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OPPORTUNITIES AND CHALLENGES  
FOR VISEGRÁD 4 SPAS

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# OVERVIEW OF SPA DEVELOPMENT IN THE VISEGRÁD 4 REGION

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## **Introduction**

This book focuses on spa development in the V4 region and analyses the extent to which traditional medical spas can be adapted to attract and accommodate commercial (non-state-funded) guests and international tourists. This includes the development of infrastructure, the upgrading and regeneration of facilities, the improvement of service quality and the enhancement of visitor experiences within specific destinations and facilities.

During the Socialist period (1945-1989) the emphasis in spa development was mainly on providing health-enhancing facilities for residents and domestic tourists. These spas were offered both as a reward for workers as well as a way of increasing productivity. Balneotherapy (the use of medical waters in spa treatments) typically consisted of a range of therapeutic treatments administered over three or four weeks. Such therapies were often used for easing the symptoms of chronic conditions or rehabilitation. Although some intra-regional tourism existed at that time, especially to spa towns, the emphasis was much more on the domestic markets.

After 1989, the situation started to change and tourism development accelerated once the V4 countries joined the EU in 2004. This meant the arrival of more and more foreign tourists who were curious about the post-socialist countries and wanted to take advantage of the relatively cheaper prices, especially if they were from the West. Their expectations of spas were sometimes different from those of the previous domestic and inter-regional tourists and it implied the need to upgrade and invest in spa development to improve quality and services. However, funding was often lacking despite ongoing government support for balneotherapy.

## Spa Development in the V4 Countries

### *Czech Republic*

Mineral waters have been used for therapeutic purposes since the beginning of the 12<sup>th</sup> century and traditionally Czech spa facilities offered balneotherapy, which involves complex drinking and bathing therapies based on the use of mineral spring waters, peloids and natural gases. In the second half of the 12<sup>th</sup> century, the monastery in Teplice used thermal spring for spa purposes. During the Renaissance period (14<sup>th</sup>-16<sup>th</sup> century), there was an increased interest in health and nature connected to the spas and in the first half of the 17<sup>th</sup> century, community centres and pilgrimages sites were established nearby. Between the 18<sup>th</sup> century and the beginning of the 20<sup>th</sup> century, the greatest expansion took place which was connected to scientific research into the properties of the waters as well as efforts to popularize treatments by increasing accessibility through transport developments. During the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century most of the well-known spas and spa towns were built (e.g. Františkovy Lázně, Mariánské Lázně, Karlovy Vary). By the turn of the 19<sup>th</sup> century, the first legal regulations were introduced. The 1940s saw the protection of the healing resources come into force and by 1948, the Czech State nationalized the spas. After 1991, a privatization process started to take place. Some spas were forced to cease their activities in the post-War years either due to low interest or because of economic problems. This was also true in the immediate post-socialist period.

**Figure 1: Czech Natural Healing Resources**

Number of Resources	Type of Resource or Facility
25	thermal spring spas – hot mineral springs
24	mineral water spas
-	wellness spas
189	wellness/spa hotels
94	qualified medical destinations
2	medical caves
10	therapeutic muds
6	moffetas
115	aquaparks

**Source:** own construction, according to Spa.cz (2020), Svaz léčebných lázní (2020), Vzp.cz (2020), Rain.cz (2020), Google (2020), Uzis.cz (2020)

In 2012, the Czech government shortened the length of stay and reduced the list of diseases for which treatments could be sought under the national insurance funding system. Legislative amendments from 2013 shortened the length of a stay from 4 to 3 weeks for certain diseases, restricted repeated stays and excluded certain diseases so that they are no longer reimbursed by health insurance companies. These changes resulted in lower visitation rates and revenues (Derco and Pavlisinova (2017). Trnka (2017) described how some spas responded by raising prices and letting go of staff. Others were forced to close down. Since 2015, however, the length of a stay has again been extended to four weeks in the case of certain diseases, and the regulatory charges have been cancelled. Spas are recovering and their economic results are almost the same as before, though the policyholder visitation rate has not returned to the level reached in 2010 or 2011 before the restrictive measures were implemented. Spas have again gained the trust of banks, which makes it possible for them to borrow money for investments.

