



# **The Effect of Exchange Rate Increase on Aesthetic Cosmetic Tourism within the Framework of Health Tourism: Example of Türkiye**

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## **Abstract**

As a result of the rapid appreciation of the exchange rate in the recent period, the Turkish lira depreciated. Turkey continues to be one of the pioneering countries in the field of aesthetics/cosmetics. For this reason, it is one of the most preferred countries for aesthetic / cosmetic tourism. However, there has been a decrease in purchasing power as a result of the increase in material prices for hospitals, clinics and other health institutions providing aesthetic/cosmetic services in Turkey. The depreciation of the Turkish lira has had both positive and negative effects on aesthetic/cosmetic tourism, as it has on many other sectors. At this stage, prompt, effective political, economic and social decisions must be taken to ensure a comprehensive recovery process in the shortest possible time.

**Keywords:** Turkish Lira, Aesthetic/Cosmetic Tourism, Exchange Rate, Medical Tourism

## **Sağlık Turizmi Çerçevesinde Kur Artışlarının Estetik Kozmetik Turizmine Etkisi: Türkiye Örneği**

### **Özet**

Son dönemde döviz kurundaki hızlı değerlenme sonucunda Türk lirası değer kaybetmiştir. Türkiye estetik/kozmetik alanında öncü ülkelerden biri olmaya devam ediyor. Bu nedenle estetik/kozmetik turizmi için en çok tercih edilen ülkelerden biridir. Ancak Türkiye'de estetik/kozmetik hizmeti veren hastaneler, klinikler ve diğer sağlık kuruluşları için malzeme fiyatlarının artması sonucu satın alma gücünde düşüş olmuştur. Türk lirasındaki değer kaybı birçok sektöre olduğu gibi estetik/kozmetik turizmine de olumlu ve olumsuz yansıdı. Bu aşamada, mümkün olan en kısa sürede kapsamlı bir iyileşme süreci sağlamak için hızlı, etkili siyasi, ekonomik ve sosyal kararlar alınmalıdır.

**Anahtar Kelimeler:** Türk Lirası, Estetik/Kozmetik Turizm, Döviz Kuru, Medikal Turizm

### **1.Introduction**

The aim of this study is to mention the depreciation of the Turkish lira as a result of the exchange rate increase, its advantages and disadvantages in the aesthetic cosmetics sector and its importance in terms of the country's economy. Numerical data of ISAPS (2020) were used in the study.

Tourist means money in the language, or for economists, especially for third world countries in economic distress. Although it is wrong to say that "tourist arrival" equals "monetary arrival" from an ethical point of view, it is a fact from a financial point of view. Therefore, this situation is also valid for aesthetic/cosmetics tourists who have a high contribution to the country's economy (Doğan and Aslan,2019:410).

Money is a product of history, so money is like any other product or commodity. The nature of money is a product of individual, creative, monopolistic labor, acting as a gift of nature to humanity, as a means of meeting the needs of historical social life associated with this or that regime (Quoc and Tri,2020:17).

Exchange rates are expressed as an element that shows the competitiveness of the country, especially in foreign trade. On the other hand, the value of the national currency plays an important role in the country's economy, investors and financial markets with a win/lose role (Yıldız,2022:8).

Reasons such as economic crisis, devaluation and inflation cause the Turkish lira to depreciate excessively. In this case, the foreign currency borrower assumes more economic responsibility due to the excessive depreciation of the Turkish lira (Yanık,2020:53).

Since the establishment of the Republic of Türkiye, many operations have been carried out to reduce exchange rate imbalances and foreign trade deficit. It can be said that some of these operations are aimed at increasing exports by reducing the value of the national currency directly and thus maintaining the foreign trade balance, and some of them are aimed at changing the exchange rate system. In addition, we can say that it is directly determined by the market mechanism through the supply and demand of foreign exchange (İnan,2021:20).

As the currency depreciates, industries may realize lower profits as a result of higher production costs. companies should protect themselves against currency risk (Dominguez and Tesar, 2006:190).

Aesthetic/cosmetic tourism, which has developed successfully in Türkiye, is more intense in cities such as Istanbul and Antalya where many tourists come (BAKA Sağlık Turizm Çalıştay Raporu:2013:13).

In the rapidly changing business environment and customer needs, as medical travel and post-treatment opportunities evolve, healthcare providers are making great efforts to develop and implement new business models to meet the needs of international patients (Dang, Nguyen, Wang, Day, and Dang,2020:2).

By the early 16th century, Roman spas and baths in Europe became a center of medical tourism for those seeking healing. In the 1900s, the United States and Europe became popular health destinations for the wealthy who could travel to stay healthy. In the 80s and 90s, travels for aesthetic surgery and dental treatment emerged and attracted attention (İle and Tıgu,2017).

