven development limits the national spread of health tourism benefits.

- **SME Resource Constraints**: Many wellness tourism providers are SMEs that struggle with limited financial support and access to capital. Without targeted government assistance, these providers may not meet the rising quality expectations of international clients.

Opportunities

Thailand can harness several favourable trends to consolidate further and expand its leadership in the sector:

- **Global Demand for Affordable Holistic Health Tourism**: As the global population ages and health consciousness rises, tourists are increasingly seeking integrated wellness experiences. Thailand can offer a blend of modern medicine, traditional Thai therapies, and relaxing recovery environments.

- **ASEAN Integration and Regional Expansion**: With ASEAN's regional harmonisation policies and the free flow of people and capital, Thai health providers can expand services, invest in regional partnerships, and benefit from cross-border patient flows.

- **Expansion of Telemedicine Platforms**: The COVID-19 pandemic accelerated digital health adoption. Thailand can now extend pre- and post-care via telemedicine, improving continuity of care for foreign patients and enhancing service attractiveness.

- **Growing Middle Class in Asia-Pacific**: Rising disposable incomes in countries such as China, Viet Nam, and Indonesia are increasing demand for affordable, high-quality healthcare abroad. Thailand is geographically and economically well-positioned to meet this demand.

- **Wellness Tourism and Anti-Ageing Trends**: Demand for aesthetic procedures, rehabilitation, anti-ageing treatments, and preventive wellness services is growing globally. Thailand's spa culture, traditional medicine systems, and modern clinics can cater to these needs with customised service packages.

Threats

Several external risks could undermine Thailand's health and wellness tourism growth if not addressed proactively:

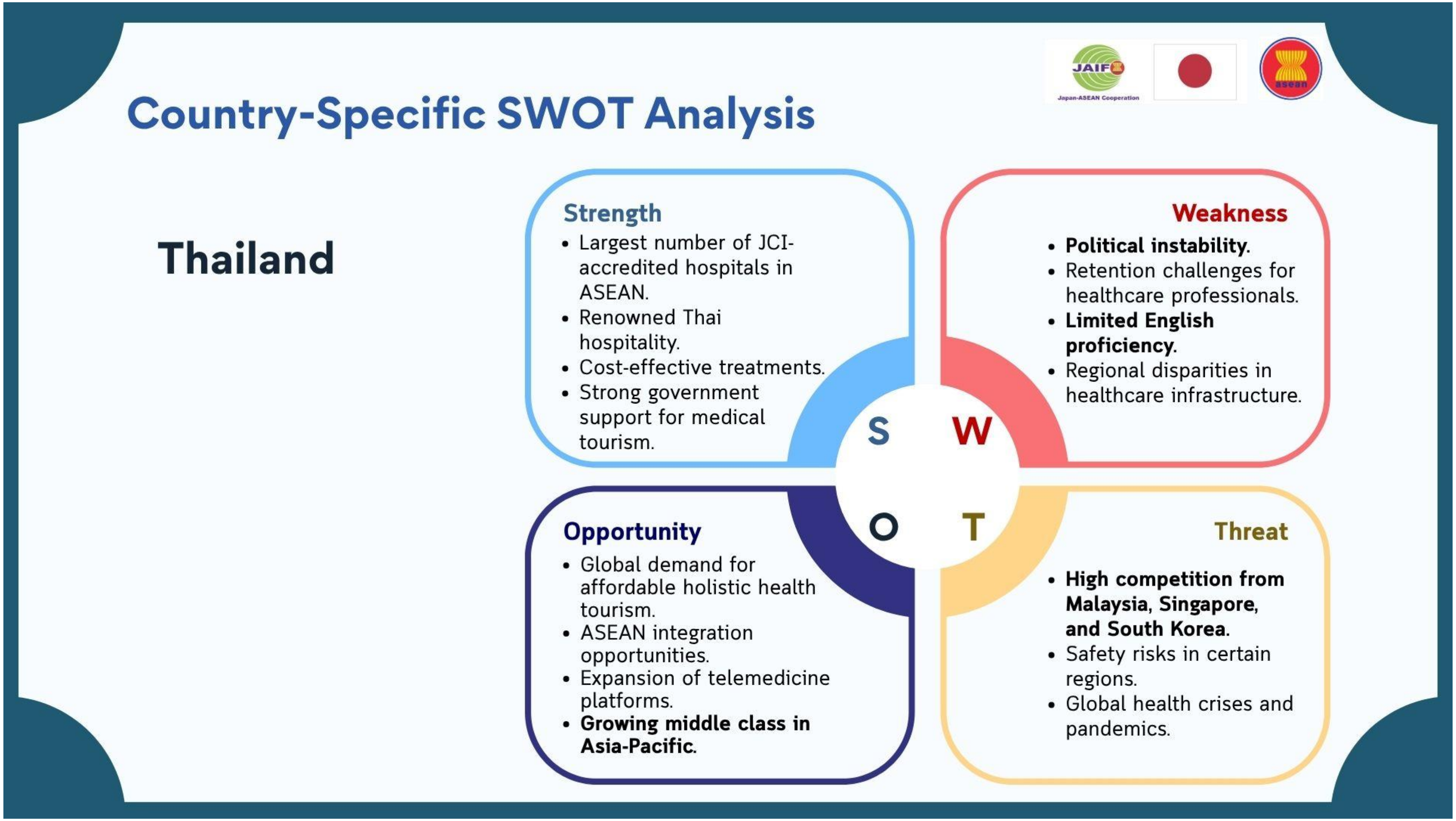
- **High Competition from Malaysia, Singapore, and South Korea**: These countries are rapidly advancing in medical innovation, international marketing, and hospital accreditation. Malaysia's affordability, Singapore's elite facilities, and South Korea's specialisation in aesthetics present competitive pressure.

- **Safety Risks in Certain Regions**: Security concerns in southern provinces due to insurgency, and mass protests in Bangkok occasionally raise travel advisories. Perceptions of risk even if localise can deter health tourists who prioritise peace of mind.

- **Global Health Crises and Pandemics**: Events like COVID-19 have shown how vulnerable the health tourism sector is to international travel disruptions. Rebuilding confidence requires robust health surveillance systems, traveller protections, and crisis preparedness.

- **Environmental and Climate Risks**: Thailand's coastal tourism hubs are vulnerable to natural disasters such as floods, tropical storms, and rising sea levels. These could impact infrastructure and recovery tourism if long-term planning isn't prioritised.

Figure 68 SWOT Analysis Thailand



Source: Compiled by Kenan Foundation Asia (2025)

9.6 TOWS Matrix

	Strengths (S) 1) Established support systems for SMEs (S1) 2) Strong partnerships across stakeholders (S2) 3) Unique Thai hospitality and services (S3) 4) Regional leader in health tourism (S4) 5) Excellent marketing by Tourism Authority (S5) 6) Designated medical tourist visas (S6) 7) Established JCI-accredited providers (S7)	**Weaknesses (W)** 1) Political instability (W1) 2) Stringent foreign practitioner registration (W2) 3) Lack of English language proficiency (W3) 4) Travel-related incident concerns (W4) 5) Lack of financial and SME support (W5, W7) 6) Limited entrepreneurship knowledge for micro-businesses (W6)
Opportunities (O) 1) Strong regional integration opportunities (O1, O2) 2) Growth in tourism sector (O3, O4) 3) Increased global demand for health & wellness tourism (O6) 4) Enhanced travel networks and reduced costs (O4) 5) Improved regional branding in health & wellness (O5)	**S-O Strategies** • Leverage government support for SME expansion in the Greater Mekong Sub region and ASEAN (S1, O1, O2) • Collaborate with tourism authorities and private partners to further enhance marketing (S2, O3, O5) • Develop culturally-integrated wellness packages that leverage Thai hospitality (S3, O6) • Utilise strong reputation to attract tourists via improved travel connectivity (S4, O4) • Align marketing efforts with regional branding initiatives (S5, O5)	**W-O Strategies** • Partner with regional players for knowledge sharing and skill exchange, potentially creating a more unified health tourism brand that transcends national borders (W1, O1, O2) • Practitioner registration processes across the region (W2, O3) • Develop targeted training programmes specifically focused on hospitality and healthcare English for service providers (W3, O6) • Partner with regional authorities to implement standardised safety measures and improve communication regarding travel advisories (W4, O4 • Leverage improved regional branding to attract international investment and funding for SMEs in the health & wellness sector (W5, W7, O5)
Threats (T) 1) Negative effects from political instability (T5) 2) High safety risk in southern provinces (T6) 3) Severe weather and pollution issues (T7)	**S-T Strategies** • Utilise government support to mitigate political risks and ensure safety (S1, T5) • Collaborate with authorities to improve security measures in vulnerable areas (S2, T6) • Develop disaster preparedness plans and promote sustainable tourism practices (S3, T7)	**W-T Strategies** • Develop strong communication plans to highlight Thailand's unique advantages despite political concerns (W1, T1) • Lobby for policy changes to facilitate foreign practitioner registration and invest in upskilling workforce (W2, T3) • Invest in language training for service providers and promote eco-friendly tourism practices (W3, T4) • Partner with regional authorities to ensure overall tourist safety and security (W4, T5)

9.7 Diamond Analysis

Thailand's medical tourism cluster diamond as shown in Figure 69 outlines the advantages and challenges faced by the country.

With many expatriate patients demanding high quality medical service and a long history of high demand for sophisticated plastic surgery from the domestic market, demand conditions are quite strong. Factor conditions are positive, with a clear commitment by the government to enhance its position as a tourist destination by combining it with the government's Universal Health Plan. Similarly, medical tourism enables Thailand to diversify out of its existing strengths in related and supporting industries. In the context of firm strategy and rivalry, Thailand has intense domestic and international competition which pushes current players to maintain and upgrade their services.

Factor Condition

As described earlier, Thailand has been assembling various factor inputs necessary for a thriving medical tourism cluster. These pieces can be broadly classified as (i) suitable infrastructure; (ii) nice environment, people and culture; and (iii) government's key policy.

Infrastructure

Thailand has 12 medical schools which produce approximately 1,000 doctors per year. The country now has 1,345 hospitals nationwide. In Bangkok there are 53 public hospitals and there are 23 private hospitals, 7 plastic surgery clinics, 7 dermatologists, 6 vision LASIK clinics, and 4 dental clinics that are advertised to offer medical tourism. In Phuket, there are 7 private hospitals, 2 plastic surgery clinics, and 7 dental clinics providing medical tourism services. Public hospitals are not involved in medical tourism.

Demand Conditions

Thailand must provide comparable quality of healthcare to what those expatriates and tourists have at their home countries. (ii) Thailand has strong local demand for cosmetic surgical procedures. (iii) In Thai society, there is a prevalent use of herbal medicine and traditional treatment. (iv) Thailand has a reputation as a prime tourism destination.

The number of expatriates in Thailand has significantly decreased in recent years from the impact of COVID-19 pandemic, however, Thailand's tourism industry has shown resilience and adaptability following the challenges posed by the pandemic. The government's efforts to promote tourism through various initiatives have contributed to the recovery observed in 2022 and 2023 with the number of 6.7 million in 2020, 428,000 in 2021 (during lock down period), 11 million in 2022 (restriction was eased), 28.15 million in 2023 (significant rebound). [242] [243]

Related and Supporting Industries

Well-developed tourism clusters include related and supporting industries. After medical treatment, often surgery, patients usually are arranged to stay in 5-star hotels or villas,