Speier (2011) undertook one year of ethnographic research on health tourism in Mariánské Lázně, one of the major medical spas or spa resorts in the Czech Republic. She noted that in the past, tourists used to visit Czech spas for an average of three weeks and undergo various treatments that were prescribed by the spa doctor. Today, packages are being shortened and also include wellness and beauty treatments as well as medical procedures. Many doctors are concerned about this sudden shift from a public health system to a health tourism industry. However, Trnka (2017) noted that in 2014 Czech courts affirmed every Czech citizen's right to spa treatments if their health status merits it.

Kraftova et al. (2013) stated that after 2000, there was a greater diversification of services provided at medical spa facilities to include wellness procedures as well as traditional bathing and rehabilitation. They note that these are influenced by legislation and public funding. Officially recognized spas within the Czech Republic (Kiralova, 2014) are developing more and more health and wellness promotions as a second business platform alongside more traditional medical stays. In the Czech Republic, there are currently approximately 150 therapeutic spa facilities in 35 spa towns (Association of spa places, 2021). According to Kraftová et al. (2013):



- the number of clients using the completely- or partially- covered spa care has been on the decrease;
- the number of self-paying clients has been growing;
- the number of clients from abroad has been growing;
- seniors are a key market, and this also includes retired foreigners;
- an important segment of clients includes managers requiring anti-stress treatments;
- the offer of stays for recuperation, especially relaxation, rehabilitation and wellness stays, are on the rise.

Since 2011 the number of tourists has been increasing, especially from Germany and Russia, the majority of whom stay in spa hotels. As a result, many new spa hotels opened (Kondrashov, 2013). In terms of wellness developments, the greatest interest is in large hotels, preferably four-star with half board. Many customers are looking for peace (e.g. hotels without children). It was estimated that there are 105 wellness hotels (i.e. hotels with saunas and solariums) evenly distributed across the Czech Republic and 113 spa hotels (i.e. hotels with spa facilities). These are mostly in the Karlovy Vary Region (60) and in the Zlín Region (14) (Kompas, 2020). Indeed, in 2019, two thirds of visitors chose a spa in the Karlovy Vary. This includes Františkovy lázně, Jáchymov, Karlovy Vary, Lázně Kynžvart and Mariánské lázně

In terms of guest or patient profiles, on average, 55% are Czech and 45% are foreign. In the Karlovy Vary region, this number rises to 69% for foreign tourists, but elsewhere 94% are Czech (Machová, 2020). The majority of the foreign tourists come from Germany followed by Russia. Women dominate over men, but the share of men is growing. Men prefer sports massages, saunas and whirlpools and they respond to offers related to health prevention and fitness improvement. Women like relaxing massages, body procedures associated with body shaping and detoxification, manicures, skin care and hairdressing services. Mothers who are on maternity leave but are financially secure, are very happy to look for wellness services.

The number of days spent in the spas depends on the nature of the funding, for example, complex balneotherapy – 25.1 days; balneotherapy partly covered by insurance – 20.1 days; Czech self-payers – 6.4 days; foreign self-payers – 11.2 days. The length of stay increases with the age of clients, but some guests undertaken short stays several times per year.

Although there are peak periods, spa visits take place all year round with an occupancy rate of 70-90% (Úzis, 2019).

### *Hungary*

Hungary has one of the richest sources of thermal and medical waters in the world (Bottoni et al., 2013) and the thermal spa culture is nearly 2000 years old. The natural resources include around 1300 thermal springs and 800 of these are used for medical purposes (Bender et al., 2014). There are also five healing caves and four medical mud sources. Research based on clinical trials has produced an evidence-base which suggests that thermal waters in Hungary can alleviate pain caused by different musculoskeletal diseases, reduce pain in degenerative joint and spinal disease, as well as osteoarthritis of the hand and knee, and also alleviate chronic low back pain (Bender et al., 2014).

