

China's second-child baby boom and fertility tourism: Strategic considerations for Malaysia

1. Introduction

In 2016, the one child policy in China that had existed for almost forty years was ended. Chinese couples obtained permission to legally give birth to two children without paying fines or facing other penalties. More importantly, it is said the Chinese government might even completely cancel any limitation on the number of children that a family should have (Haas, 2018). Some Chinese academics even came up with an idea that couples with one or no children should pay a 'no child tax'-like "maternity fund" to encourage birth towards meeting the population crisis (Ko, 2018). The new policy allows Chinese couples to have their preferred number of children. The implications of the new policy are quite comprehensive to China in general and to some industries of Asia in particular. For example, more and more Chinese couples are having their second babies, which leads to the booming of fertility related industries.

As China has the tradition of valuing offspring, many families are eager to give birth to a second or more babies, but not all of them are able to conceive naturally, especially for those who are beyond the best age of conceiving (Hinsdale, 2018). According to the National Bureau of Statistics of China, China's birth rate reached to its highest in 2016 (as cited in Statista, 2019), with 17.86 million recorded, an increase of 7.9 percent which had been the highest annual number since 2000 (Juan, 2017). Then in 2017, the birth rate declined to 12.43 per 1000, down 0.52 from 2016 (Statista, 2019). But the birth rate of 2017 is still much higher than the previous years of one-child only policy (see Fig.1). However, pediatrics and obstetrics are unpopular specialties in China, because of lower incomes, highly pressured work, and demanding patients. All these factors impose a huge shortage of fertility services and embryologists in China (Zeng & Hesketh, 2016). Furthermore, patients with fertility problems are gradually increasing due to pollutions, late marriages and pressures from high costs of living and long working hours in some large cities of China (Wang, 2018).

These shortages and demands promote the development of fertility tourism. According to the China Population Association, more than 40 million people had fertility problems (Xinhua, 2012). In addition, the lack of expertise and equipment to provide some specific fertility services, as the current medical system of China provides fertility services only to married

couples or women who get ovarian cancer, also drives Chinese single women and unmarried couples to seek fertility services abroad (Yang & Li, 2018).

Travel for medical services is counted as tourism because it involves “the consumption of goods and services”, as medical services are considered to be one of them (Martin, 2009). Medical consumption could deliver or aggravate economic inequality because it is a huge global industry worth billions of dollars (Vijaya, 2010). Despite this value, there are legal and illegal impediments that can block access to medical services (Smith-Morris & Manderson, 2010). One segment of medical tourism is fertility tourism, which refers to recipients who travel from one area where fertility treatments are limited or not available to another area (usually abroad) where they can receive related medically assisted reproductive treatment they seek (Pennings, 2002). Some take issue with the term “fertility tourism” because they find the term insensitive to suffering that can accompany reproductive difficulties, even when the travel can relieve such difficulties (Inhorn, Shrivastav, & Patrizio, 2012). Since the end of the one-child policy, travelling abroad for better-quality medical care and more advanced fertility treatments is increasingly popular in China (MHTC, 2018).

2. Relevant Challenges and Opportunities for Malaysia’s Fertility Tourism

The end of one child policy of China seems to bring some advantages to Malaysia’s fertility tourism since China is a huge market seeking fertility services overseas. According to the Qianzhan Industry Research Institute, in 2016, Chinese patients spent 7.4 billion yuan (1.1 billion US dollars) on fertility treatments outside the country (Yang & Li, 2018). Beyond the geographic advantages of Malaysia (located only 4 hours of flying from Guangzhou to Kuala Lumpur), more advantages can be observed.

First, the lower cost of fertility treatment in Malaysia makes them more affordable for the middle-class Chinese. For example, in Singapore, one in vitro fertilization (IVF thereafter) period of treatment in public hospitals usually costs ~US\$6,000 to ~US\$8,000, while in a private center, the costs are ~US\$11,000 in average (Melissa, 2011). At the same time, in Malaysia, however, the same sort of IVF treatment costs only ~US\$5,000 (Yan, 2018). This is a big difference when currency exchange comes into play.

Second, there is the advanced fertility technology and services available in Malaysia, especially conspicuous in the success rate of IVF in Malaysia which has reached up to 66%, while the world’s average success rate is only 50% (Yan, 2018). According to the estimates by the

Malaysian Healthcare Travel Council (MHTC), there are around 90 million couples in China who want to have a second child. With 40 million of them being over 40 years of age, they increase the need for assisted reproductive technology (MHTC, 2018).

Third, the easy entry policy for Chinese is a key advantage. The immigration department of Malaysia announced the e-visa online application system for medical travelers in August 2018. This new visa policy allows Chinese medical travelers to stay for up to 30 days and to extend that period given a doctor's supporting document (Yan, 2018).

Fourth, there is a lower cultural distance between Malaysia and China. Familiarity with Chinese culture enables the fertility tourism industry of Malaysia to provide more intimate services. Giving birth to a baby and catering for delivered women as the example, the Chinese tradition of 'doing the month' (做月子 in Mandarin), during which drinking ice water is a huge taboo. This is not widely acknowledged in Western countries when Chinese take maternity services there (Tung, 2010). Also, some traditional Chinese medicine is usually available for Chinese mothers to recover from 'doing the month' (Tung, 2010).

In addition, there is the advantage of language. According to the Malaysian Department of Statistics, in 2016, around one-fourth of the Malaysian population are Chinese, by which numerous of them can speak either Mandarin, Cantonese or Hakka, etc. (Leung, 2017). Chinese logos and identities can be seen all over the country. This makes finding their way in daily life easier for Chinese fertility tourists (Leung, 2017). Also, most medical staff members in Malaysia speak Mandarin, Cantonese or Hokkien, to largely reduce the costs and misunderstandings of communication (Yan, 2018). With these combined advantages of competitively affordable costs, a well-developed and accessible healthcare system, an easy entry policy as well as cultural similarity and common languages, it is expected that there will be more Chinese fertility tourists choosing Malaysia for treatments after the end of the one-child policy of China.