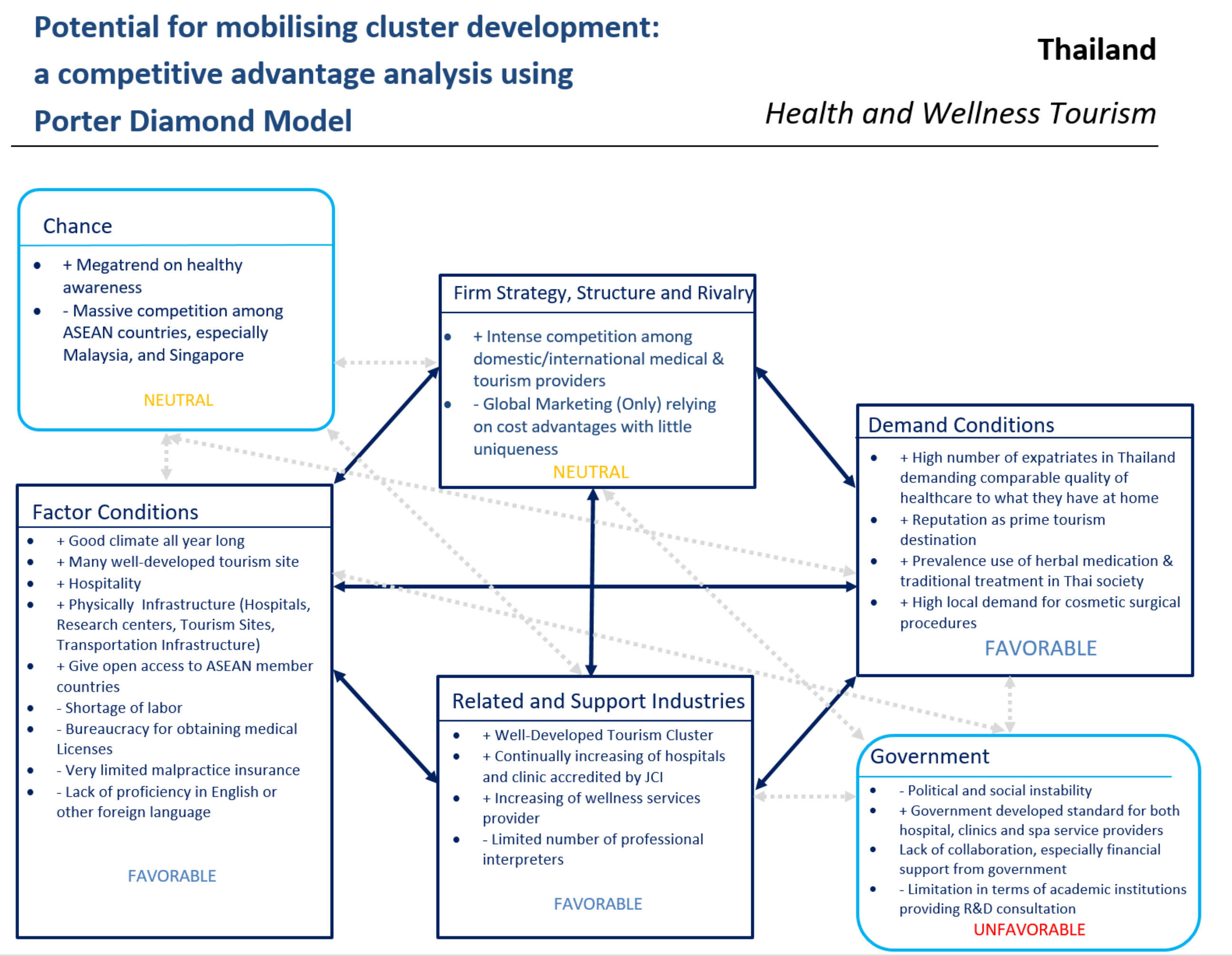
[242] Statista. (2023). *Thailand: tourist arrivals 2023*. Retrieved from Statista
[243] Thailand's Ministry of Tourism and Sports. (2023). *Thailand's COVID Recovery: Rebounding Tourism and Investment*.

go shopping and tour during the recovery period. However, there is not yet an institution for collaboration between hospitals and tourism.

Context for Firm's Strategy, Structure and Rivalry

There is intense competition among domestic and international medical and tourism providers. In Asia, Malaysia, Singapore and India are the major competitors. If Thailand's value proposition is limited to a pure cost advantage without any unique strength or value added, those three countries will capture Thailand's market share in the near future.

Figure 69 Diamond Model Thailand



Source: Compiled by Kenan Foundation Asia (2024)

Table 16 Porter's framework for health tourism in Viet Nam

Porter's Determinants	Score	Remark and Status
Factor Conditions	**4.00**	
Natural Resources and climate	5	Thailand is well known in the enrichment of natural resources and good climate.
Human resources	4	People have limitation in terms of English competency. However, in terms of development workforce to serve health tourism, the study found out that Thailand has high capability in terms of human resources development, especially medical practitioners. In addition, Thailand has hospitality and friendly.
Infrastructure	4	Thailand is located in the middle of Southeast Asia. It can connect with all transportation system. In Competitiveness Index 2018, the country was at 60th rank of 140 countries.
Financial resources	3	Finance is still the limitation for small and medium enterprises in Thailand.
Demand Conditions	**4.00**	
Increasing of international migrants (especially expatriates) in Thailand	4	The economic development and the investment promotion policy causes the increase of expatriates in Thailand. It causes the increase of demand for medical treatment and health care services.
Global trend	4	The global trend and megatrend, which points to ageing society, cause people in search of healthcare service. There is a greater demand for medical treatment in order to help them healthy.
Increase of middle class populations	4	The increase of middle class effecting the capability in buying services and products.
Firms Strategy and Structure	**3.50**	
Intensifying competition	5	Our main competitors comprise of Singapore, Malaysia, Indonesia, and Philippines.
Global marketing relying on cost effectiveness	2	Sometimes it will not be easy when the businesses need to do the marketing with high-end market.
Related Supporting Industry	**4.00**	
Well-developed tourism cluster	5	There is the government policy focusing on the development of health tourism. This policy is 10 years' policy. In addition, the government also have an implementation to development the standard to apply with the wellness business in Thailand.
Collaboration among stakeholders	3	There is still limited collaboration among the stakeholders.

Remark: Code: (1 – highly unfavourable, 2—unfavourable, 3—neutral, 4—favourable, 5 – highly favourable)
Source: Kenan Foundation Asia (2019)

9.8 Problems Identified

The World Bank paper mentioned four major impediments hindering future growth of health tourism.[244] First, the insurers' concern about the quality of overseas providers and malpractice law, which may lead to an increased cost for the insurers if the treatment worsens the patient's health problems rather than correcting them. Second, insurers may face high costs of monitoring care received overseas. Third, public health care schemes, such as Medicare and Medicaid, do not usually allow patients to undergo medical procedures abroad under the Social Security Act. Finally, there is no strong incentive to cover services abroad in a highly oligopolistic insurance market.

These issues will be hurdles hindering the future expansion of the medical tourism market. Specifically, for Thailand, the country is facing several key challenges:

[244] Mattoo, A. & Rathindran, R. (2005). Does Health Insurance Impede Trade in Health Care Services?

Sustainability Issues

Whether the medical tourism cluster will continue to have sustainable growth depends on the medical resources that individual nations have available. Table 17 shows medical resource distribution in different Asian countries. The Philippines, India, and Thailand all have a serious shortage of medical professionals. If these countries fail to meet the demand of their populations for quality healthcare services, they will face serious social and political challenges. Their citizens will question why the best doctors, best medical devices, and best services are given to foreigners instead of nationals.

To increase the supply of medical professionals and narrow the gap between supply and demand, these countries must lift nationalistic bans that prevent foreign practitioners from obtaining licences to practise. They need to attract more people to work there, especially with competition intensifying among domestic and international medical and tourism providers.

Table 17 Ratio of medical care resources to population in 2017

Country	Population	No. of Doctor	No. of Nurse	No. of Hospital	Per Doctor	Per Nurse	Per Hospital
China	1,397,028,553	2,508,408	3,241,469	31,056	557	431	44,984
Taiwan	23,485,755	51,234	130,785	485	458	180	48,424
Japan	127,974,958	217,752	806,884	8,442	588	159	15,159
India	1,309,053,980	819,475	630,406	23,582	1,597	2,077	55,511
Malaysia	30,723,155	50,087	102,564	331	613	300	92,819
Philippines	101,716,359	2,838	4,576	721	35,841	22,228	141,077
Singapore	5,535,262	13,386	41,440	27	414	134	205,010
Thailand	68,657,600	50,000	158,000	1,323	1,373	435	51,895

Source:

1) United Nations (2017) World Population Prospects 2017
2) http://www.stats.gov.cn/tjsj/ndsj/2017/html/EN2202.jpg
3) https://www.statista.com/statistics/279322/number-of-hospitals-in-china/
4) https://www.pwc.tw/en/publications/assets/taiwan-health-industries.pdf
5) https://www.who.int/hrh/resources/16058health_workforce_India.pdf
6) http://www.moh.gov.my/images/gallery/publications/HEALTH%20FACTS%202017.pdf
7) https://www.doh.gov.ph/sites/default/files/basic-page/chapter-one.pdf
8) https://www.moh.gov.sg/resources-statistics/singapore-health-facts/health-manpower
9) https://www.moh.gov.sg/resources-statistics/singapore-health-facts/health-facilities
10) https://www.mhlw.go.jp/english/database/db-hh/2-2.html
11) https://www.nurse.or.jp/home/statistics/pdf/toukei02.pdf
12) Data by Medical Institution Management Support Division, Health Policy Bureau, MHLW
13) National Statistical Office (2017) Private Hospital Survey
14) Thai Health Coding Center (2016)

Operational Issues

There is still little attention paid by the hospitals to this cluster. Almost all hospitals use their marketing division to handle medical tourism requests and don't have a dedicated division to handle its medical tourism business. Not having a dedicated contact person to coordinate and an executive to make pricing decisions on medical costs makes it difficult for potential patientswho do not speak Thai and live in different countries to establish contact and perform follow up inquiries. Long turnaround times to respond to inquiries, a lack of transparency to the patients, difficulty in communication, and inefficient processing of administrative tasks are problems that stifle the growth of this cluster.

Insurance Package Issue

Medical services carry high risk, as they may impact life and wellbeing. When this service is provided by a foreign practitioner in a foreign country, usually the perceived risk is even greater. This is one concern that could negatively impact the growth of medical tourism because there are not any sophisticated cross-county insurance packages available, which could protect the interests of both patients and doctors.

Lack of Connection between Health Care Providers and Tourism Operators

Thai medical tourism lacks connections between health care providers and tourism operators and faces a shortage of healthcare providers in some areas. The analysis of business gaps reveals that entrepreneurs in all regions of Thailand have the potential to support today's wellness tourism. However, some health services such as Eco-Spa, Ashrams and Healthy Hotel are not available in all regions. Healthcare providers in the central region have less potential for mental and spiritual care.

9.9 A Case Study: Divana Spa

In 2001, the Divana Spa was established in Bangkok by Khun Tee and Khun Tong. They were indecisive about the type of business that they wanted to run. They did research on the consumption behaviour of foreign tourists in Thailand. Their research showed that food, beach, shopping, and massage are the most popular type of businesses for foreigner visiting Thailand. They decided to open a spa in the centre area of Bangkok.

Divana is the name of Brunei Darussalam’s princess and also the Goddess of Love, which represents service with love to the customers. Divana offers various types of spa treatments from branches in Bangkok and Phuket. The services include massage therapy, spa treatment, and facial treatments. Furthermore, Divana provides medical service and skincare products for anti-ageing under the brand of Divana Clinic and Dii Wellness Spa. The medical service includes homeopathy, bio cellular therapy, anti-ageing, supplements and oriental medicine.

Today, Divana has six branches of spa, two medical spas, and four tea shops in the outlet and department store in Bangkok. 90% of the customers are foreigner, with the various type of customer including public figures from Hollywood. Divana has earned spa awards nationally and internationally.

Challenge & Initiative

Divana is considered a leading spa business in Thailand with five-star-service and positive feedback from customers. However, as Thailand ages, Divana’s founder is focusing more attention to serve pre-seniors and seniors in Thailand as a part of the company’s strategic plan.

Divana’s founder stated that “In the future, as the medical technology will be improved rapidly, people will have a longevity life and there will be less sickness”. The company, therefore, needs to keep pace with wellness trends by developing innovative ideas to serve the market. Thailand has strong traditions of oriental medicine and Divana applies Thai oriental medicine practices in its spa treatment programmes. Divana always focuses on innovation and new ideas when developing products.

Interview Findings

In the interview, the Divana founders provided several keys points and reasons for success: including a repeat business model, applying Swiss standards of service, and change employee perceptions.

Repeat business model: Although the programme at Divana might be costly in comparison with other spas in Bangkok, the customers still choose Divana as their first choice of service. The founder explained that Divana always listens to customer complaints or evaluations after the service and makes immediate adjustments. This builds trust with the customer and encourages repeat visits.

Swiss Standard Service: Divana's founders were inspired from their time living and working in Switzerland, and adopted a "Swiss Standard" mindset. The first class-service is the strength of Divana and produces satisfied customers. This brings in more customers through word-of-mouth advertising.

Employee perception: The founders believe that *"the happiness of the employee will lead to the happiness of customers".* Divana therefore treats employees with high standards. They push the perception of all employees from employee to owner to create a sense of ownership in the work and inspire high levels of performance.

