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**DENTAL TOURISM IN THE CONCEPT OF INTERNATIONAL
SERVICE TRADE: NEW HORIZON FOR ECONOMY OF SERBIA**

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***Abstract:** Dental tourism is a new market niche due to increased costs in developed countries. Dental tourists obtain treatment in other countries in order to benefit from cost advantage, vacation and quick treatment opportunities. With this regard, firstly dental tourism is introduced and then potential of dental tourism development in Serbia tried to be determined by using SWOT analysis in this paper. Consequently, it can be said that dental tourism is a new niche for Serbian economy and it has a significant potential for job creation, ability to bring foreign exchange and contributions to other sectors by the spillover effect since Serbia has price and location advantages.*

***Keywords:** International Service Trade, Dental Tourism, SWOT Analysis, Serbia*

1. Introduction

Change and adaptation are the recently redefined notions as the consequence of globalization. Change leads the bigger markets to divide smaller pieces. Shorter product life cycle, advances in transportation, increase in the income and change in the consumption habits paved the way for smaller markets or niche segments tendency. After the rapid changes in globalization, tourism which is very important sector for any country since it brings foreign exchange, also started to be divided sub-segments.

Consumers are facing with the new phenomenon of the world called as specific areas or niche markets. After the huge and wide trend as health tourism then medical tourism under the roof of the tourism industry, now destinations try to maximize their gains from tourism by diversification and specialization. This trend made tourists have realized

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that they have the opportunity to combine different activities as leisure, sport, health and holiday at a lower cost with the same or better quality.

Countries which can understand the main factors behind this trend will also make the necessary investments and take measures for gaining economic benefits. As an inevitable consequence of this trend, dental tourism is appealing for countries since it brings foreign exchange which may also be called as service export and helps the destinations develop rapidly (Arends, 2011: 584; Loubeau, 2009: 194). When the projections like Global Industry Analysis the global market for dental supplies will reach \$19.4 billion US\$ by the year 2017, importance of dental tourism for economy of the countries may have been realized easily (Junaid et.al., 2012: 4).

In this regard, dental tourism which is a rapidly increasing niche market has been introduced in this research, and then its positive impacts on different economies are explained to show a new niche direction for Serbian economy and finally the potential of dental tourism development in Serbia has been evaluated by using SWOT analysis.

2. Concept of International Service Trade

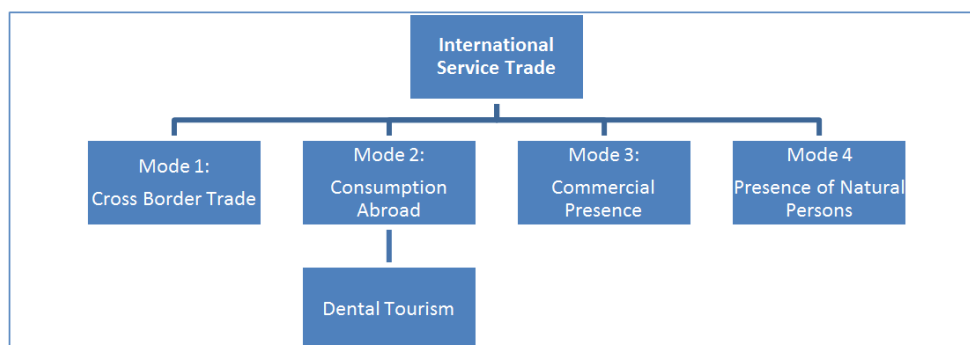
Definition of service has changed throughout the history. It was defined as all kind of activities, except agricultural production by physiocrats in 18th century (Cowell, 1984, 24). Many definitions has been used until today, but one of the most-known is defined by American Marketing Association (AMA) as: *“Service products are often difficult to identify, because they come into existence at the same time they are bought and consumed. They comprise intangible elements that are inseparable; they usually involve customer participation in some important way; they cannot be sold in the sense of ownership transfer; and they have no title”* (www.ama.org). Since service is also a product which bare partially or totally intangible elements, it is also possible to classify the service trade between countries.

Service trade is classified by World Trade Organization (WTO) under The General Agreement on Trade in Services (GATS) is four-pronged which are Mode 1: Cross border trade, Mode 2: Consumption abroad, Mode 3: Commercial Presence, Mode 4: Presence of natural persons. Mode 1 indicates services received from abroad through telecommunication or postal infrastructure as well as consultancy, market research reports, tele-medical advice etc. Mode 2 shows the consumed services by person outside of its country as tourist, student or patient. Mode 3 shows the service provided in another country by foreign owned or controlled company (bank, hotel group, construction company, etc.). Mode 4 is applicable if service is provided by foreign national within another country as moving of health worker, consultant or employee of the supplier (www.wto.org).