In addition, hospitals, clinics and other health professionals have an undeniable impact on the future of countries (Zengin, 2010:50).

Many low- and middle-income countries have begun to take advantage of relatively wealthier Western countries seeking discounted health care. Developing countries are building hospitals, hiring experienced doctors, and trying to attract foreign patients and make the multi-billion-dollar industry attractive. Cosmetic surgery centers have also emerged in medical tourism destinations. These countries offer affordable services at well below US prices, making them special for medical travel (Franzblau and Chung, 2013:1).

In Türkiye, especially dental treatment and aesthetics attracts great attention from foreign tourists. Due to the increase in the exchange rate, the cost of materials purchased in foreign currency has increased in countries such as the USA, Germany, Sweden or Switzerland. On the other hand, as a result of the recent increase in the exchange rate, the companies purchasing materials have been adversely affected and some of these companies, whose debt load has increased, have been in a difficult situation (Turizm Günlüğü,2018). Therefore, the increase in the exchange rate: It also affects the purchasing power of individuals or institutions (Abubakar,2020).

## **2.Aesthetic / Cosmetic Tourism**

The understanding of beauty in the world has changed and a new era has opened. With the development of technology and the spread of advertising, the aesthetic / cosmetic aspect has taken on a different dimension. Countries are more interested in this issue. Internet blogs, media and communication, television, street billboards, etc. (Москаленко, 2020:166).

Modern technologies allow potential aesthetic/beauty tourists to research and seek treatment anywhere in the world directly from their home computer or with the advice and assistance of a medical tourism agency (Horowitz, Rosensweig and Jones, 2007).

The increase in the amount of advertising was effective. Popular culture and modern media somehow influence people's behavior and choices (Москаленко, 2020:166).

The criterion of quality in the global medical tourism sector is of great importance for Türkiye. Especially in recent years, within the framework of medical tourism, the aesthetic / cosmetic tourism sector has rapidly increased to the level of developed countries. An essential element

should be the provision of qualified health services through the provision of cost-effective health services to individuals within the framework of service delivery (İldiz,2019:62).

The concept of beauty is a proportional concept that encompasses everything that is physically and mentally related to aesthetics/cosmetics (Москаленко, 2020:164). In this context, the concept of beauty is also reflected in the quality of life. As a result of the procedures of all aesthetic operations, there is usually an improvement in the quality of life after the operation (Dreher et al.,2016:7).

In modern society, ideas about a woman are determined by beauty, consumer attitudes, and the category of "beauty" is controlled and structured by society with the help of adaptation processes in the field of aesthetic preferences and the construction of social reality (Москаленко, 2020:166).

The popularity of cosmetics tourism has not stopped recently (Mccrossan, Martin, and Hill, 2021:1898). Travelers of aesthetic cosmetics tourism, which have become an important market in recent years, have increased their appetite for combinations for both vacation and aesthetic / beauty treatments (Griffiths and Mullock, 2018:221). Aesthetics/cosmetics in Türkiye continued despite covid 19 (Varma, Kiely, and Giblin, 2021:2).

Parekh, Jaffer, Bhanushali and Shukla (2021:74), long waiting times in most countries. Holliday, Bell, Cheung, Jones and Probyn (2015:299), some medical and aesthetic treatments are not covered by insurance. Connell (2006:101), they may prefer to be treated in a foreign country due to cost and privacy. Therefore, to the countries Kumar, Breuing, and Chahal (2012:190), we see that there is a foreign exchange flow.

### **3.The Relationship of Aesthetics/Cosmetic Tourism and Exchange Rate in The Framework of Health Tourism**

Türkiye, providing services according to European standards; It stands out for its strong, well-equipped and accredited hospitals, geographic location and development of aesthetics/cosmetics tourism (Sevim and Sevim, 2019:635).