10 Viet Nam

10.1 Introduction: Overall Scenario

Viet Nam is one of the fastest growing tourism destinations in Southeast Asia because of its geographical location, rich cultural heritage, and abundant natural resources (Viet Nam Tourism, 2019).[245] In 2023, international arrivals to Viet Nam increased to 12.59 million, which is four times the amount from 2022. Viet Nam's tourism industry marked a significant recovery reaching the number of tourists of 103.2 million, reaching 168.3% growth, and far beyond the number of 85 million tourists in 2019 (NhanDan, 2024).[246]

A study published by the International Journal of Social Science, Humanity & Management Research (2024) highlights that although the healthcare and wellness industry was significantly affected by the COVID-19 lockdowns in 2020–2021, its recovery has been robust, outpacing the annual grown rates seen before pandemic.[247]

Due to the rich and diverse natural resources, Viet Nam has significant potential for developing wellness tourism. The country is home to numerous beaches, ancient forests, hot mineral mud baths, and a well-established tradition of medical practices. The Global Wellness Institute reported that in the end of 2022, the market-cap of the wellness tourism sector reached around US$919 billion, which accounted for 18% of the world tourism industry population.[248]

In recent years, Viet Nam has advanced significantly in medical research and technology. Investments in cutting-edge medical equipment and training programmes for healthcare professionals have elevated the country's healthcare services to international standards, gaining a greater number of international medical travellers who use medical services at international healthcare centres and top hospitals. It is reported that 30 hospitals in Viet Nam offered international standards medical care with the cost significantly lower than neighbouring countries.[249]

In the spa and wellness tourism sector, Viet Nam is focusing on the physical, mental, and spiritual aspects, offering alternative therapy contributing to stress reduction and improved health. This tourism market is on a surge after the reduction of COVID-19 pandemic, as more people are conscious about the alternative medical market size could potentially reach a CAGR of 9.30% of the GDP during 2024–2032 in the cities of Hanoi, Ho Chi Minh City, Quang Ninh, Hue, Da Nang, Hoi An, Nha Trang, Phan Thiet, Phu Quoc.[250]

According to the Institute for Tourism Development Research in Viet Nam, the skills and quality are not the only factors of qualifications for tourists. Facilities, infrastructure, and transportation also play a big role in attracting tourists. The global health tourism sector

[245] Viet Nam Tourism. (2019). *Viet Nam Tourism.* Retrieved from http://www.Viet Namtourism.com/en/index.php/tourism
[246] NhanDan. (2024). *Viet Nam's tourism sector continues impressive recovery in 2024*.
[247] International Journal of Social Science Humanity & Management Research (2024). *The Impact of Wellness Tourism Experiences on the Quality of Life of Tourists in Viet Nam.* Retreived from https://ijsshmr.com/v3i6/Doc/1.pdf
[248] Viet Nam Tourism. (2023). *Wellness tourism and development opportunities*. Retrieved from http://www.atf-2015.com/potential-opportunities-in-wellness-tourism/
[249] Medical Tourism. (n.d.). *Viet Nam Medical Tourism.*
[250] IMARC. (n.d.). Viet Nam *Wellness Tourism Market Report by Travellers Type (Primary, Secondary), Service Type (Transport, Lodging, Food and Beverage, Shopping, Activities and Excursion, and Others), Location (Domestic, International), and Region 2024-2032.* Retrieved from https://www.imarcgroup.com/Viet Nam-wellness-tourism-market

is on a strong growth because of the ageing populations; the silver generation demands medical treatment and healthcare necessitated in both quality and quantity services.

The Global Wellness Institute noted that this sector is contributing to 18% of the world tourism market, which aligns with the forecasts by UN World Tourism Organization. By 2030, 54% of international tourists will travel for sightseeing, relaxation, and entertainment, 31% for health and religious purposes. Viet Nam is combating with other competitors in the region in order to take advantage of this opportunity. [251]

10.2 Definition of Cluster

10.2.1 Defining the Service

Medical Tourism

In defining services of health and wellness tourism, the study found that over the past few years, medical tourism has brought economic benefits to Viet Nam. Even though most local people seek medical treatment in foreign countries, such as Thailand or Singapore, the medical tourism sector brought in US$2 billion from foreign patients.[252]

The most concentrated area of medical tourism in Viet Nam is Ho Chi Minh City. Major medical tourism hospital providers are Cho Ray hospital, Nhan Dan (People) 115 hospital, Ho Chi Minh City University Medical Centre and FV hospital. In 2016, Cho Ray hospital treated almost 1,200 foreign patients, including those from countries with developed medicine such as the U.S., Australia, the Republic of Korea and Japan.[253] The University Medical Centre serves around 1,000 patients from Europe and the U.S. and around 18,000 from Cambodia per year. Meanwhile, the FV hospital welcomes over 20,000 patients from Lao PDR, Myanmar, Cambodia, the U.S. and Africa per year.

Viet Nam is famous for two key strengths: infertility treatment by artificial insemination with high success rates and high quality and cheap cosmetic and dental services. The Department of Tourism and Department of Health in Ho Chi Minh City have released bilingual medical tourism guidebooks which outline core medical tourism services and advance treatments including organ transplant, robotic surgery, cardiovascular surgery, obstetric, and dentistry.[254]

Alternative Medicine

Viet Nam is also well-known for traditional medicine, acupuncture in particular. The National Hospital of Acupuncture can inexpensively cure 53 pathologies. As many as 135 countries around the world apply acupuncture techniques for medical treatment and Viet Nam stands in second position among the five countries with the highest achievements in acupuncture. In recent years, there have been many tours for medical examination and treatment by acupuncture and qi gong.

---

[251] Viet Nam Global. (2022). *Healthcare tourism booms.* Retrieved from: https://vietnamnet.vn/en/healthcare-tourism-booms-2077704.html

[252] IMTJ. (2018). *80,000 Tourists come to Viet Nam for health checks and treatment*. Retrieved from https://www.imtj.com/news/80000-tourists-come-Viet Nam-health-checks-and-treatment/

[253] http://en.nhandan.com.vn/society/health/item/7155602-hcm-city-hospital-carries-out-first-robotically-assisted-brain-surgery.html?PageSpeed=noscript

[254] Viet Nam Tourism. (2018). *HCM City medical tourism guide released*. Retrieved from http://Viet Namtourism.gov.vn/english/index.php/items/12834

Viet Nam’s competitiveness in health tourism can be distinguished by its unique medicinal plants, with an estimate of 12,000 high-value plants and about 3,780 plants that have medicinal properties, accounting for around 11% of the world’s medicinal plants. As of 2023, There are approximately 13,766 plant species with 5,117 species used for medical purposes, accounting for 6.4% of the world’s medical plants.[255]

Spa and Wellness Tourism

In 2022, Viet Nam was ranked 6th in the Asia-Pacific region for wellness tourism according to the Global Wellness Institute, generating around US$4.5 billion. There has been a lack of information on the revenue and establishments in the thermal/mineral springs sector in recent years.[256] [257] However, there are significant investments from both domestic and foreign investors, and many new projects and resorts focusing on thermal and mineral springs being planned or constructed. Indicating growth in the number of establishments.[258]

In recent years, Viet Nam has experienced significant growth in wellness tourism, particularly in hotel and resort spas located in coastal and cultural destinations like Nha Trang and Hue. Notable establishments such as the Sheraton Nha Trang Hotel and Spa and Alba Wellness Valley continue to offer a variety of wellness services.

The increasing recognition of wellness tourism potential has led to heightened investment in this sector, with companies like Luminary Wellness planning to launch new wellness brands focused on traditional treatments. Additionally, resorts like An Lam Retreats Ninh Van Bay are expanding their wellness offerings, including detox treatments and yoga programmes. Viet Nam's reputation as a wellness destination has been further solidified by accolades such as being named Asia’s Best Spa Destination at the World Spa Awards 2023, showcasing its appeal for holistic experiences that cater to both physical and mental well-being.[259]

10.2.2 Geographical Location

As of 2023, Viet Nam is ranked as the 16th most biodiversity-rich country in the world, with estimates indicating over 50,000 species across various ecosystems. This includes a wealth of indigenous plants, medicinal plants, and herbs, along with a rich tradition of knowledge in oriental medicine and treatments.[260] [261]

[255] Nhandan. (2023). *Bringing Vietnamese medicinal herbs to the global market*. Retrieved from Nhandan

[256] Global Wellness Institute. (2023). *2024 Global Wellness Economy: Country Rankings (2019-2022 data)*. Retrieved from Global Wellness Institute

[257] *The Impact of Wellness Tourism Experiences on the Quality of Life of Tourists in Viet Nam* [PDF] (2022). Retrieved from IJSSHM.

[258] Viet Nam News. (2023). *Onsen ecosystem - the great value that turns Quang Ninh into a leading wellness tourism destination*. Retrieved from Viet Nam News

[259] The Investor. (2023). *Wellness tourism an emerging promising business in Viet Nam*. Retrieved from The Investor.

[260] BIOFIN. (2023). *Viet Nam - BIOFIN*. Retrieved from BIOFIN.

[261] International Climate Initiative (IKI). (2023). *Viet Nam's new National Biodiversity Strategy and Action Plan (NBSAP) was issued*. Retrieved from IKI News.

Table 18 Destination of health tourism in Viet Nam

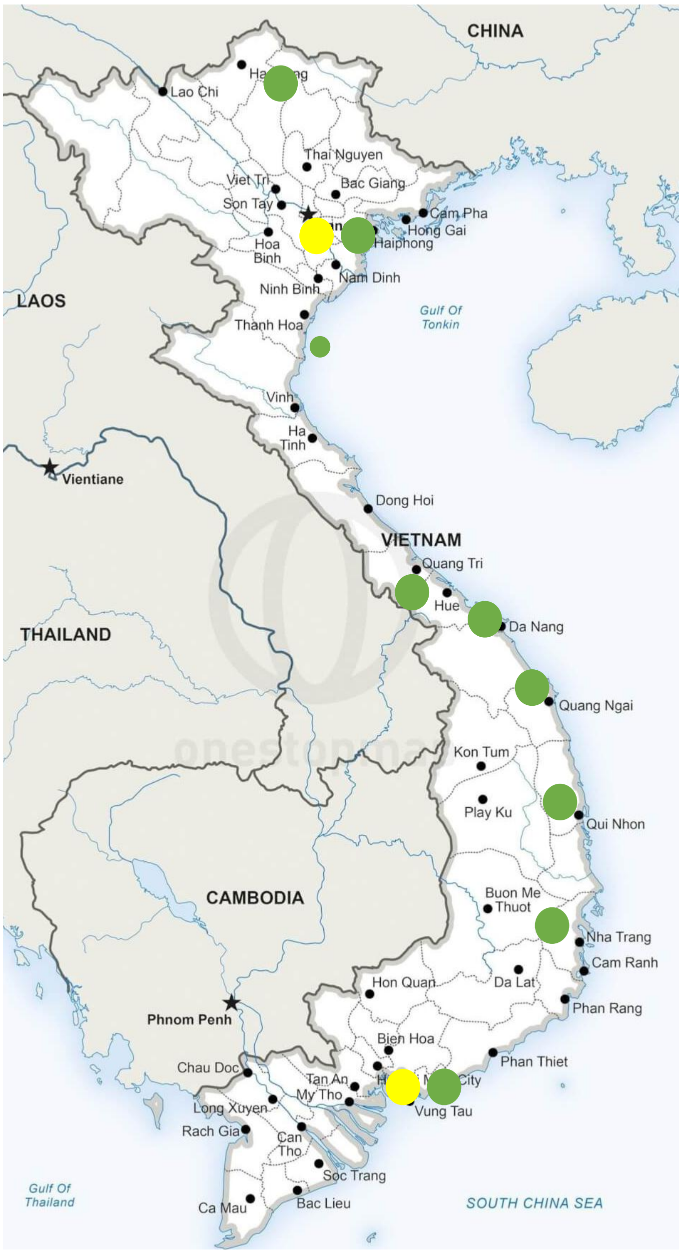
Destinations	Medical Tourism	Wellness Tourism	Spa Tourism	Alternative Health Services
Ho Chi Mihn City	√	√	√	√
Hanoi		√	√	√
Dalat			√	
Nha Trang		√	√	
Hue			√	
Tam Dao		√	√	
Kim Boi		√	√	
Ba Na		√	√	
Sapa			√	
Quang Nihn				√
Hoi An			√	

Remark: Spa Tourism refers to spa, massage, thermal and hot springs
Medical tourism refers to medical check- ups and medical treatment
Alternative health refers to acupuncture, traditional herbal medical treatment

Ho Chi Minh City primarily focuses on both medical tourism and wellness tourism. For the government, the city has strong potential in the health tourism sector as investment from foreign countries is concentrated there. In addition, the city is quickly developing, especially in terms of infrastructure improvement.

Recently, there was an official collaboration between the city and an investor from South Korea to establish a plastic surgery hospital. In addition, there is an influx of foreigners who come to the country as foreign tourists and expats to work in the city. Coastal areas, such as Da Nang, Dalat, Quang Ngai, and Nga Trang, will focus on wellness tourism, especially spa, and thermal and hot springs.

Figure 70 Geographical map of medical tourism in Viet Nam



Remarks: Yellow represents Medical Tourism, Green represents Wellness Tourism
Source: Kenan Foundation Asia (2019)

10.2.3 Market Size, Employment, Segmentation

10.2.3.1 Market Size

Viet Nam is currently ranked 5th out of the top 25 growth nations in wellness tourism, with an annual growth rate of 22.8%.[262] In addition, Viet Nam's national development in medical tourism shows strong growth in 2018. Although there is no detailed market size data on medical and wellness tourism in Viet Nam, factors stimulating the overall market growth of medical tourism can be identified as the following:

[262] HR Trends. (2018). *Wellness Tourism sees super-healthy growth – Now a US$639 billion market*. Retrieved from https://www.htrends.com/trends-detail-sid-102514.html

- New interests and trends in medical tourism investment with 11 hospitals that have registered to provide medical tourism services.[263]
- Enhanced government policies and marketing support specific to medical tourism including a recently released medical tourism guide for Ho Chi Minh City.[264]
- Increased medical tourism by international visitors with around 30,000 to 40,000 foreigners recorded as visiting Ho Chi Minh City for medical treatments. As a result, public-private partnerships are promoting multiple experimental investments to expand medical facilities, equipment, and the quality of healthcare.[265]
- Dominant foreign investors are setting up healthcare operations in Viet Nam to compete in healthcare tourism, including key industry players from Thailand, Indonesia, Malaysia, Singapore, India and Canada.[266]

Even though a recent report by Mordor Intelligence indicates a low growth rate within the region, the overall market size of health tourism in Viet Nam is moderately competitive (Mordor Intelligence, 2018).[267]

The development of medical and wellness tourism markets has resulted in the enhancement of healthcare quality standards nationally, and Viet Nam outperforms most of its South-East Asian counterparts on indicators like life expectancy or adult mortality and infant mortality. Viet Nam's overall performance on these indicators is comparable to that of Thailand and superior to Indonesia, despite these countries having nearly three- and two-times higher levels of disposable income per capita.