Four modes of supply are illustrated at the Figure 1 below. Since the service should be consumed at the destination country, dental tourism takes place under the Mode 2: Consumption Abroad. Dental tourism which is a very specific form of service trade is going to be discussed.

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Figure 1. International Service Trade and Modes of Supply



Source: Authors adapted and developed the Table from WTO, 2016.

3. Dental Tourism

In order to define dental tourism, it is necessary to explain the notion of health tourism and medical tourism, since dental tourism is very niche market which takes place under medical tourism.

Health tourism and medical tourism are the phrases that are misused due to the similarities. So the notion of “medical tourism” should be used if any medical interventions involved, while keeping in mind that “health tourism” phrase covers all forms of health-related tourism (Connell, 2006: 1094). Within this perspective medical tourism can be seen as a subset of health tourism. So as it is shown in Figure 1, international service trade is general roof for all kind of services. Medical tourism is just one subset of health tourism, when it comes to health tourism which takes place under tourism industry. After all these categorization, it can be said that dental tourism is the final subset and new niche market trend.

Dental tourism can be defined as taking the advantage of cheaper and quick treatment and combining it with the holiday package (O’Connell and O’Sullivan, 2007: 180; Asai and Jones, 2007: 1018). It can also be defined as seeking treatment abroad not for medical need, lack of availability of the treatment at home or search for higher quality abroad but mainly to gain the cost advantage by getting cheaper treatment (Conti and others, 2013: 1). Dental tourism can also be defined as cooperation between health and tourism sector to compensate the economic activities that occurred as a consequence of travelling abroad by dental tourists due to vacation, fast dental treatment planning, and lower cost (Kaçmaz and Kahveci, 2016: 1900).

Since various forms of dental surgery as cosmetic dental surgery are not covered by insurance in countries like the UK and Australia (Connell, 2006: 1094) or Italy where patients must pay for dental care privately, dental tourism has become common (Feltracco et.al., 2013: 19). Underlying this trend is patients’ and dentists’ desire to take advantage of the price difference between home country and host countries (Klingenberg et.al., 2009: 64). Beside cheaper dental care abroad, other reasons that cause dental tourism to develop

rapidly are; shorter dental waitlists, inexpensive air travel and internet (Turner, 2008: 554). Since the main reason behind dental tourism is cost, dental procedure costs in June 2016 in some countries are given comparably below. As it is seen at Table 1, East European countries have cost advantage in dental tourism when compared to their global rivals. While most of the prices are alike among the countries where Serbia located, price differences among the countries given reach its peak when US dental procedure prices are taken into account.

Table 1. Dental Procedure Costs in Selected Countries (In US \$)

	US	Mexico	Hungary	Poland	Thailand	Romania	Serbia
Crowns	750-3.000	495	285	280-800	210-390	240-600	200-380
Root Canal	699-2.000	300-450	60	150-200	90-200	100-200	60-135
Veneers	800-2.000	495	360	450	240	240	At least 240
Implants with crown	2.990-5.000	990	1.000	900	1.700	950	940

Source: www.dentaltravellerserbia.com

There are also some problems associated with dental tourism which should have taken into consideration by dental tourists. First significant disadvantage or problem is that review and management by the practitioner who provided treatment may be very difficult if any complications occur after treatment. Educational differences of dental health care providers also lead negative effects on dental care back home country (Barrowman et. al., 2010: 441). Other disadvantages are the risk of nosocomial infections and follow up care with their dentists (Barrowman et.al., 2010: 441; O'Connell and O'Sullivan, 2007: 181). Advantages and disadvantages of dental tourism should be evaluated and compared carefully, before taken a crucial decision of being a dental tourist.

4. SWOT Analysis of Dental Tourism Potential in Serbia

Located in the crossroads between South and Central Europa, Serbia lies on a strategic position in Balkan Peninsula. With its 7.1 million inhabitants, it is one of the most populated countries in the region and listed in the upper middle income group with its \$5.143 GDP per capita (The World Bank, 2016). International tourism is relatively under development by means of tourist numbers and tourism earnings. Number of international visitors have been slightly increasing and reached 1 million in 2014, while tourism income increased 1.1 billion US\$ in the same year (UNWTO, 2015: 8).

