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## Journal of Business Research



# Medical hotels in the growing healthcare business industry: Impact of international travelers' perceived outcomes



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#### ARTICLE INFO

Available online 13 February 2015

Keywords: Medical tourism Healthcare Attitudes Desires Behavioral intention

#### ABSTRACT

Despite the international healthcare industry's rapid growth, little research exists about medical hotels. To fill this gap, this study identifies international patients' possible outcomes of staying in a medical hotel and investigates their intention formation by considering attitudes and desires as well as the perceived outcome's moderating impact. A qualitative approach identifies the possible outcomes of staying in a medical hotel, which can be distinctive from common medical/healthcare clinics, as perceived by international medical customers. Confirmatory factor analysis verifies a four-factor structure of the perceived outcome model (financial saving, convenience, medical service, and hospitality product). Structural equation modeling reveals that attitudes, desires, and intention significantly associate, and desires act as a mediator. Additionally, a metric invariance test shows that convenience, medical-service, and hospitality-product factors of the perceived outcomes significantly moderate forming intentions. Study results help medical hotel operators create effective strategies to attract more international tourists.

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#### 1. Introduction

In recent decades, medical tourism has become a popular and rapidly evolving tourism trend (Connell, 2006; Han, 2013; Reddy, York, & Brannon, 2010). Medical tourism occurs when patient-customers travel across national borders to achieve better health by engaging in operations/treatments and relaxation during a type of holiday. Increasingly, people seeking health treatment or beautification travel overseas for basic treatment (e.g., skincare, diet program, tooth whitening, dental fillings, wrinkle removal) and for highly advanced operations (e.g., cardiac surgery, cancer treatment, orthopedic surgery, ophthalmologic care, organ and cellular transplantation, gender reassignment procedures) (Connell, 2006; Horowitz, Rosensweig, & Jones, 2007; Reddy et al., 2010). On average, Asia's medical tourism industry grows 20% annually, generating approximately \$4 billion USD per year (Crozier & Baylis, 2010). A number of destination countries, particularly in Asia, compete for medical tourism patients by offering various medical, surgical, healthcare, and esthetic services (Horowitz et al., 2007).

While the medical tourism market has huge potential and substantial opportunity for further growth, the existing volume remains modest (Ehrbeck, Guevara, & Mango, 2008). Some researchers agree that several deterrents and structural barriers prevent this market's faster growth including inconvenience, lack of continuity of care, medical negligence and malpractice concerns, medically-necessary procedure delays, unreliable health insurance, high costs, uncomfortable environment for treatment/recovery, and unfamiliar foods and beverages (Ehrbeck et al., 2008: Gan & Frederick, 2011: Han, 2013: Horowitz & Rosensweig, 2008). Medical tourists face dilemmas relating to these potential difficulties when making the decision to travel overseas for treatment. Medical tourism's globalization provides a motive for entrepreneurs to start a new hotel concept that combines the functions of hospital, hotel, and healthcare/esthetic center into one operation (hospital + hotel + healthcare/esthetic centers = medical hotel)(Han, 2013). Medical hotels offer high quality care (e.g., surgical outcomes, nurse-patient ratio), quick access to medically necessary procedures (e.g., minimal waiting list), cost saving, and advanced medical technology/equipment (Bass, 1986; Docrates, n.d.; Han, 2013; Hume & DeMicco, 2007). Minimizing potential concerns relating to medical tourism, this hotel category provides an opportunity to increase international patient-customers. Despite the growing economic and social importance of international medical tourism, the medical hotel receives limited research attention. Medical hotel studies and potential outcomes/benefits for international patient-tourists are rare in the literature.

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To address this gap, the following study identifies possible outcomes of staying in a medical hotel and investigates the moderating role of perceived outcomes forming the intention to stay in a medical hotel. In addition, attitudes toward and desires for a specific behavior explain/predict human behavior, particularly in socio-psychological/attitude theories (Bagozzi & Dholakia, 2006; Han & Ryu, 2012b; Perugini & Bagozzi, 2001, 2004; Poels & Dewitte, 2008); however, researchers to date fail to incorporate these critical variables in international patient-travelers' decision to stay at medical hotels. The present study also examines the role of attitudes and desires in determining intention and investigates desire's mediating role.

#### 2. Theoretical framework

#### 2.1. Emerging medical tourism and the medical hotel

Seeking expertise, advanced technology, and better price, medical tourists travel to diverse areas to receive medical/healthcare services and treatment (Gan & Frederick, 2011; Han, 2013; Horowitz et al., 2007). This emerging tourism trend provides potential opportunities for health service and tourism industries (Horowitz et al., 2007). Particularly, medical tourism's recent growth gives rise to the medical hotel. The medical hotel combines the services found in a conventional hotel and health services in the same location. Medical hotels offer a wide range of hotel services/products. Customers purchase cost-saving packages including medical treatment services, rooms, and meals at a reasonable rate. The combination of medical treatment, restaurants, and rooms on one property offers convenience to customers. Bilingual translators and medical coordinators help international patient-travelers easily and effectively communicate in their own language. Customers enjoy greater privacy/confidentiality due to the medical hotel's proximity to medical facilities. Finally, individuals feel more secure due to the close proximity of medical personnel and reliable post-care services, particularly for visitors who require a complete recovery before returning home (Hume & DeMicco, 2007; Sheehan-Smith, 2006).