Such statistics are partially explained by a historically dense hospital network with over 1,100 public hospitals (75% of which were built before 1995) and 130 private hospitals, with over 200,000 beds in total and a ratio of 22 beds per 10,000 inhabitants. In terms of medical tourism, the statistics collected by IMTJ215 indicate that Viet Nam attracted around 80,000 foreign tourists who came for health checks and treatment and spent US$2 billion.[268]In Ho Chi Minh City, almost 40,000 foreign tourists received medical services, totally a cost of US$1 billion.

As of 2023, the private healthcare sector is still experiencing significant foreign investment, but the percentage of private facilities utilised by Viet Nam's citizens has decreased to about 5.5%. The Vietnamese government continues to encourage international investments in healthcare, emphasising that there are no restrictions on overseas medical practitioners practicing in Viet Nam. This aligns with the government's broader strategy to enhance healthcare infrastructure and services through foreign partnerships.[269]

[263] Dung, T. (2018). *Ho Chi Minh City develops medical tourism*. Retrieved from http://vovworld.vn/en-US/saturday-report/ho-chi-minh-city-develops-medical-tourism-638236.vov

[264] Viet Nam Tourism. (2018). *HCM City medical tourism guide released*. Retrieved from http://VietNamtourism.gov.vn/english/index.php/items/12834

[265] Viet Nam Investment Review. (2018). *Ho Chi Minh City calls for investment to 14 PPP medical projects*. Retrieved from https://www.vir.com.vn/ho-chi-minh-city-calls-for-investment-to-14-ppp-medical-projects-60509.html

[266] Austrade. (2019). *Healthcare to Viet Nam.* Retrieved from https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Viet Nam/Industries/healthcare

[267] Mordor Intelligence. (2018). *Medical Tourism Market – Growth, Trends, and Forecast (2019-2024).* Retrieved from https://www.mordorintelligence.com/industry-reports/medical-tourism-market

[268] Dung, T. (2018). *Ho Chi Minh City develops medical tourism*. Retrieved from http://vovworld.vn/en-US/saturday-report/ho-chi-minh-city-develops-medical-tourism-638236.vov

[269] International Trade Administration. (2023). *Viet Nam - Healthcare*. Retrieved from International Trade Administration.

10.2.3.2 Employment

Viet Nam’s healthcare sector is a significant employer, encompassing a wide range of professionals, including doctors, nurses, technicians, and allied health workers. As of 2023, the country has approximately 100,000 doctors, yielding a doctor-to-population ratio of 1.04 per 1,000 people, which remains below global averages. This workforce imbalance is further exacerbated by an urban-rural divide, with healthcare professionals concentrated in metropolitan areas such as Hanoi and Ho Chi Minh City, leaving rural and remote regions underserved.

Nurses form a critical segment of the healthcare workforce in Viet Nam. Addressing gaps created by the shortage of physicians, particularly in primary and community healthcare settings is essential. Their growing numbers reflect government efforts to enhance healthcare delivery, especially in areas with limited access to medical facilities.

The healthcare employment landscape also includes pharmacists, medical technicians, and administrative staff, who are essential to the functioning of both public and private healthcare facilities. Additionally, the burgeoning medical tourism sector, which attracts an average of 300,000 foreign visitors annually, has created opportunities for specialised roles in patient care, coordination, and language support.

Private healthcare, which accounts for about 5.5% of Viet Nam’s healthcare system, has seen a surge in investment, particularly from international entities. This has led to an increase in employment opportunities in private hospitals, clinics, and ancillary services. For instance, foreign-backed facilities such as FV Hospital and Xuyên Á Hospital have expanded their workforce to accommodate growing demand and improve service quality.

Viet Nam’s government continues to encourage private sector participation and foreign investment, aiming to bolster healthcare infrastructure and create jobs. With policies targeting the expansion of private hospital beds to 15% by 2030 and ongoing efforts to modernise facilities, the healthcare sector is poised for further growth and more employment opportunities.

Moreover, advancements in health technology and the increasing integration of digital health solutions are paving the way for new roles in telemedicine, health data management, and medical innovation. Despite these developments, challenges such as workforce training, retention, and equitable distribution remain key issues for Viet Nam’s healthcare employment landscape.[270]

[270] SGGP News. (2023). *Surging Foreign Investment: Viet Nam's Private Healthcare Sector*. Retrieved from SGGP.

Table 19 Workforce in medical sector during 2009–2023

Health Professional Categories	2019	2020	2021	2022	2023	CAGR (%)
Pharmacist and higher	17,200	17,400	17,500	18,000	18,500	2.00
Bachelor public health and higher	1,500	1,600	1,800	2,000	2,200	11.11
Assistant doctor	55,000	56,000	57,000	58,000	60,000	2.63
College and university nurse	9,000	9,500	8,500	9,000	10,000	8.82
Medical technician	19,000	19,500	20,000	21,000	22,000	5.00
College and second degree pharmacist	44,000	44,500	45,000	46,500	48,000	3.33
Second degree nurse	83,000	84,000	85,000	86,500	88,000	1.76
University and second degree midwife	27,500	28,000	28,500	29,500	30,000	2.38
Traditional medical practitioner	N/A	N/A	N/A	N/A	N/A	N/A
Others	N/A	N/A	N/A	N/A	N/A	N/A
Total	450,700	450,900	500,000	510,000	520,000	4.00

Source in various sources[271] [272] [273]

Although the number of workers in the medical sector of Viet Nam has continuously increased, there are considerable challenges, especially concerning a shortage of workers in this sector. According to Takashima et al., (2017), Viet Nam is now faced with an imbalanced distribution of human resources and a shortage of workforce, especially of highly specialised physicians in fields such as cancer, palliative care, and mental health.[274]

In the traditional medicine sector, there are about 1,000 medicine practitioners, 5,000 medical doctors, 2,000 assistant medical doctors, and 209 traditional pharmacists. Additionally, there are approximately 8,000 private practitioners of traditional medicine. Of this number, about 1,400 are acupuncturists (WHO, 2001).[275]

According to historical data, the Viet Nam Association of Traditional Medicine Practitioners has 24,000 members. Of this number, 461 people work in public hospitals. The Viet Nam National Association of Acupuncture has 18,000 members, 4,500 of whom work in public hospitals. According to the World Health Organization, treatment is provided by traditional medicine practitioners (who have not received any formal education) and by traditional medical doctors (who have graduated from a department of traditional medicine at one of the medical universities in Hanoi, Ho Chi Minh City, or Haiphong).[276]

A Traditional Medicine Hospital of the Ministry of Interior Affairs was inaugurated at the end of 1996. Additionally, there are 286 departments of traditional medicine in general hospitals,

---

[271] UNIGE. (2024). *Healthcare Human Resource Shortfall in Viet Nam Compared to Select Countries*. Retrieved from UNIGE
[272] NCBI. (2023). *Viet Nam's Evolving Healthcare System: Notable Successes and Significant Challenges*. Retrieved from NCBI.
[273] SGGP News. (2023). *Surging Foreign Investment: Viet Nam's Private Healthcare Sector*. Retrieved from SGGP.
[274]Kyoko Takashima, Koji Wada, Ton Thanh Tray, and Derek R. Smith. (2017) A review of Vietdoi: 10.1186/s12199-017-0682-znam's healthcare reform through the Direction of Healthcare Activities (DOHA). Environ Health Prev Med.
[275]World Health Organization (2001). Legal Status of Traditional Medicine and Complementary/Alternative Medicine: A Worldwide Review
[276]Ibid.

45 provincial hospitals of traditional medicine, and four institutes of traditional medicine in Viet Nam.

There are three medical colleges that have a faculty of traditional medicine, two pharmaceutical colleges, two secondary schools of traditional medicine, two State pharmaceutical companies, two State pharmaceutical manufacturers of herbal medicine, and three national research institutes for traditional medicine. Furthermore, an Army Institute of Traditional Medicine was established in 1978, with a staff of 100 doctors and pharmacists. The tasks of the Institute include clinical work, research, training, and the manufacture of herbal products. It serves about 20,000 outpatients and 2,500 inpatients each year.

10.2.3.3 Segmentation

For Viet Nam, the segments of health tourism can be identified as (1) domestic tourist, (2) foreign tourists in search of wellness services and alternative medicine, and (3) foreign tourists in search of medical treatment and medical check-ups. Taking into account the market segmentation, most medical travellers who visited Viet Nam for medical tourism purposes are from developed countries and seek the Vietnamese healthcare services due to lower cost of treatments compared to their own countries. For example, the cost of a kidney transplant in Viet Nam is around one-fourth of the average cost of international hospitals.[277]

There is no official data, but an in-depth interview with the Viet Nam Association for Community Health Education (VACHE) (2019) indicated that health foreign tourists are mostly from European countries who visit Viet Nam for leisure. Beach and city vacations are the most common. The most important factors looked for when selecting a particular destination are interesting towns, good weather, value and cuisine.

Furthermore, IMTJ reported that most foreign patients who visited Viet Nam for medical tourism purposes, including the dental care tourism sector, are from the U.S., Australia, Japan, South Korea, Lao PDR, Cambodia and Africa. There has been an increase in dental care services to 500 international patients in 2017 compared to 300 in 2014.[278] Additionally, VACHE (2019) states that there is an increase of tourists from neighbouring countries, such as Cambodia, in search of medical treatment and check-ups. In addition, there is an increase of tourists from China, Taiwan, South Korea, and Thailand. In 2023, Viet Nam attracted approximately 100,000 international patients specifically for dental care services.[279]

10.2.4 Quality Standards

Wellness Tourism

At present, there is no specific standard for wellness tourism. In terms of development, the low human resource quality has been discussed under the constraints in the value chain and the supporting functions. Standards are another concern. The Viet Nam Tourism Occupational Standards (VTOS)—developed by two different EU projects over the last 10 years—would improve hospitality training material and curricula considerably.

Although supported by VNAT and large parts of the tourism business community (except some large hotel chains running their own standards), VTOS is not formally acknowledged

[277] Viet Nam Tourism. (2015). *More foreigners come for medical tourism.* Retrieved from http://VietNamtourism.gov.vn/english/index.php/items/8172

[278] IMTJ. (2017). *Medical Tourism Centre opens in Ho Chi Minh City*. Retrieved from https://www.imtj.com/news/medical-tourism-centre-opens-ho-chi-minh-city/

[279] Medical Tourism Magazine. (2023). *Viet Nam: An emerging global leader in dental tourism*. Retrieved from https://www.magazine.medicaltourism.com/article/Viet Nam-an-emerging-global-leader-in-dental-tourism

as national tourism training standard. Without recognition by the responsible ministry, certification from Ministry of Labour - Invalids and Social Affairs (MOLISA) cannot be granted, which is important for rolling out the approach. The situation is sensitive as MOLISA has its own vocational standard for tourism and does not want to abandon it. Currently, VTOS is only used as a reference in some schools and colleges but is not formally integrated into curricula.

As VTOS is adjusted to ASEAN training standards, VTOS certification would increase the employability of Vietnamese tourism workers in other ASEAN countries significantly. The new law on vocational training (enacted 2015) has moved all vocational training to MOLISA. This includes the tourism training, for which the Ministry of Culture, Sports and Tourism (MCST) was previously in charge. According to the new law, 80% of training content must be practical, although the practical elements can happen at the schools, in partly poorly equipped facilities and not necessarily in real tourism enterprises.