Travel and tourism industry directly supported 37,000 jobs in 2015. However, the total contribution of travel and tourism industry to Serbian economy in the same year was 93,500 jobs which means 5.5% of total employment. The industry is expected to create 104,000 jobs which covers 5.9% of total employment by 2026. The number of international visitors is forecasted to reach 1,940,000 by 2026 and spending of these tourists is calculated as 3.9 billion US\$ in total (WTTC, 2016: 1,3,8).

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After having examined the general state of tourism in Serbia, we would like to determine the potential of dental tourism development in Serbia by using SWOT analysis.

Strengths:

- Having relatively low price compared to other competitor countries (Milicevic et. Al. 2013: 402)
- Being close to big markets such as Europe, Middle East and Russia.
- Well-developed networks of services offered to international patients (Tihi and Peštek, 2009: 218).
- Being easily accessible via direct flights from big markets.
- Opportunities of combining dental tourism services with other type of tourism such as spa and mountain tourism activities.

Weaknesses:

- Low competitiveness of demand conditions and inadequacy of cooperation among government, state institutions and tourism stakeholders (Armenski, et. al. 2011: 66).
- Lack of agencies specialized in medical tourism (Milicevic et. al. 2013: 402)
- Negative image as a tourist destination (Hughes and Allen, 2008: 34).

Opportunities:

- Increasing demand for medical and dental tourism worldwide (Spasojević, and Šušić, 2011: 13).
- The rising awareness of importance of dental and medical tourism.
- Being nominated as EU candidate country and steps taking forward to this directions.
- Having relatively unspoiled nature and culture to combine different activities to offer wider product mix.

Threats:

- Increase in the cost of treatments.
- Political and economic instability of market places.
- Increased competitiveness in nearby countries (e.g Hungary, Turkey) with better accessibility.

4. Conclusion

It is a well-known fact that tourism has been an important economic driver since it brings foreign exchange, creates employment and stimulate other industries. Over time, there have been emerged new concepts and developments in tourism industry, which

demands more specific infrastructure, marketing, promotion, services, and unique applications. Today's competitive and globalized marketplace stimulates governments and private sectors to focus on unique products to get more benefits.

In this study, we aimed to examine the potential of dental tourism development in Serbia by conducting SWOT analysis. It is found that Serbia has some advantages such as having low treatment costs and being close to the big markets as well as disadvantages such as lack of cooperation among stakeholders and shortage of agencies specialized in dental tourism. In order to have a stronger position in dental tourism market, Serbia should reconsider and improve its capability. First of all, decision makers from government, state institutions and private sector should agree on working in cooperation and harmony in order to maximize and benefit from the job and revenue generating potential of dental tourism. Serbia can take an advantage of being close to big markets with the help of marketing and promotion. In this regard, being nominated as EU candidate country is a crucial chance to be known by potential customers and intermediaries in huge EU market. Moreover, Serbia should invest in human resources, new technologies, infrastructure and superstructure which are the key points for the success in dental tourism. Besides that, having relatively unspoiled nature and culture gives an opportunity to create and support sustainable tourism development which may promote positive image of the country as a tourist destination. Nevertheless, strengthening competitiveness and sustainability is another aspect that should be considered and improved.

In this study, dental tourism, its rapid growth potential and importance for Serbia has been introduced. In the future studies, researchers would extend the dental tourism literature by examining the subjects as dental tourist behavior, perception of dentists and regional carriage capacity for dental tourism.

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STOMATOLOŠKI TURIZAM U KONCEPTU MEĐUNARODNE TRGOVINE USLUGAMA: NOVI HORIZONTI ZA EKONOMIJU SRBIJE

Apstrakt: Stomatološki turizam je nova tržišna niša, zbog povećanih troškova u razvijenim zemljama. Turisti dobiju tretman u drugim zemljama kako bi imali koristi od odmora i mogućnosti brzog tretmana. S tim u vezi, prvo je

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ispitan stomatološki turizam i zatim potencijal razvoja stomatološkog turizma u Srbiji korišćenjem SWOT analize u ovom radu. Prema tome, može se reći da je stomatološki turizam nova niša za srpsku privredu i ima značajan potencijal za otvaranje novih radnih mesta, sposobnost da donese devize i doprinese drugim sektorima.

Ključne reči: Međunarodna trgovina uslugama, stomatološki turizam, SWOT analiza, Srbija