#### 2.2. Medical tourism in an international tourism space

While many studies discuss tourism-related behaviors in general (e.g., Hosany, Ekinci, & Uysal, 2006; Hosany & Martin, 2012), medical tourism offers a new tourist attraction. Medical tourism's history extends to at least the 19th century when people traveled to other areas for healing and relaxation (e.g., spas and hot springs) (Hunter, 2007: Lee, Song, Bendle, Kim, & Han, 2012). Global healthcare influences the rise of health tourism. Borman (2004) defines health tourism as attracting tourists to a destination with healthcare services (Yu & Ko, 2012). Connell (2006) notes that a distinction exists between health tourism and medical tourism. Medical tourism refers to cases requiring medical interventions (Yu & Ko, 2012). Key factors influencing medical tourism's growth include increasing domestic medical costs, aging societies, expanding economies, and the equalizing of medical technology worldwide (Yu, Lee, & Noh, 2011). Medical tourism integrates features of the medical industry and international tourism. Medical tourism programs provide excellent medical service and tourism to foreign visitors (Han, 2013). This industry earns foreign revenue and develops supporting industries beyond leisure travel (Bookman & Bookman, 2007; Hunter, 2007; Lunt & Carrera, 2010; Yu et al., 2011).

#### 2.3. Research efforts explicating decision/intention formation

While early marketing and consumer behavior research attempts to explain customer's decision making with a cognitive centered approach, recent literature views cognition and affect as essential underlying elements (Han, Back, & Barrett, 2009; Oliver, 1997). Socio-psychological

theory suggests a comprehensive approach involving volitional and non-volitional dimensions as well as factors relating to past behavior, desire, cognition, and affect, and evaluation improves the predictive ability of individuals' decisions/intentions (Ajzen, 1991; Ajzen & Fishbein, 1980). This intricate decision-making process likely differs across fields, personal characteristics, and consumption situations (Evanschitzky & Wunderlich, 2006; Han et al., 2009; Ranaweera & Prabhu, 2003).

#### 2.4. Attitudes, desires, and intention

Prior studies suggest that attitudes and desires are the most proximal determinants of intention and behavior (Han & Ryu, 2012a; Lee et al., 2012; Poels & Dewitte, 2008). Compelling evidence demonstrates that attitude and desire are powerful forces in decision formation (Bagozzi & Dholakia, 2006; Prestwich, Perugini, & Hurling, 2008; Taylor, Ishida, & Wallace, 2009). Arguably, a lack of clarity exists when conceptualizing desires, attitudes, and intention as well as differentiating desires from attitudes and intentions. Removing ambiguity helps distinguish desires from attitudes and intentions. Desires are "a state of mind whereby an agent has a personal motivation to perform an action or to achieve a goal" (Perugini & Bagozzi, 2004, p. 71), Incorporating dissimilar sources of emotional, social, or evaluative appraisals provides a base for the generating motivations—an initial step to making a decision. Unlike desires, attitudes refer to "a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor" (Eagry & Chailen, 1993, p. 1). Attitudes are not a motivation-related concept; instead, they serve as an evaluative concept based on cognitive/affective elements (e.g., good-bad) (Ajzen & Fishbein, 1980). Although desires and intention appear highly connected, these variables differ theoretically and conceptually, particularly for perceived performance, action-connectedness, and temporal frame (Prestwich et al., 2008). People tend to perceive desired behaviors as less performable than intended behaviors (Perugini & Bagozzi, 2004). Desires generally have a weaker connection to actions than intention because the latter includes some form of planning to perform actions (action-connectedness). While intention is present-oriented, desires tend to be time-indefinite. Previous studies distinguish desires from attitudes and intention by supporting convergent and discriminant validity (e.g., Han & Ryu, 2012a; Lee et al., 2012; Prestwich et al., 2008).

Recent studies find that individuals more likely form a favorable intention to perform a particular action when they have positive attitudes and desire strength toward the action. Lee et al. (2012) conclude that both desires and desire's antecedents affect intention to travel internationally. Bagozzi and Dholakia (2006) find that attitudes and desires affect social intention and group/brand behavior. Taylor et al. (2009) confirm the significance of attitudes and desires toward the act of digital privacy. Finally, Han and Ryu (2012a) demonstrate that attitudes and desires are important drivers of intention for the post-purchase decision-making process of hospitality products. The literature confirms that attitudes and desires are vital components of one's decision-making process and they predict behavioral intention. H1: Attitudes positively influence desires. H2: Attitudes positively influence intention.

#### 2.5. Moderating impact of perceived outcomes

Perceived outcomes refer to expected consequences of a behavior (Ajzen & Fishbein, 1980; Eagry & Chailen, 1993). International medical tourists could perceive staying in a medical hotel as experiencing reliable medical treatment/healthcare/esthetic services while enjoying hotel-style services/products (e.g., comfortable room and better quality food). When deciding whether or not to conduct a particular act, individuals likely assess the outcomes/losses resulting from the act and evaluate the significance of the consequences (Cheng, Lam, & Hsu, 2006; Eagry & Chailen, 1993; Han, Hsu, & Sheu, 2010). Not surprisingly,

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