Medical Tourism

For medical tourism, Viet Nam has only 4 hospitals that are accredited by the JCI—three hospitals in Ho Chi Minh City and one hospital in Hanoi. Of these, two private hospitals received accreditation from JCI, which are Vinmec International Hospital-Times City and Vinmec International Hospital-Central Park. The proportion of JCI hospitals accounted for 0.3% of total hospitals established in Viet Nam. Only one hospital, Cao Thang Eye Hospital, has been accredited for over 10 years. Three other JCI accredited hospitals only obtained accreditations within the past five years. The list of JCI accredited hospitals is provided below:

Table 20 Lists of JCI hospitals in Viet Nam

Hospital	Province	Accredited Since
American International Hospital	Ho Chi Minh City	11 Nov 2022
Cao Thang Eye Hospital	Ho Chi Minh City	04 Jul 2009
FV Hospital	Ho Chi Minh City	05 Mar 2016
Phuong Chau International Hospital	Can Tho	24 Sep 2022
Vinmec International Hospital - Central Park	Hanoi	28 Apr 2017
Vinmec International Hospital - Times City	Ho Chi Minh City	25 Apr 2015

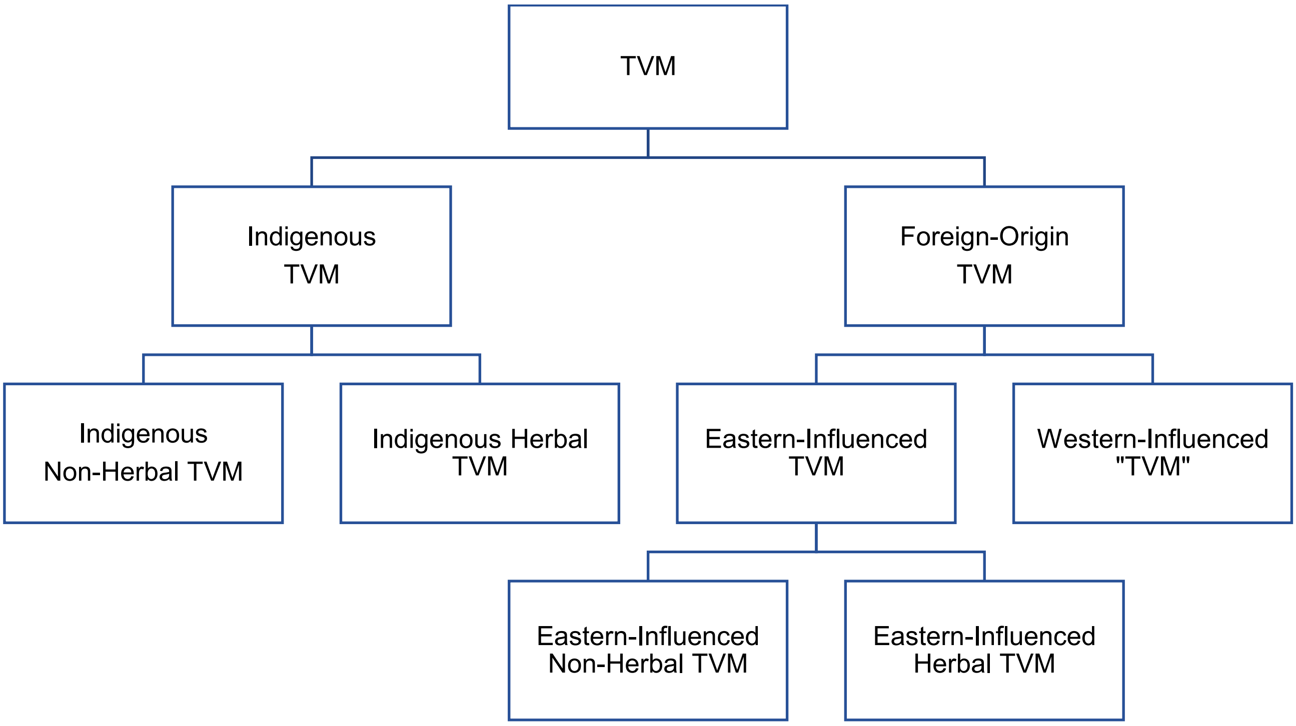
Source: Joint Commission International (2024)

Alternative Medicine

For the alternative medicine sector, the Traditional Vietnamese Medicine (TVM) and Vietnamese healing techniques are influenced by Eastern and Western Standards. A recent study on Traditional Vietnamese Medicine by Nguyen, Kaptchuk, Davis, Nguyen, Pham, Tringale, Loh & Gardiner (2016) classified the TVM techniques as the following:[280]

[280] Nguyen, L. T., Kaptchuk. T. J., Davis, R. B., Nguyen, G., Pham, V., Tringale, S. M., Loh, Y. L. & Gardiner, P. (2016). The use of traditional Vietnamese medicine among Vietnamese immigrants attending an urban community health center in the United States, *Journal of Alternative and Complementary Medicine*, 22(2), p. 145-153.

Figure 71 Traditional Vietnamese medicine



The Ministry of Health confirmed that around 30% of the Vietnamese healthcare sector combines conventional and traditional medicine, which has experienced a resurgence over the past 50 years for both domestic patients and international medical tourists.[281] At a national level, there is presently no specific national policy on the management of herbal medicine, however, the government requires manufacturers to follow the Good Pharmacy Practice.[282]

Due to the lack of effective quality control for traditional herbal medicine, the National Strategy for Development of the Vietnamese Pharmaceutical Industry to 2020 reported that the new law is being considered to address the manufacturing practices and quality standards of herbal and traditional medicines that are developed using domestic herbal ingredients (Angelino, Khanh, Ha, & Pham, 2017).[283]

10.3 Cluster Map

In Viet Nam, health and wellness tourism can be divided into three main groups:

- Medical tourism, which refers to medical check-ups and treatment
- Alternative medicine and herbal medicine-based tourism
- Spa and Wellness tourism

According to VACHE and Vietnam Chamber of Commerce and Industry (VCCI) (2019), the majority of micro, small, and medium enterprises of this sector are concentrated

[281] United Nations. (2016). *The interface between access and benefit-sharing rules and biotrade in Viet Nam.* United Nations Conference On Trade and Development. Retrieved from https://unctad.org/en/PublicationsLibrary/webditcted2016d9_en.pdf

[282] Austrade. (2019). *Healthcare to Viet Nam.* Retrieved from https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Viet Nam/Industries/healthcare

[283] Angelino, A., Khanh, D. T., Ha, N. A., Pham, T. (2017). Pharmaceutical Industry in Viet Nam: Sluggish Sector in a Growing Market. *International Journal of Environmental Research and Public Health*, 14(9), 1-18. Doi:10.3390/ijerph14090976

in alternative medicine. This is consistent with data collected by the Viet Nam Association of Traditional Medicine Practitioners.[284] Based on the data, an estimated 75% of 24,000 traditional practitioners are micro, small, and medium enterprises.

In terms of spas, most of investors in premium spas are foreign direct investment. The premium spas are mostly established in luxury hotels, which located in tourist destination areas including Ho Chi Minh City, Da Nang, and Hoi An. The average annual growth rate in wellness tourism in Viet Nam is exceptionally high at 25.3%, compared to 8.5% in Thailand and 17% in Malaysia (Global Wellness Institute, 2017).[285]

Industry Key Players

1) **Medical Tourism Key Players**
    - University of Medicine & Pharmacy HCMC
    - Cho Ray Hospital
    - Hanoi Medical University Hospital
    - FV Hospital
    - American International Hospital (AIH)
    - Hanoi French Hospital
    - Mytour International General Hospital
    - Bach Mai Hospital
    - Viet Duc Friendship Hospital
    - Hanh Phuc International Hospital
2) **Alternative Medicine Key Players**
    - Viet Nam's National Hospital of Acupuncture
    - Fito Museum (Museums of Traditional Vietnamese Medicine & Pharmacy)
    - Franco-Vietnamese Hospital
3) **Spa and Wellness Tourism Key Players**
    - Cham Spa & Massage
    - Alba Wellness Valley
    - HARNN Heritage Spa
    - Silk Path Grand Sa Pa Resort & Spa (Sapa)
    - The Anam Mui Ne Spa
    - Alma Resort Cam Ranh
    - Binh Chau Hot Springs
    - Six Senses Con Dao
    - Yoko Onsen Quang Hanh

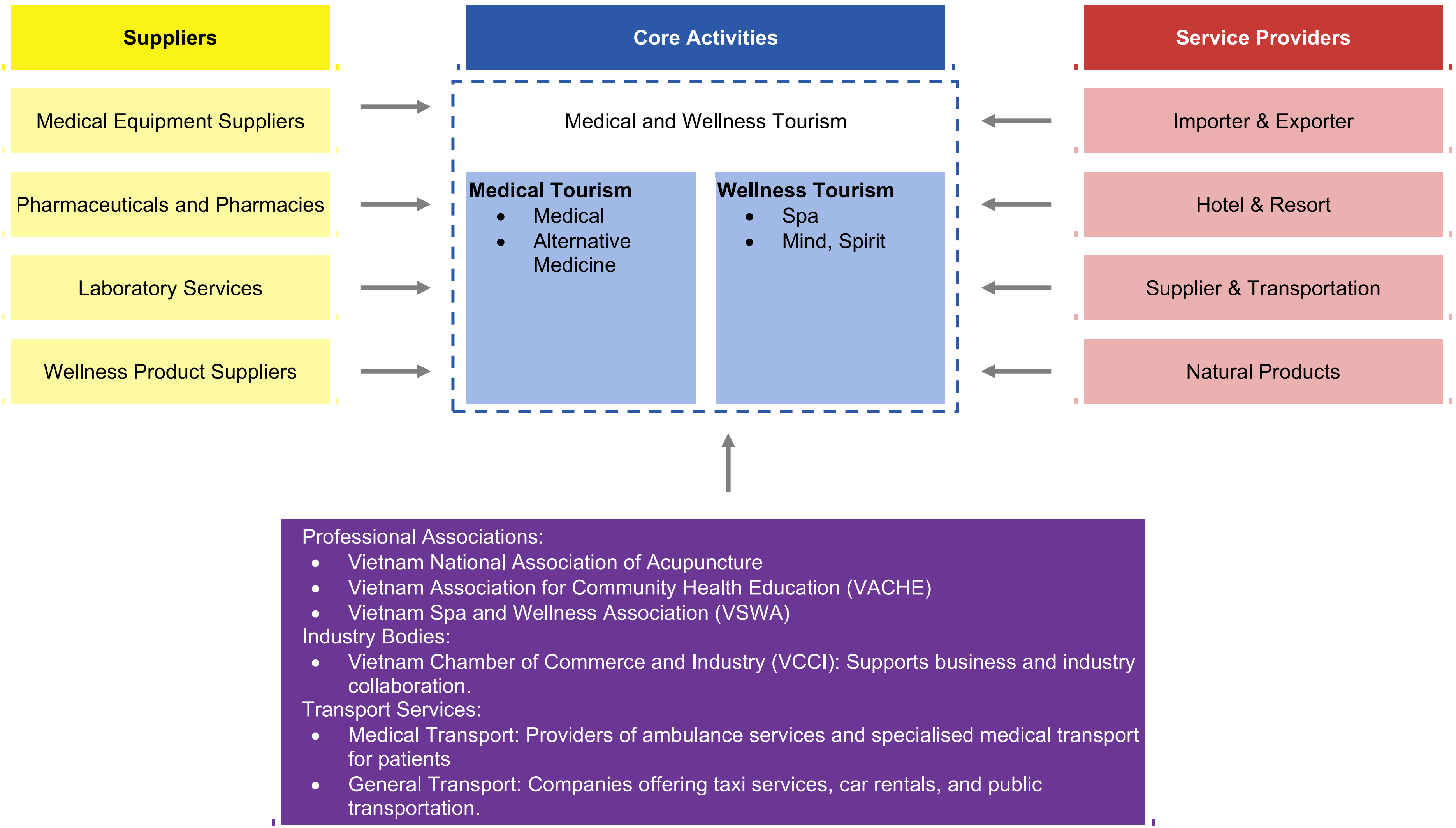
[284] In-depth interview with VACHE and VCCI
[285] Global Wellness Institute. (2017). *Global Wellness Economy Monitor.*

- Legacy Yen Tu
- Amiana Resort
- Six Senses Ninh Van Bay
- Wow Wellness at THE SPA (Reverie Saigon)
- Boutique Vietnamese Inspired at XUAN SPA (Park Hyatt Saigon)
- Urban Nature at THANN SANCTUARY (Pullman Saigon)

4) Association

- Viet Nam National Association of Acupuncture
- Viet Nam Association for Community Health Education (VACHE)
- Viet Nam Spa and Wellness Association (VSWA)

Figure 72 Cluster map of Viet Nam



Source: Compiled by Kenan Foundation Asia (2024)

10.4 Value Chain/Global Value Chain

The value chain of the wellness tourism is expanding, where Asia is the destination for tourist in the wellness sector, India, Japan, Thailand and Indonesia are the key players in this industry. The size of the tourism value chain in Viet Nam is recovering continuously after the COVID-19 pandemic, it is expected that the tourism sector will account for over 6.4% of national GDP in 2024. Viet Nam accounted for 32% of domestic tourists and 40% of international tourists in 2023.[286]

Factors encouraging tourists to search for health and wellness tourism

In recent years, tourism has become increasingly focused on specialised areas, with health and wellness tourism emerging as a prominent sector. This shift is largely due to a growing number of individuals prioritising their health and valuing mental well-being more than ever. According to the Global Health Economy report (2021), healthcare tourism has the potential to become the leading sector in tourism, possibly accounting for 21% of the global market.

Wealthy health and wellness tourists frequently choose destinations with a long tradition of accommodating foreign visitors. Meanwhile, some opt for countries that have recently upgraded their healthcare infrastructure with new, well-equipped hospitals and highly trained professionals.

According to survey results from the Wellness Tourism Association, up to 76% of respondents expressed a willingness to spend more on trips that improve their health with five majors of the decision-making process identified by Jagyasi: affordability, accessibility, availability, acceptability, and additional benefits. As health becomes a top priority for consumers globally, especially after the pandemic, these factors play a crucial role in the growing demand for health and wellness tourism.