Conversely, there are also some negative sides to Malaysia as well. First, in the Asia-Pacific, there are other countries that compete with Malaysia, e.g. Thailand, Singapore, South Korea, Taiwan and India. Since Thailand has already taken the dominant role in the Asia-Pacific, with up to 50% of the regional market share for medical tourism, it is reported that the lack of fertility clinics in China has made Thailand into one of the largest reproductive health markets in the world, in accord with the US, where the industry created US\$ 1.9 billion in 2017 (Alococer, 2018). This may largely constrain the addressable market share for Malaysia.

Globally, Chinese citizens' favorite fertility destinations are the US and Canada, because there are almost no restrictions on fertility treatments with a higher success rate for medical procedures, despite the costs being relatively higher (MHTC, 2018). Hong Kong has declined in popularity due to the policy of banning mothers from the mainland giving birth in Hong Kong since 2013 (Yeung, 2017). As Chinese couples usually choose the best destinations for delivering, this usually means choosing cosmopolitan or global-hub cities. This is because in China there is a belief that big cities usually have the best medical resources (Marcia et al., 2012). From the Chinese perspective, the global-hub cities in Asia are usually Singapore, Tokyo, Beijing, Shanghai and Hong Kong, while Kuala Lumpur is not on the list. Even though Malaysia has tried to raise awareness in China about its fertility procedures, the results seem to be not that entirely effective (MHTC, 2018). Therefore, the image of Malaysia as a destination with cutting-edge fertility technology is not well established in the China market.

Moreover, the Islamic law in Malaysia might restrict some of the fertility services that could be provided to some Chinese medical tourists. This might also be an obstacle in promoting the country to be one of the top fertility tourism destinations in the world. For example, the services of gamete donation, sex selection and surrogacy are forbidden in Malaysia, but each year there are hundreds of thousands of mainland Chinese who go to Dalian to check the gender of their fetus due to the traditions of preferring boys to girls in some areas (Fong, 2002). Domestically, the Chinese government has been trying to invest more in hospitals, increase the capacity of fertility services and make efforts to improve the medical system to meet the increasing fertility needs.

Regrettably, the disappearance of flight MH370 in 2014 created profound psychological impacts on the minds of Chinese, which had a large influence on the destination image and tourism industry of Malaysia (Lee, 2014).

3. Strategic Considerations for Malaysia and Regional Markets

Confronted by these various opportunities and challenges, Malaysia should consider the following strategies to achieve its aim as the largest fertility tourism destination of Asia. First, this goal requires intensive cooperation and effort between government, health centers, fertility service providers, the tourism industry, the public and other parties as needed. Specifically, the Tourism Bureau of Malaysia should closely cooperate with clinics, hospitals, health care centers, and medical professionals to boost the country's image as a fertility tourism destination.

Second, it is also very necessary to invest in multiple social media platforms to build confidence and trust in the China market about tourism of Malaysia in general and fertility tourism in particular. Furthermore, as becoming the preferred destination due to the highly success rate of IVF could create a "reputation effect," this may serve as a demand catalyst for more and other medical services. Therefore, Malaysia could expand its medical services, and demands for these services, based on the reputation of cutting-edge technology demonstrated in IVF success rates, and marketed through social and other media in China. Fertility destination managers are that initial contact for a service experience that continues throughout the fertility treatment and well afterwards. Chinese tourists are quick and frank with reviews on social media.

Third, Malaysia can diversify and extend its fertility services and facilities for different segments targeting specific services or service qualities. For example, the growing market for social eggs freezing in China (Alococer, 2018). Freezing eggs services for Chinese single females are prohibited and out of the service system in China, which leads some Chinese young women to look for it overseas. For Muslims, services provided per Sharia standards can be assuring and attractive.

Fourth, Malaysia should not overestimate the China market, as it seems that there are many Chinese urban citizens who choose to have only one child or even no child due to the high cost of bringing up a child in China nowadays (The Economist, 2018). Given the above opportunities, challenges and suggestions, whether Malaysia can be the largest fertility tourism destination in Asia depends on its ability to package fertility services with tourism as well as the willingness of Chinese citizens to have more children.

In conclusion, the aforementioned strategic suggestions and competitive advantage analysis of Malaysia as China's fertility tourism destination is largely based on the perspectives of strategic activism and strategic alliance by emphasizing the collaboration and coordination of fertility services with the tourism industry through investments in technologies, trade support, quality and risk management across innovative and tailored services. However, the changing of China's one child policy will pose both opportunities and challenges for fertility tourism destination marketers, industrial managers and researchers to be constantly innovative.

4. Opportunities for Future Research

Future studies could extend the discussions by using internalization theory in the contexts of strategic state activism and strategic trade policy theory (Buckley & Casson, 2009). Further,

specific comparisons among destination countries with surveys on Chinese fertility tourism seekers are needed to provide more statistical evidence as to the decision making of those seeking overseas fertility services. Apart from this, a detailed examination as to what extent the effect of cultural distance has on fertility tourism could also enrich our knowledge with respect to the destination choices of fertility tourism seekers (Esiyok, Çakar, & Kurtulmuşoğlu, 2017). Perhaps most significantly needed is an exploration of the awareness and responses of tourism marketers to the ethical dilemmas with regard to fertility related offerings (e.g. gamete donation, sex selection and surrogacy). In view of the growing demand for, and interest in such products under the two children policy, the voice from the tourism industry is sought.

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