**Figure 2: Hungarian Natural Healing Resources**

Number of Resources	Natural Resource	Name of the destination
1289	thermal springs	
17	qualified medical destination	Hévíz, Bükfürdő, Sárvár, Balf, Zalakaros, Harkány, Balatonfüred, Parád, Lillafüred, Kékestető, Eger, Mezőkövesd, Debrecen, Hajdúszoboszló, Gyula, Nyíregyháza-Sóstógyógyfürdő, Szigetvár
83	certified medical spa	
36	certified spa hotel	
5	medical cave	Abaliget, István-cave at Lillafüred, Szemlőhegyi cave at Budapest, Sanatory cave of Tapolca City Hospital, Béke cave at Jósvalő
224	mineral water	
5	therapeutic-mud	
2	mofetta	Mátraderecske, Parádfürdő

**Source:** Hungarian Tourism Agency (2014)

During the Socialist period (1945-1989) the emphasis was predominantly on thermal medical tourism for domestic and intra-regional tourists. The thermal facilities (and day hospitals at such facilities) served the healthcare needs of the local population, too. After 1989, governments continued to support domestic thermal medical tourism in the form of holiday vouchers, but by the 2000s and after EU accession in 2004, policy started to focus more on surgical medical tourism such as dentistry for foreign tourists (Smith, Puczkó and Sziva, 2013). Csapó and Marton

(2017) suggest that health tourism only became a priority after the Millennium when European funds also became available. The Széchenyi Plan (2001-2003) also provided national funding for the renovation of spas and the new Széchenyi Plan 2007-2013 focused on enhancing visitor capacity (Csapó and Marton, 2017).

Marton, Hinek, Kiss and Csapó (2019) identified health tourism as the leading tourism product in Hungary citing estimates that 45% of guest nights were registered in rural settlements with spas (increasing to 68% if Budapest is included). At least 7 or 8 spa towns are listed in the Top 10 tourist destinations in Hungary (HCSO, 2018). Hungary has been promoted as the 'Land of Spas' and Budapest (its capital city) as 'The City of Baths'. Marton, Hinek, Kiss and Csapó's (2019) research shows that although visits to spa destinations in Hungary tend to be seasonal, the level of seasonal visitation is lower than for tourism in the country overall. In addition, recent investments and developments in spa destinations have helped to decrease seasonality further.

Smith, Puczkó and Sziva (2013) suggested that international health tourists visit four main types of medical and wellness tourism services in Hungary: medical hotels for typical balneotherapy (water-based medical therapies), dental clinics, wellness hotels and historic baths in Budapest. In the past, Hungarian tourists found wellness spas rather expensive and did not make full use of the facilities. They were also more likely to be motivated by fun and recreation than health-consciousness (Priszinger and Formádi, 2013). Since then, one of the main initiatives has been to develop family spas and so-called 'three generation' spas with varying degrees of success.

Csapó and Marton (2017) counted 529 spas in Hungary (380 functioning all year and 149 seasonally), many of which provide mixed medical, thermal and experience spa services or serve as swimming pools (lidos). Of these, 103 are medical spas, 220 are experience spas and 234 are lidos. Strack and Raffay-Danyi (2021) showed that the majority are operated by local governments and hospitals, rather than being profit-orientated enterprises. This sometimes makes procuring funding for much-needed investments difficult. Strack and Raffay-Danyi (2021) analysed the success criteria for Hungarian spa operation, as well as the nature of demand, profile and orientation of guests. The findings show that families, senior citizens and empty nesters are the key market for the Hungarian spas and they are also popular with international visitors. The three main generating countries are Germany, Romania and Slovakia.

Hungarian visitors prefer medical services financed by social insurance followed by wellness services, whereas international visitors opt for wellness services primarily, followed by self-financed medical services. Visitors are most concerned about value for money, cleanliness of facilities, overcrowding and the staff. Although many positive as well as negative comments were made about staff, labour shortages and lack of a skilled workforce are often cited by managers as being a major challenge in spa development. Some interviewees in their study believed that there are too many spas in Hungary which presents challenges for recruitment as well as creating uniqueness and competitiveness.