- Affordability is probably the primary factor, particularly for tourists from the well-off, developed countries like America and UK, where private health care is expensive, and some treatments are not covered by their insurance.
- A lack of availability is often experienced because the health and wellness services patients need are not available in their local areas or are not trusted by the patients, as is often the case with Omani patients.
- Accessibility applies more particularly to tourists from countries where the waiting list is long, particularly to National Health Service patients in the UK and in Canada. In the UK, private health care may be available locally but is expensive.
- Acceptability applies to services that may be affordable, available, and accessible, but they are not acceptable in the health and wellness tourist's own country for religious reasons, political reasons or other social reasons.
- Additional benefits refer to the availability of better care, perhaps better technology, or a better specialist, or simply better service and personalised care abroad compared to care in the home country.

[286] Viet Nam Law & Legal forum. (2024). Ho Chi Minh City affirms role as pillar of Viet Nam's tourism industry. Retrieved from: https://Viet Namlawmagazine.vn/ho-chi-minh-city-affirms-role-as-pillar-of-Viet Nams-tourism-industry-71306.html

Regarding to five factors as mentioned above, Viet Nam has potential in term of health and wellness tourism development. However, in order to increase the competitiveness of the health and wellness tourism market, Viet Nam needs to prioritise infrastructure development (especially innovation and technology), improving quality standards both for medical tourism and wellness tourism, and developing skills of workers involved in these sectors, especially in medical tourism sector. Product developments is also a key development focus.

Figure 73 Global value chain of Viet Nam

Value Chain Viet Nam

Suppliers | **Customers**

Firm Infrastructure

- Healthcare Regulations and Standards: The Vietnamese government is improving legal frameworks and quality control in the wellness sector. Accreditation systems are necessary to ensure that facilities meet international quality standards.
- Industry Associations: The Vietnam Tourism Association and health tourism clusters help drive the development of the sector by uniting wellness centres, clinics, and supporting marketing efforts.

Human Resource Management

- Training and Development: Vietnam needs to invest in training healthcare workers, spa therapists, and wellness professionals to meet international standards and develop language skills for global clientele.
- Retention of skilled Workers: Preventing brain drain and ensuring that skilled workers stay in Vietnam is essential. Competitive salaries and benefits are key to retaining highly trained personnel.

Technology Development

- Medical Technology: Hospitals and clinics that offer high-tech procedures and treatments, such as robotic surgery or advanced diagnostic tools, add significant value to the health and wellness industry.
- Digital Platforms: The use of digital platforms to promote health tourism packages and manage booking and consultations is growing. Vietnam should expand the use of such platforms to enhance customer service and operational efficiency

Procurement

- Supplies and Equipment: Procuring advanced medical equipment and spa products is necessary to stay competitive in the wellness industry. Sourcing eco-friendly products, particularly in spas and wellness retreats, appeals to the growing demand for sustainable tourism options. To ensure patient safety and satisfaction.

Inbound Logistics	Operations	Outbound Logistics	Marketing and Sales	After Sales Service
1. Transportation & Accessibility 2. Medical and Wellness Facilities	1. Medical and Wellness Services 2. Patient/Client Management	1. Post-treatment/Wellness Care 2. Continuity of Care	1. Targeted Promotion 2. Branding 3. International Partnerships	1. Customer Experience 2. Aftercare Services

Source: Compiled by Kenan Foundation Asia (2024)

10.5 SWOT Analysis

The analysis of strengths, weaknesses, opportunities, and threats is the prerequisite for evaluating current conditions of operating the tourism industry in Viet Nam due to a strict and competitive business environment. The government and private sectors could clearly define challenges, before putting forward targets for the upcoming time. Those aspects need evaluation from customers' perspective, which ensures realistic insights. The following table illustrates SWOT analysis.

Strength

Viet Nam's health and wellness tourism sector benefits from a combination of affordability, cultural heritage, and peaceful destinations:

- **Affordable Medical and Cosmetic Services**: Viet Nam offers competitive pricing for medical and cosmetic procedures, making it an appealing alternative to more expensive destinations like Singapore and Thailand. Treatments such as dental work, infertility care, and dermatology are especially cost-effective.
- **Rich Traditional Medicine**: With deep roots in herbal and Eastern medicine practices, Viet Nam is well-positioned to meet the rising global demand for traditional healing methods. Institutions are increasingly integrating these practices into wellness programmes.
- **Peaceful Tourism Destinations**: Viet Nam's political stability and low crime rates contribute to a safe, stress-free environment for medical tourists. The country's friendly culture and tranquil settings create ideal conditions for recovery and wellness.
- **Emerging Medical Tourism in Urban Areas**: Cities like Hanoi and Ho Chi Minh City are becoming hubs for specialised medical services, particularly in fertility treatments and minimally invasive procedures. The presence of modern hospitals and improved service delivery is enhancing patient confidence.

Weaknesses

Despite promising developments, Viet Nam's health and wellness tourism sector is hindered by structural and policy limitations:

- **Limited International Recognition and Accreditation**: A relatively small number of hospitals have received global accreditations such as JCI. This limits the country's appeal to international patients who prioritise globally verified standards.
- **Workforce Skill Gaps in Specialised Treatments**: While general medical services are available, Viet Nam faces shortages in highly trained specialists. Ongoing skill development and professional training are necessary to compete with markets.
- **Infrastructure Limitations**: Although economic growth has driven some infrastructure improvements, gaps remain particularly in transportation, ICT, and high-end tourism facilities. These limitations can affect the seamless experience that medical tourists expect.
- **Unclear Government Strategy for Health Tourism**: While Viet Nam has a national tourism development plan, targeted policies and clear investment incentives for health

and wellness tourism are still lacking. This slows coordinated growth and private sector engagement.

Opportunities

Global trends and regional developments present Viet Nam with numerous avenues for sector expansion:

- **Growing Demand for Traditional Medicine**: As wellness travellers increasingly seek holistic and natural healing experiences, Viet Nam's centuries-old traditional medicine can be marketed as a culturally authentic and therapeutic asset.

- **Global Interest in Eco-Tourism**: Viet Nam's rich biodiversity and scenic beauty offer unique opportunities to combine medical recovery with eco-tourism experiences, including wellness retreats in national parks or coastal areas.

- **Expanding Middle-Class Healthcare Needs**: Both within Viet Nam and across neighbouring ASEAN countries, rising incomes and urban lifestyles are increasing demand for elective procedures and preventive wellness care.

- **ASEAN Knowledge-Sharing Initiatives**: Regional cooperation and integration under ASEAN platforms creates opportunities for Viet Nam to learn from best practices, attract investment, and participate in cross-border health programmes and patient flows.

- **Lower Air Travel Costs**: The rise of budget airlines and user-friendly travel booking platforms makes Viet Nam more accessible than ever, especially for cost-conscious medical tourists from nearby countries.

Threats

Viet Nam's future success in health and wellness tourism could be challenged by both regional competition and global instability:

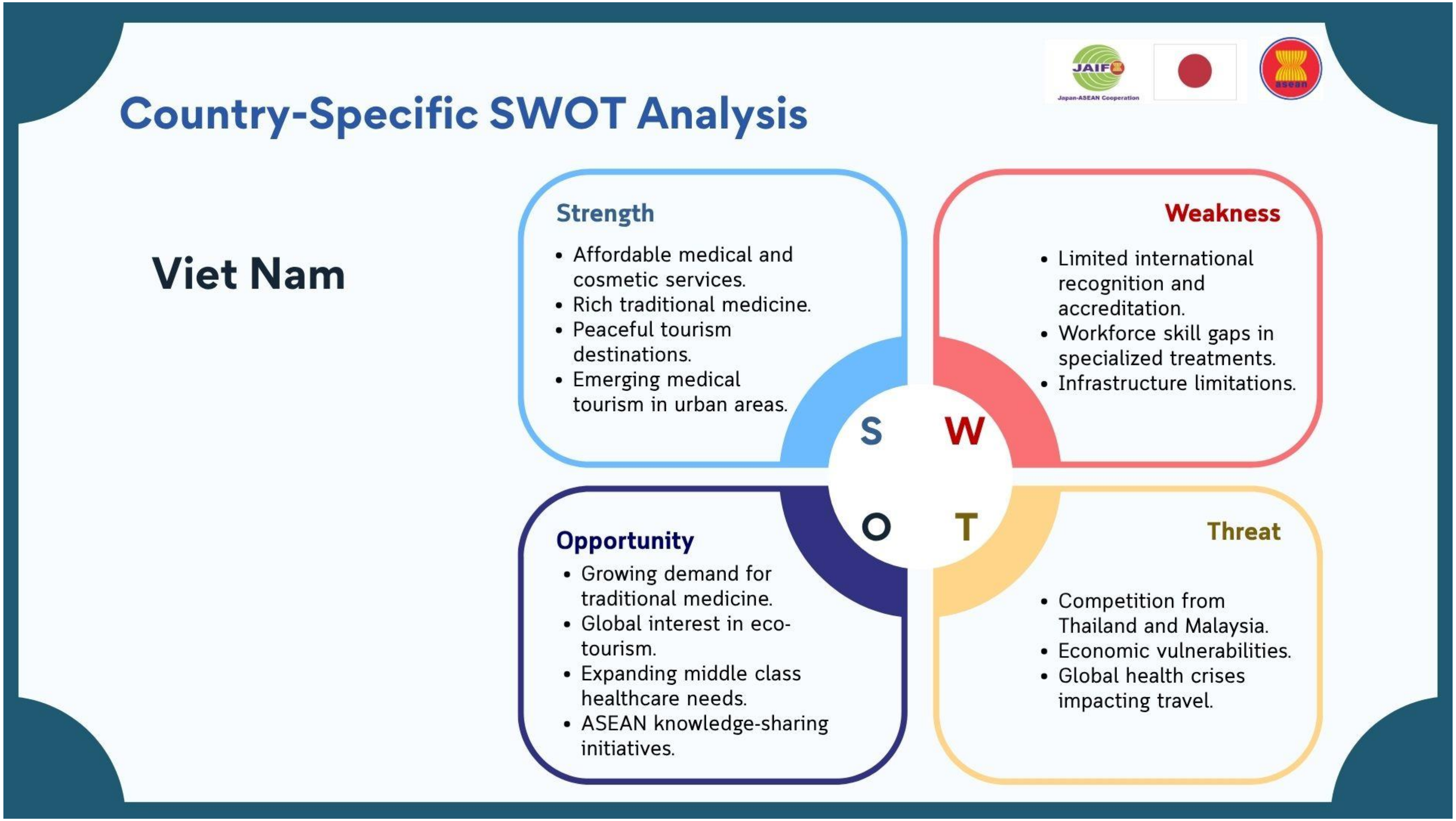
- **Competition from Thailand and Malaysia**: These neighbouring countries are better established in the medical tourism market, with strong branding, international accreditation, and government support. Viet Nam must clearly differentiate its offerings to remain competitive.

- **Economic Vulnerabilities**: As a developing economy, Viet Nam remains sensitive to global recessions, inflation, and currency fluctuations. Economic downturns can reduce public investment in healthcare and patients' ability to travel for treatments.

- **Global Health Crises Impacting Travel**: Events like the COVID-19 pandemic have underscored how external shocks can severely disrupt health tourism. Viet Nam needs to strengthen its crisis preparedness, health screening systems, and digital consultation infrastructure.

- **Limited Innovation and Product Development**: Viet Nam still lacks sufficient R&D investment and capacity to anticipate wellness trends and design innovative tourism products. This limits the sector's ability to stay ahead of changing customer demands and compete in high-value segments.