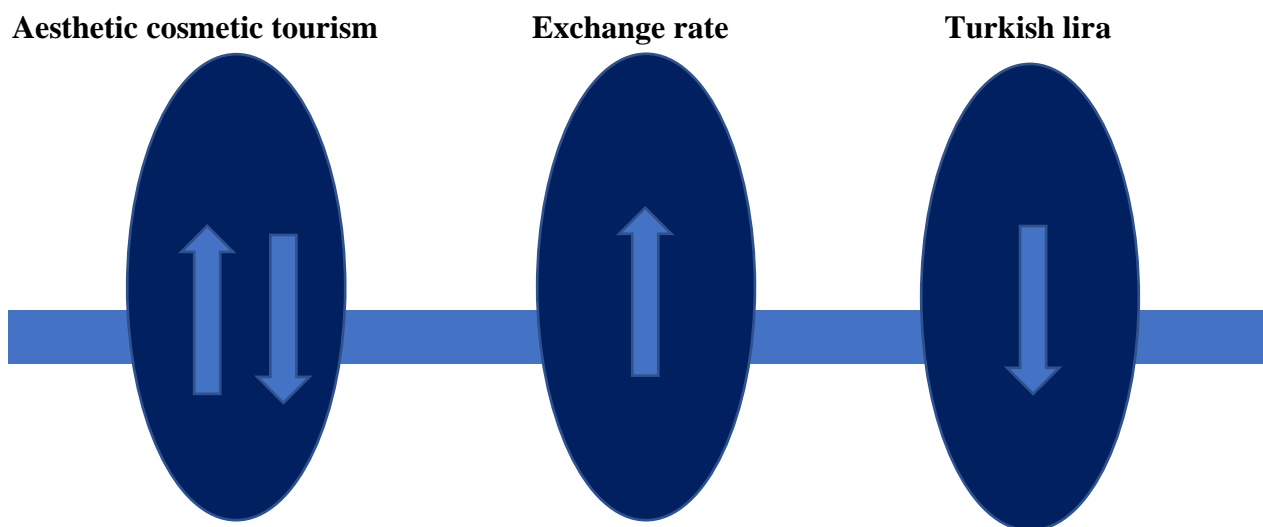
Recently, it is seen that many patients from all over the world prefer treatment in health institutions in Türkiye. The main reason for this is that medical operations performed with modern methods

in other developed countries are also performed at affordable prices in Türkiye. Plastic and aesthetic surgery, hair transplantation, obstetrics, in vitro fertilization, eye surgery, orthopedics, open heart surgery, dental treatment and aesthetics, cancer treatment, skin diseases, otolaryngology, check-up, dialysis and cardiovascular surgery, brain health high quality Spa, physical therapy and rehabilitation etc. prefers (İçöz, 2009:2271).

There is a correlation between health status and household income: steps taken for the benefit of households will improve the general well-being of domestic tourists and may increase the number of people who have plastic surgery (Sarman and Sarman,2021:120).

Türkiye is a popular destination not only for mandatory medical surgeries, but also for hair transplants and aesthetics. Hair transplantation, which costs an average of 5 thousand liras in Türkiye, costs about 10 thousand euros in Europe. In the United States, this figure is about 30 thousand dollars (Yılmaz, Sariaydın, and Sönal, 2020:79).

The recent depreciation of the Turkish lira against the exchange rate has had both positive and negative effects on health tourism in Türkiye, as in many other sectors (**Turizm Günlüğü, 2018**).