Some of the interviewed experts believe that there are too many spas in Hungary, which can be challenging when creating competitiveness and uniqueness. Labour shortage and the lack of a skilled workforce was cited as one of the most serious difficulties partly because of seasonality and partly because of a lack of education and training. The employment of untrained and low paid workers often leads to a reduction in the quality of services.

Research in the Budapest spas in 2016 revealed that foreign visitors mainly come to the spa because of the beautiful architecture and to have fun whereas Hungarian guests visit because of the healing benefits of the waters and to relax (Smith and Puczkó, 2018). This suggests a certain degree of incompatibility between the two groups which could lead to possible conflicts of interest. The same study showed that foreign visitors are very satisfied and described their spa visit as a unique and memorable cultural experience and one of the highlights of their visit to Budapest. However, Smith, Jancsik and Puczkó's (2021) analysis of TripAdvisor guest comments about Gellért spa suggests that several issues relating to service quality still need to be addressed. This includes cleanliness and hygiene, which will be even more imperative post-COVID. It also includes problems of information provision, way-finding and unfriendliness of staff. Nevertheless, the facilities themselves are deemed beautiful, especially the exterior architecture and buildings.

### ***Poland***

In Poland, direct use of geothermal waters constitutes only 0.2% (Kępińska, 2015). Heat engineering is the main area of geothermal water use, whereas therapeutic and recreational use is less common representing around 7% of direct use (Kępińska, 2015). Mineral water is used for

healing function, bottling and cosmetic production. The revenues from the sales of bottled water often exceed those generated by medical activity of spa companies, and in many cases constitute their main source of income (Dryglas and Salamaga, 2018).

The political and economic period after 1989 (systemic transformation) marked the beginning of a difficult time for spa resorts in Poland. In the 1990s, spa resorts had to adapt to the new setting created by the market economy. This new reality entailed ownership transformation and restructuring of Polish spa resorts. The Healthcare Reform introduced by the Act of 1 January 1999 on public health insurance and the commercialisation and privatisation of state-owned spa (therapeutic) enterprises in 1998 initiated changes in the management of spa enterprises. The revenues of spa enterprises are mainly generated through executing contracts with institutional clients: the National Health Fund (NFZ), the Social Insurance Institution (ZUS), the Agricultural Social Insurance Fund (KRUS), the State Fund for Rehabilitation of People with Disabilities, District Family Assistance Centres, and associations and foundations that help patients. The other revenues are generated through business activity, i.e. the production and sale of natural healing resources, such as salts, therapeutic peat, and mineral and healing waters. Such a revenue structure proves that spa entrepreneurs are heavily dependent on the insurance-budget system (Dryglas and Różycki, 2017).

From 1998-2019, there was a decrease in the expenditure on spa medicine from 4.5% (1998-1999) to approximately 1% of the annual NFZ budget (Dryglas and Salamaga, 2018). In 2019, the National Health Fund subsidised spa resort stays only for the total amount of PLN 750 million (800 million EURO). Moreover, absorption capacity of the EU structural funds is limited. This means that therapeutic enterprises have to co-finance the stay of patients together with the public health insurer (National Health Fund – NFZ) or public social insurer (Social Insurance Company – ZUS), which leads to a reduction in their profits. Many Polish spa resorts and therapeutic enterprises therefore face a serious problem of having financial difficulties. This means that they have had to adapt to this new economic reality and the rules of a free market of health services (Dryglas, 2018). Although Szromek et al. (2016) suggest that privatization potentially improved spa infrastructure standards and increases the tourist potential of spa resorts, they also imply that this

process has been chaotic and not always beneficial for state-funded Polish patients.