Figure 74 SWOT Analysis Viet Nam



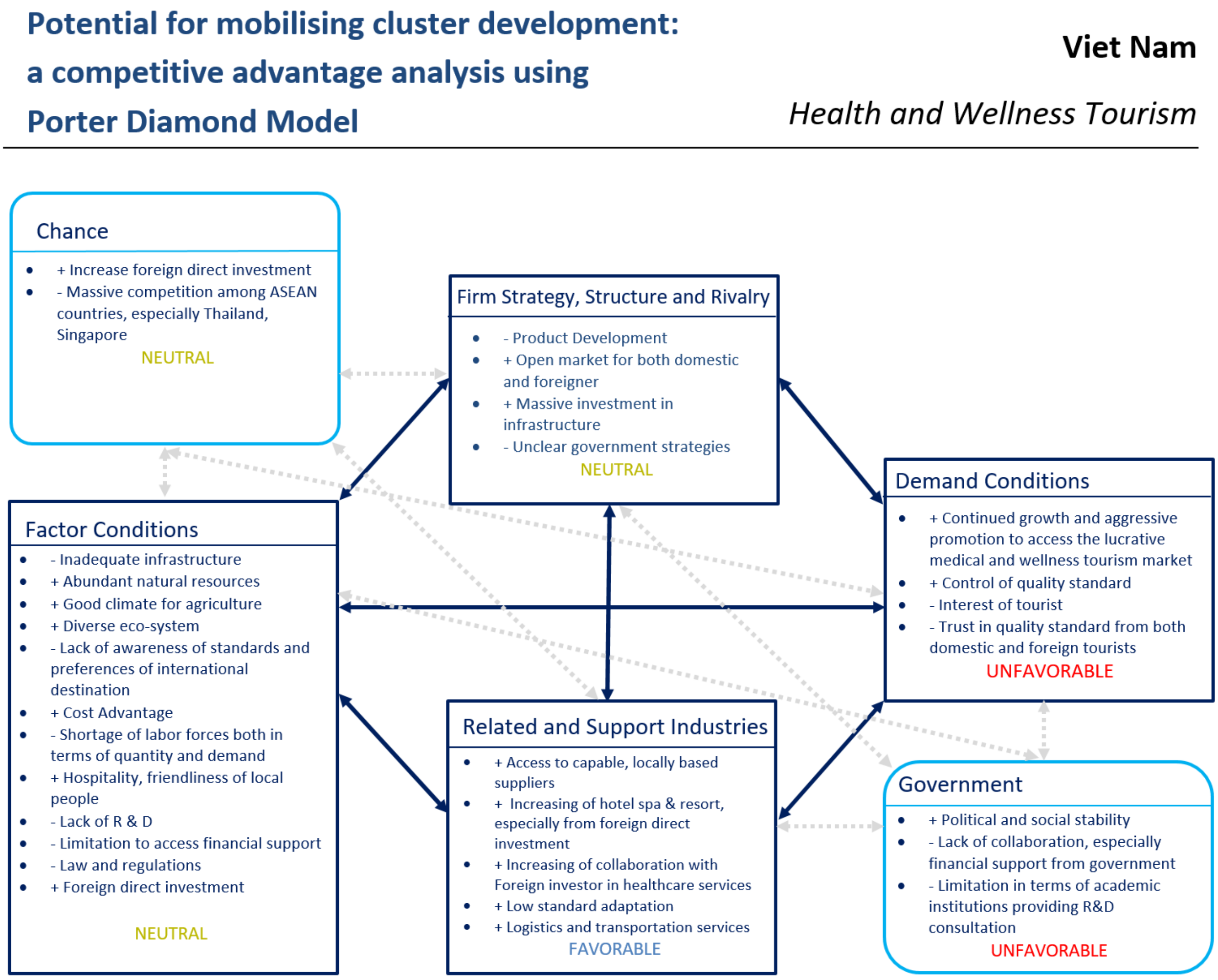
Source: Compiled by Kenan Foundation Asia (2025)

10.6 TOWS Matrix

	Strengths (S)	**Weaknesses (W)**
	1) Rich natural resources (herbal medicine, coastlines, mountains) (S1) **2)** Diverse eco-tourism offerings (S3) **3)** Hospitable and friendly locals (S4) **4)** Political and social stability (S5) **5)** Renowned Vietnamese Traditional Medicine (S6, S8) **6)** Affordable cosmetic and dental services (S7)	**1)** Unclear government policies (W1) **2)** Limited access to financial assistance (W2) **3)** Unprofessionalised SMEs (W3) **4)** Workforce skill gaps (W4) **5)** Infrastructure and innovation limitations (W5) **6)** Weak market and product development (W6) **7)** Limited standard adaptation for SMEs (W7) **8)** Lack of R&D for natural products (W8) **9)** Ineffective SME support (W9)
Opportunities (O)	**S-O Strategies**	**W-O Strategies**
1) Increasing foreign tourists (O1, O6) 2) Rising foreign direct investment (O2) 3) Growing demand for alternative medicine (O3, O8) 4) Expanding middle class (O4, O9) 5) Growing health service demand (O5, O10) 6) ASEAN knowledge sharing and resource utilization (O12)	• Develop wellness packages that integrate Vietnamese Traditional Medicine and natural resources (S1, S6, S8, O3, O8) • Leverage government stability to attract foreign investment and expertise (S5, O2) • Promote diverse eco-tourism experiences alongside health services (S3, O5, O9) • Partner with ASEAN countries for skill exchange and resource sharing (S4, O12)	• Partner with international institutions to secure funding and expertise for SMEs (W1, W2, O2) • Collaborate with established health tourism companies for training and skill development (W3, W4, T2) • Utilise foreign investment to improve infrastructure and innovation (W5, O2) • Implement targeted marketing campaigns to address diverse customer needs (W6, O3) • Partner with NGOs for sustainable resource management practices (W8, O6)
Threats (T)	**S-T Strategies**	**W-T Strategies**
1) Economic recession (T1) 2) Competition from other countries (T2) 3) Political instability (T4) 4) Natural disasters (T5)	• Differentiate by emphasising unique cultural wellness practices and diverse tourism offerings (S3 +T2) • Strengthen regulations to ensure safe practice of traditional medicine amidst health concerns (S5 + T4) • Leverage existing regulatory framework to create a model for sustainable and compliant wellness tourism (S4, S5 + T2)	• Advocate for clearer government policies and improved SME support (W1, W2, W9, T1) • Collaborate with regional partners for technology transfer and innovation (W4, W5, T2, T3) • Partner with universities and research institutions to enhance R&D for natural products (W8, T6)

10.7 Diamond Analysis

Figure 75 Diamond Model Viet Nam



Source: Kenan Foundation Asia (2024)

The continuous growth in healthcare services and the open market policy of the government contributes to the growth of health tourism in Viet Nam. Foreign direct investment and the interest of foreigners are key factors driving the growth of the industry. In addition, the government has invested in infrastructure developments, which attract and create trust among the tourists.

However, it is undeniable that Viet Nam is also facing many challenges, notably unclear government policies and product development. The collaboration among the stakeholders is weak, especially the collaboration from the government sector. Even though the country has many herbal and natural products to help support the health tourism industry, there are limitations in terms of research and development.

Drawing on Porter's Diamond model above, the table below shows the capability assessment of the health and wellness tourism industry. The analysis is divided into four groups of determinants. According to the analysis, the average score of all determinants is 3.36. The highest score is shown in demand conditions, which comprised (1) an increase for healthcare services, and (2) promotion from the government. For firm strategy and structure, the average score is 3.67 with the highest in number of traditional medicine practitioners.

Table 22 Porter's framework for health tourism in Viet Nam

Porter's Determinants	Score	Remark and Status
Factor Conditions	**3.20**	
Human resources	2	There is the shortage of labour in health and wellness tourism.
Quality and Regulation	3	Since the majority of the traditional medicines are micro enterprises (family business), they have less awareness of the quality standard.
Transportation & Logistics	3	The government is now investing in infrastructure development, especially transportation system and logistics system.
Market and Product Development (including R &D)	3	Despite the fact that Viet Nam is enriched of natural resources and diverse eco-system, the country still lacks tourism product development.
Natural resources and eco-system	5	The country is enriched with natural resources and diverse eco-systems. In addition, the country also has mild climate.
Demand Conditions	**4.00**	
Demand for healthcare service	5	There is an increase in demand for healthcare surveys in both domestic and international market. People are seeking an opportunity to have quality service providers at affordable price.
Promotion from government	3	The government still has unclear policy on health and wellness tourism
Firms Strategy and Structure	**3.25**	
Number of SMEs	5	Most traditional herbal medicine practitioners are micro, small, and medium enterprises.
Number of health and wellness service providers	3	Health and wellness sector is still small, but it continuously increases, especially from foreign investor.
Investment	3	Most investors are foreign investors, especially from Taiwan, Korea, Malaysia, and Thailand
Lack of National Strategic Plan	2	Need to cooperate with other sectors to create National plan
Related Supporting Industry	**3.00**	
Product development	2	Poor product development.
Hotel & Resort Spa	4	There is an increase in the establishment of hotel and resort spa.
Local suppliers	4	There are a lot of local suppliers, especially natural products, and cosmetics.
Standard adaptation	2	Most of the local suppliers are not aware of standard adaptation.

Remark: Code: (1 – highly unfavourable, 2 – unfavourable, 3 – neutral, 4 – favourable, 5 – highly favourable)

Source: Compiled by Kenan Foundation Asia (2024)

10.8 Problems Identified

Value Chain Management in Health Tourism

The challenges in value chain management in health tourism in Viet Nam can be classified into three main challenges. These are segmenting the health tourism market, collaboration among the stakeholders in health tourism value chain, and product diversity.

Segmenting the Health Tourism Market: It is undeniable that Viet Nam's health tourism deals with a variety of value chain depending on type of tourists. According to the study, it important to distinguish between health tourists from Viet Nam's neighbouring countries, such as Cambodia and international tourists from Western Europe, Chinese, Taiwan, and South Korea. Both types of tourists have different expectations and demand different kinds of services for the tourists from the neighbouring countries. The purpose of the tourists who come to Viet Nam is to search for medical services.

For the international tourists, they normally come to Viet Nam in search of wellness services, especially spa, and meditation. For the domestic tourists, they usually search for traditional herbal medicine services, and acupuncture. To increase competitiveness of health tourism needs, products need to be developed to match tourist demand. However, the in-depth interview with VACHE and VCCI revealed it still has the limitation in segmenting market for health tourism. Segmenting the market into different types of tourists as above-mentioned helps tailoring product designs, targeting promotion efforts, and interest in specific types of tourists.[287]

Collaboration among Stakeholders in Value Chain: In addition, there is the lack of effective collaboration among the stakeholders and key players in health tourism value chain (as mentioned in Figure 75) as well as the involving of the supporting industries. Effective collaboration among the stakeholders and key players in the industry is crucial for uplifting the competitiveness of health tourism, and it also involves in cluster development and development of quality standards. Moreover, it also involves accessing new markets.

Product Diversity: There is a lack of product diversity in health tourism in Viet Nam. According to the in-depth interview with VCCI, the products of health tourism in Viet Nam are rather scarce.[288]

Supporting Functions

Public utilities and transport infrastructure can hardly keep up with the pace of tourism development (and economic development in general). Roads to mountainous areas, for instance to community-based tourism (CBT) villages or world heritage sites like My Son in Quang Nam province, are in poor condition. Many larger airports, such as in Hanoi and Da Nang have been upgraded and extended or newly opened, but the expansion or relocation of other airports like in Ho Chi Minh city is delayed due to land disputes.

Moreover, it is estimated that almost two-thirds of Viet Nam's industrial wastewater flows into lakes and rivers, which negatively affects nature and thus tourism assets. Electricity tariffs for tourism enterprises are currently higher than for the manufacturing sector, a concern that some provincial governments like in Da Nang city or Quang Nam province try to address.

In addition, there is **a lack of support from government** in terms of innovation and technology investment for health industry. According to the in-depth interview with medical spa service provider, it reveals that there is no incentive from the government in terms of importing innovation and technology. In addition, there is no support from the government in terms of financial assistance.

The lack of public funds for health tourism development and promotional activities is striking, particularly in international comparison. The annual budget for tourism promotion provided to MCST was about US$2 million in 2015 and—according to VNAT—US$2.5 million in 2016. By comparison, the Ministry of Tourism in Thailand and the Ministry of Tourism and Culture in Malaysia each provided about US$80 million in 2015 for marketing purposes. The Department of Tourism in the Philippines still received around US$54 million in 2015.

[287] In-depth interview with VACHE and VCCI
[288] In-depth interview with VCCI

Although public tourism promotion budget in Viet Nam is expected to rise to US$5.3 million in 2017, the private sector feels that it needs to compensate for this situation of underspending in promoting tourism in Viet Nam. [289]

The Tourism Advisory Board (TAB) decided to set up a tourism development fund and is currently lobbying for increased financial support from the public and private sectors to enhance tourism promotion and development. The private sector support is expected to ensure transparency and proper allocation of funds. The TAB-driven tourism development fund might only be a temporary solution.

In 2014, the Vietnamese government announced Resolution 92/NQ-CP, which proposed the initiation of a Tourism Development Fund. Resolution No. 8/2017 of the Politburo declaring tourism a spearhead sector in Viet Nam reemphasises the creation of this official Tourism Development Fund, which calls for contributions from all beneficiaries of the tourism industry, such as enterprises, tax offices, and visa fee collectors. This is expected to be the financial source for marketing and address the problems of weak tourism promotion and marketing at national and sub-national levels.

The state budget is expected to contribute a maximum of 30% to the fund while main beneficiaries of tourism activities and non-government sources will contribute the rest. However, the aim of the private sector is to achieve a 1:1 matching of public and private contributions.

The combination of a significantly increased tourism promotion budget and the public-private capacities currently created through the ongoing e-marketing campaign offer interesting opportunities to promote responsible tourism in the future targeting domestic and foreign travellers. Future funding could contribute to promotional activities and initiatives that support the long-term objectives of a responsible tourism sector, such as cultural and environmental preservation and product development.

Coordination is a key supporting function for markets as it establishes mechanisms such as associations that ensure the integration of SMEs into value chains and lobbying the public sector. In the support structures of Viet Nam’s tourism value chains, a couple of coordination mechanisms are in place with relevance for responsible tourism, such as tourism associations at national and subnational level, TAB, the Responsible Tourism Club under the Viet Nam Tourism Association (VITA), public-private DMOs at the regional level and a CBT network, which is currently in the design phase.

The establishment of the TAB through the Environmentally and Socially Responsible Tourism (ESRT) support is an effort to improve the institutional environment for tourism development and management. TAB is a public-private partnership in destination management established under the VNAT in 2012 with the participation of the government and tourism industry management.