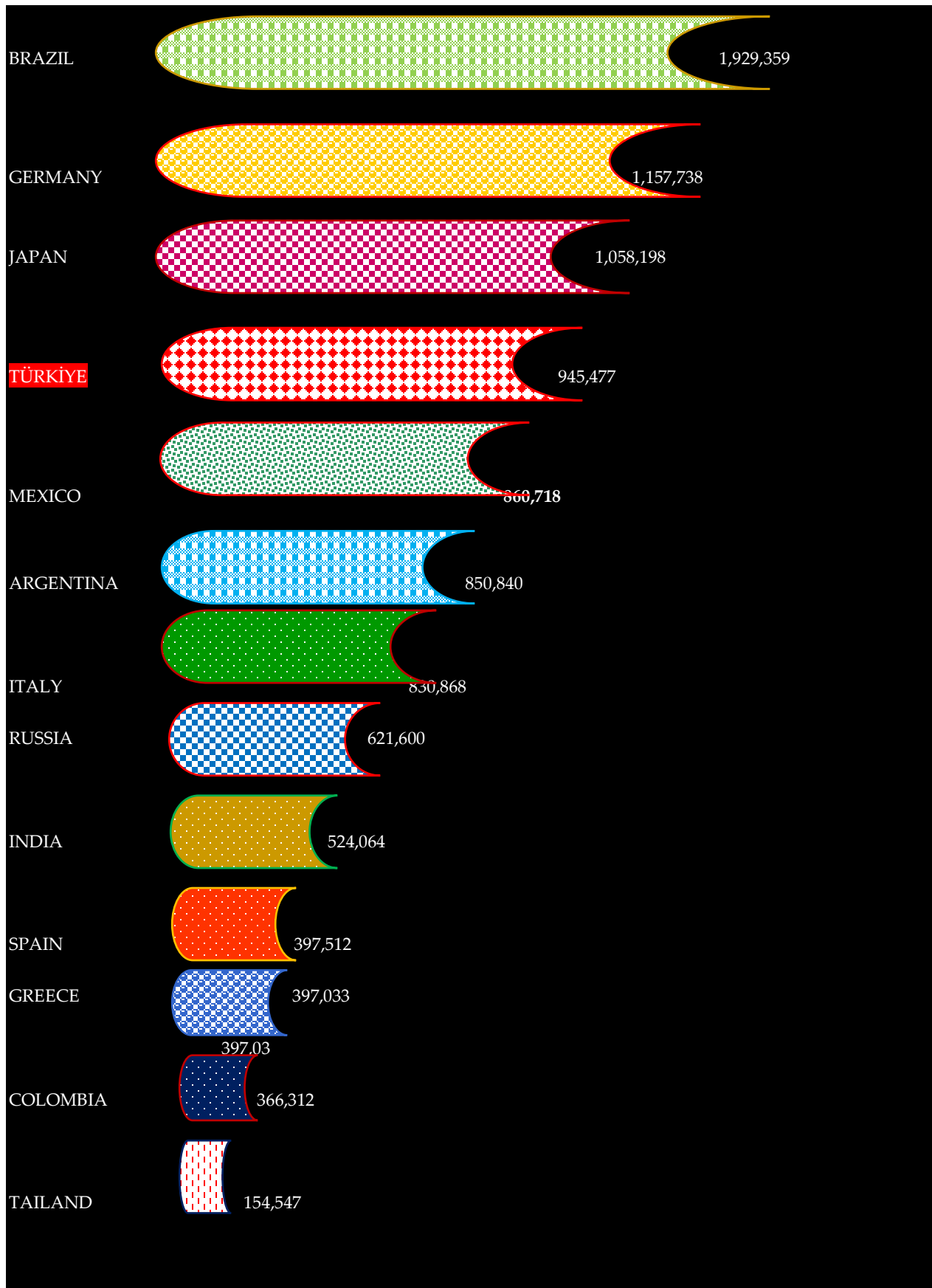
**Figure 1:** Created by the author

As the exchange rate rises, the value of the Turkish Lira decreases, and therefore, an increase in the number of tourists coming for aesthetic/cosmetic purposes is expected due to the depreciation of the Turkish Lira compared to the exchange rate. At the same time, the sector is adversely affected by the rising prices due to material imports. In other words, the aesthetic/cosmetic tourism sector is both profitable and disadvantageous (Turizm Günlüğü,2018).

In addition, due to the rise in exchange rates, the number of people from abroad who prefer Turkey for health tourism is increasing, while the number of domestic customers is decreasing. With the increase in the cost of treatment in dollars and euros, the number of domestic tourists who come for aesthetic/cosmetic purposes has decreased (Congar,2018).

Many hospitals and clinics spend money on advertising and promotion on platforms such as social media. As long as these advertisements are published, the costs of the companies increase as transactions are carried out in dollars and euros. Health institutions reflect this difference in their prices. In addition, since the prices in hotels where tourists stay are usually quoted in dollars and euros, they are reflected in their prices, since these hotels have agreements with health institutions (Congar,2018).







**Figure 2:** Created by the author according to ISAPS (2020) data

As can be seen in Figure 2, according to ISAPS (2020), Türkiye ranks 5th in terms of the total number of completed transactions.

With the strengthening of the Turkish lira against the exchange rate, Türkiye will be at the forefront of this ranking and will also reduce the burden on the aesthetics/cosmetics sector. In this context, it is seen that he will be in a better position as a result of the increase in the number of transactions in the aesthetic/cosmetic sector.

Although there is not enough data on this subject in Türkiye, the figure above has been created by considering only ISAPS (2020) data.

## **Conclusion**

The Turkish lira has depreciated significantly against many foreign currencies, especially the dollar and the euro, in recent years. On the other hand, this situation shows that foreign tourists can spend more in Türkiye according to their rational consumer behavior, they can choose Türkiye for their aesthetic/cosmetic needs and they can extend their vacation time (İnan,2021:2).

The increase in the exchange rate is considered an important factor. For this reason, factors that will not allow Türkiye's financial structure to negatively affect aesthetic/cosmetic tourism should be activated (Sezgin,2021:49). At this stage, the use of monetary policy together with fiscal policy and other policy tools will lead to more effective results. Long-term policies for sensitive sectors are urgently needed (Arabacı and Yücel 2020:97). Also, when confidence is lost, the value of the national currency drops very quickly (Gümüş and Erkuş, 2019:46).

At this stage, political, social factors, various economic factors play an important role. Moreover, the nature of changes in exchange rates depends on the impact of the current economic environment and globalizing financial dynamics (Cengiz, 2018:15). An effective and comprehensive recovery is urgently needed to calm the markets. There are important steps to be taken in this process (Sertkaya and Baş,202:155).

Exchange rates have a significant impact on firms and regulate firms' behavior regarding foreign exchange risk. In other words, companies in the tradable sector or investors in these companies should be better protected from exchange rate fluctuations (Dominguez and Tesar, 2006:215).

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