**Figure 3: Polish Natural Healing Resources**

Number of Resources	Natural Resource	Name of the Destination
350	Healing and thermal water springs	
470	healing and thermal water <i>intakes</i> (71 of healing waters and 399 of thermal waters)	
133	133 <i>deposits</i> of healing and thermal waters (107 of healing waters and 28 of thermal waters)	
18	therapeutic peat deposits which have been assigned the status of medicinal minerals, 12 of which are located in spa towns and communes (especially in the north and north-east of the country)	Kamień Pomorski, Kołobrzeg, Ustka, Świnoujście, Połczyn-Zdrój, Gołdap, Augustów, Supraśl, Wieniec-Zdrój, Horyniec, Krasnobród, Goczałkowice-Zdrój
5	mofetta – natural healing gas (carbon dioxide), which is used for healing purposes	Krynica-Zdrój, Muszyna, Cieplice-Zdrój, Łądek-Zdrój, Długopole-Zdrój
20	aquaparks	

**Source:** Polish Geological Institute (2020)

Burzyński, Dryglas, Golba, & Bartosik (2005) suggested that the primary motive for interest in spa resorts was therapy (48.8%), followed by preventive healthcare (36.2%) and tourism (leisure and others) (15.0%). Research conducted from 1999-2013 throughout Poland indicated that in every Polish spa resort there were more non-commercial tourists than commercial ones. However, the percentage of non-commercial tourists visiting spa resorts decreased from 80% to 60% in those 14 years (Dryglas and Salamaga, 2018). Dryglas and Różycki (2017) study estimated that there were 60.4% non-commercial and 39.6% commercial customers in medical (traditional) spa resorts on the basis of the funding source of treatment. This implies the need to adapt facilities and services to the constantly growing group of commercial tourists (Dryglas and Salamaga, 2017). Polish spa resorts are gradually turning into multifunctional health, tourism, recreation, sport and cultural centres (Hadzik, Ujma and Gammon, 2014).

There are currently around 240 sanatoria and spa hospitals in Poland constituting 2% of tourist accommodation facilities. Spa hospitals and sanatoria offer almost 45,000 beds, which comprises 4.9% of the entire tourist accommodation in Poland. Tourist accommodation facilities in spa resorts offer 220,000 beds (Central Statistical Office, 2020).

In terms of wellness developments, the Global Wellness Economy Monitor (2018) data in 2015-2017 estimated that there were approximately 2 million wellness trips to Poland, an increase of 14.7% compared to the same period in 2013-2015. According to the ranking of leading growth markets for wellness tourism trips, Poland ranks 19th (Global Wellness Economy Monitor, 2018, p. 25). This is an increase from the 23rd place since 2007 (Dawidowski, 2014). Spa hotels account for approximately 22% of all hotel facilities in Poland. According to the KPMG report The Luxury Goods Market in Poland 2017, there are over 500 spa hotels in Poland, most of which are located outside the cities. In 2017, the number of hotel facilities in the 3, 4 and 5-star category that most often invest in the creation of spa and wellness zones increased by 7%. Therefore, by the end of 2020, it was expected that the base of Polish facilities with wellness services would increase to around 650-700, however, COVID-19 may have affected these predictions.

The International Wellness, Spa & Travel Monitor, 2018 shows that two-thirds of the demand for wellness services in Poland is created by domestic guests (75%). On the other hand, foreign visitors account for only 5%, and the inhabitants of a given area have a 20% market share. More than half (55%) of the guests in hotels with spa and thermal facilities in Poland are people from Generation X (born between 1965-1975), while in Europe overall, these services are predominantly used (36%) by guests born during the Baby Boom period (1946-1964), which is largely due to the much lower wealth of the Polish pensioner (65+) compared to the wider European one. Hence, the greatest number of visitors are people aged 43–53, and in second place aged 23–42 (Generation Y born between 1976–1995). Taking into account other socio-demographic features that characterize the segments of wellness services recipients, it can be concluded that the vast majority of them are used by couples and families with children (a trend that can be observed elsewhere in Europe too). Tourists using wellness services are premium category guests, requiring additional services, spending more than the average domestic or foreign tourist.

In 2017, foreign wellness tourists spent an average of USD 1.528 per trip, 53% more than the typical foreign tourist. By contrast, domestic wellness tourists spend USD 609 per trip (Global Wellness Economy Monitor, 2018, p. 27). Wellness services are available in most cases for the middle-class market in Poland (50%) and for the so-called exclusive/luxury guests (45%). The level of income of wellness consumers is reflected in the expenses, which in the case of foreign and domestic tourists using Polish wellness facilities are at the level of EUR 150/person, and in the case of residents of a given town, at the level of EUR 80/person.