The objective of TAB is to promote competitiveness of Viet Nam as a tourism destination. Through TAB, the Vietnamese government can benefit from the expertise of industry representatives, leverage financial and human resources, and ensure that the government’s administrative framework is aligned with the strategies and objectives of the industry at large (TAB 2017-2). TAB has about 25 members, which can be roughly grouped into government

[289] International Labour Organization (2017) Rapid Market Assessment of Responsible Tourism in Viet Nam 2017

and non-government organisations, aviation and inbound partners, DMCs and tour operators, and hotel management and investment groups.

TAB is the only public-private, national-international PPD forum of its kind in Viet Nam and could be a model for other industries. The TAB operations are limited to, fully run and financed by private partners. With three working groups established, TAB focuses its work on marketing, policy and human resource quality. In the future, there might be a fourth working group looking at the environmental footprint of tourism.

The biggest successes of TAB up to now are the online marketing campaign, for which TAB turned into a social enterprise, and the visa waiver for some selected European countries. However, TAB shows various constraints. Only large companies are engaged and hence it does not represent SMEs. Moreover, TAB gives advice to the chairman of VNAT only, who has limited power in the Government system compared to the Ministry of Culture, Sports and Tourism or the Prime Minister, under whom VNAT was located ten years ago.

Besides, apart from marketing, TAB does not have a large enough budget for other projects that would be important to drive. When ESRT was still active, TAB relied heavily on ESRT to act as its secretariat. Currently, TAB has six board directors and one executive secretary. The operational plan of TAB is structured into near-term initiatives (1 year), mid-term initiatives (1–3 years) and long-term goals (3 years and beyond) (TAB 2017-2).

During the current year, TAB will focus on tourism law revision, tourism data collection to improve market intelligence, destination branding and marketing, regional DMOs, product development and human resources development. In the mid-term, TAB will investigate tourism infrastructure (accommodation, transportation), product development and visa-on-arrival programme.

In the long-term, TAB will target streamlining tourism investment procedures, environmental sustainability and stewardship, and cultural preservation. Therefore, according to current plans TAB intends to contribute to a more responsible and sustainable tourism sector particularly in the long run, after a couple of current constraints have been addressed successfully.

The Viet Nam Business Forum (VBF) is a good platform for awareness raising and policy advocacy, as it generally results in two meetings a year at a very high level, including attendance by the Prime Minister, and has participation from all the major business associations, including tourism related associations like VITA. The VBF reports receive significant press coverage.

The VITA was established by the government like many other large national level associations in Viet Nam. Its sub-structure includes sub-associations focusing on hotels, tour operators and training activities (VHA, VISTA, VITEA). VITA has 3,200 business members and is thus the largest association in the tourism sector in Viet Nam.

Among its members are many tourism SMEs, who however complain that they do not realise substantial benefits as members, since VITA would lack services to members and since policy dialogue would be dominated by large enterprises. VITA’s work plan for the period 2017–2022 contains responsibility and sustainability principles and is setting targets to implement these principles.

Recently, as part of enhancing health tourism, the government has proposed new laws and decrees to support private healthcare growth, recognising its importance in attracting international patients. This includes initiatives to increase private hospital capacity from 5.5% of the healthcare system to 10% by 2025 and 15% by 2030.[290]

From 2020–2023, TAB in Viet Nam actively advocated for increased financial support for tourism promotion, emphasising a matching contribution model between public and private sectors to enhance collaboration in marketing efforts. A key focus had been the establishment of a Tourism Development Fund aimed at gathering contributions from various stakeholders to bolster tourism marketing and development activities.

Recognising the importance of digital transformation, TAB has promoted the adoption of technologies like AI, machine learning, and cloud platforms among tourism operators to improve customer experience and operational efficiency. Continuing its e-marketing campaigns, TAB targeted potential tourists through digital platforms, particularly in key markets such as Europe and Australia. Additionally, there was a strong emphasis on integrating technology within health tourism services to attract international patients.

TAB also initiated training programmes to equip tourism businesses with essential digital skills and collaborated with tech firms to develop platforms that enhance connectivity between service providers and consumers. As of 2023, TAB remained focused on these initiatives while adapting strategies to respond to the evolving global tourism landscape post-COVID-19, ensuring that technological advancements align with sustainable practices.

Challenges in Regulation

As of January 2024, the government has set a minimum entertainment tax rate of 40% and a maximum of 75% for certain types of entertainment services, which include spas and massage businesses. This is a significant increase from the previous rates. The implementation of this tax is part of the HKPD law (Law Number 1 of 2022) and has raised concerns among spa entrepreneurs about its impact on their businesses. Higher tax rates are seen as a major obstacle for attracting investment, particularly for SMEs in the spa and health tourism sectors. Entrepreneurs have expressed that these rates could lead to increased service prices, making it difficult to compete in the market.[291]

Lack of Development Plan for Health Tourism

Despite the fact that health tourism in Viet Nam has been acknowledged as a fast-growing industry, there is no real plan for developing health tourism in professional way. In the case of the Central Institute of Acupuncture, which has been a pioneer in medical tourism. Although it attracts groups of tourists, especially from Western Europe and the U.S. to Viet Nam for acupuncture and oriental medicine, this organisation is restricted in what they can offer and has limited budget to promote health tourism in their country. The problem as aforementioned reflected weakness in terms of support and collaboration among the key players and stakeholders in the industry.

Although Viet Nam has potential for health tourism, the study done by Cooper et al., (2015) stated that health tourism in Viet Nam is often no more than an add-on to a tour package, not a separate for medical or wellness tourism offering.

---

[290] DTTCO. (2023). *Surging Foreign Investment: Viet Nam's Private Healthcare Sector*. Retrieved from SGGP
[291] PwC. (2024). *Viet Nam Pocket Tax Book 2024*. Retrieved from https://www.pwc.com/vn/en/publications/2024/ptb-2024.pdf

10.9 A Case Study: Viet Nam Association for Community Health Education

Background

Founded in 2009, the Viet Nam Association for Community Health Education (VACHE) has four research institutes, 22 centres, and thousands of branches and clubs dedicated to the promotion of community health education in Viet Nam with tens of thousands of memberships to date.[292] VACHE sees high market demand in the health and wellness tourism industry and is considering the development of a strategic plan to incorporate traditional herbal medicine in this sector.

Key Functions

VACHE currently works in partnership with the Vietnamese government, members and key public and private stakeholders to conduct a range of functional activities in three key areas:

1) Enhancing competitiveness of the Vietnamese public health sector to provide health benefits to its community and medical tourism visitors through high-quality medical services
2) Partnering with public and private sectors in improving the quality of Vietnamese health care standards, particularly the monitoring of medical service strategies and training and development
3) Developing access to health care and raising public awareness about activities relating to health and wellness as well as its service practices in tourism industry

Involvement in Health Tourism

In an attempt to introduce more systematic and standardised Vietnamese health tourism development, the cooperation between the Vietnamese government and VACHE includes, but is not limited to, the promotion of health education, the advancement and commercialisation of Vietnamese traditional herbal medicine, the strategic consultation between key stakeholders to attract private funding for community health education, and the development of community and SME networks across the country in raising public awareness of health education.

VACHE's Roles as a Cluster Development Agent

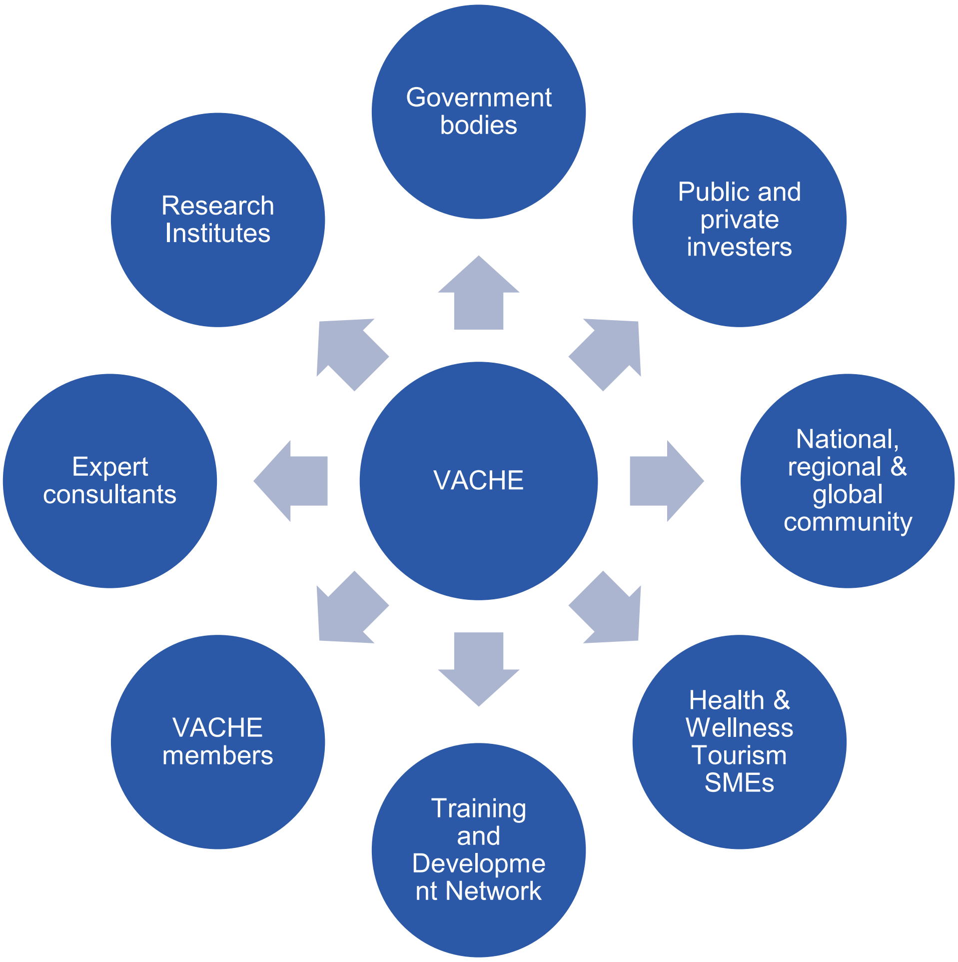
VACHE acts as a collaborator between the Vietnamese and the private sectors to promote traditional medicine sector in Viet Nam. Its roles extend beyond enhancing general community health education to drive the growth of traditional herbal medicine which is considered the country's strongest differentiation component within the health and wellness tourism industry.

VACHE works with the public and private sectors as well as related government bodies in enhancing the effectiveness of the healthcare sector, particularly in promoting the development of traditional medicine and its usage in health treatments and therapies, which have been distinguished as complementary alternatives to modern medicine. Additionally, the association involves improving national medical education and development

[292] Nhan Dan. (2019). *Prime Minister emphasizes role of community health education*. Retrieved on 22 February 2019 from http://en.nhandan.com.vn/society/health/item/7024802-prime-minister-emphasises-role-of-community-health-education.html

by encouraging the incorporation of traditional herbal medicine and its practice as part of the national public health programmes.

Figure 76 Key stakeholders and networks



Source: Kenan Foundation Asia (2019)

Challenges in the Health Tourism Sector according to VACHE

The association has outlined the challenges in the health and wellness sector in the following areas:

- The requests for funding from local and international sources to improve primary health care services for elderly and children at grassroots level.
- Training and licensing should be improved to align with public planning requirements and meet the market demand for quality healthcare services.
- The development of frameworks and quality standards in the health care industry.
- Public planning to coordinate with other government bodies, administrative groups, organisations, and private sectors, particularly in the areas of nursery housing development, herbal medicine advancement, and resource management.
- The overall health and wellness development by which traditional medicine has gained more popularity amongst local and international users. However, the need for quality framework and licensing is considered two of the most important concerns to improve cluster development.

Recommendations and Suggestions

The association provided the following recommendations and suggestions:

- Addressing the importance of obtaining funding from private sectors and overseas investors to enhance health care services in Viet Nam.
- Improving industry standards and licensing programme through partnership development and policy planning by working with the Ministry of health, the Ministry of Education and Training, and the Vietnamese National Administration of Tourism.
- Enhancing collaboration with technical and administrative bodies in the sharing of information and coordination between government groups to provide a stronger level of support in improving activities relating to health and wellness tourism sectors as a key focus in long-term development.
- Raising public awareness on how people can benefit from the incorporation of traditional herbal medicine with modern medicine while working with related organisations and relevant agencies to establish quality standards and licensing of alternative and traditional medicine.
- Working with the Ministry of Health and local enterprises to assist small agencies and members of the association in meeting market demand of health care services as well as developing the mechanisms for improving SMEs cluster development in relation to health and wellness tourism.

Case Study Informants

Information in the country case study of Viet Nam was obtained primarily from consultation with the following participants from VACHE and, where possible, was supplemented by an in-depth analysis in the health and wellness tourism industry.

Meeting Date: 15/01/2019   Time: 15:00-16:00
Location: VACHE premise, 130 Nguyen Duc Canh, Ha noi, Viet Nam.

Table 23: List of informants

Agency	Title	Name
VACHE	Former Deputy Minister of Health Vice Chairman	Dr. Nguyen Thien Truong
VACHE	Head of International Department	Dr. Dinh Van Thai
VACHE	Assistant to Chairman	Dr. Do Thinh
VACHE	Member	Dr. Kim Nga

Source: Kenan Foundation Asia (2019)

www.asean.org

asean

asean secretariat