### *Slovakia*

The documented history of the Slovak spa industry goes back to the 16<sup>th</sup> century including several works published by the Balneological Museum in Piešťany and the Balneological Bulletin. Spa locations are defined as “the areas of municipalities or parts thereof in which natural healing resources, natural medical spas, spa treatment facilities and other facilities necessary for the provision of spa care are located” (Section 2, Subsection 9 of Act No. 538/2005). Section 35 of the said Act sets forth the requirements for a spa location and a spa area including requirements for the recognition of natural healing waters, natural mineral waters, and the recognition of climatic conditions suitable for treatment. After World War I and World War II. Act No. 125/1948 on the nationalization of natural healing springs and on the incorporation and management of confiscated property of 1948 was crucial for the fate of Slovak spas. The State acquired the exclusive right to make use of the healing springs and the title to the property of the spas.

After the Slovak Republic was established in 1993, the National Insurance Company created a special account for spa allowance payments funded by the Ministry of Finance. By 1995, the General Health Insurance Company (responsible for health insurance) was set up as a separate entity and private health insurance companies were subsequently allowed. The privatization of spas was expected to help restore buildings, improve services, invest in the renewal of healing springs and bring an influx of foreign clients. For most of the spas, this process took place in the period of 1995–1997.

After 2004 (EU accession), spa care was reimbursed by the General Health Insurance Company and private health insurance companies from



compulsory health insurance funds and from special-purpose state funds. Spa care is still considered to be health care provided in natural medical spas and spa treatment facilities however, clients have the option to pay for a higher standard of these services. Over the past decade, Derco and Pavlisinova (2017) describe how the Slovak healthcare system has been under increasing pressure due to escalating healthcare costs and the 2008 financial crisis. Derco (2017) noted that the number of spa stays reimbursed by the Slovak health insurance companies showed a stagnating trend.

Between 2005 and 2013, the percentage of medical stays covered by public health insurance in the total number of domestic visitors was 29.14% (Derco and Pavlisinova, 2017). The percentage of spa tourism compared to the total number of overnights in accommodation facilities in Slovakia reached 24% in 2014. According to Kasagranda and Gurňák (2017) in the ten-year period of 2006–2015, spa and wellness tourism made up on average a share of 7.3% of the total visit rate of tourism and up to 22.3% of the total share of the overnight stays.

**Figure 4: Slovak Natural Healing Resources**

Number of Resources	Type of Resource or Facility
125	natural healing springs and natural mineral springs
30	spas based on natural healing springs and climates (11 spas use thermal water)
28	companies running natural medical spas or spa treatment facilities that operate on the Slovak market
27	wellness hotels
17	spa hotels
21	locations with the status of a spa facility
29	aquaparks
1	cave steam bath in Sklené Teplice: a naturally created cave with mineral water (42°C) and a high content of magnesium and calcium
3	caves and speleotherapy in Bystrianska, Belianska and Jasovská caves
4	therapeutic mud treatments in spas: Slovak Medical Spa Piešťany (spas in Piešťany and Smrdáky), Trenčianske Teplice Spa, Lúčky Spa

**Source:** processed according to the data of the Inspectorate of Spas and Springs, the Ministry of Health of the Slovak Republic and the Slovak Tourism Agency

According to the data of the Statistical Office of the Slovak Republic for 2019, spa companies operated 78 accommodation facilities (of which 17 are spa hotels), with a total of 6,292 rooms and 12,275 beds. They

accommodated a total of 345,329 clients (277,999 domestic and 67,330 foreign ones). The number of overnight stays reached 2,924,573, of which the number of overnight stays of domestic clients was 2,476,973 and that of foreign clients was 447,600. The main source markets for spa tourism in 2019 were, according to the number of accommodated clients, not only Slovak citizens (277,999), but also clients from the Czech Republic (37,690), Germany (5,066), Israel (4,022), Poland (2,917), Russia (2,795) and Austria (2,499). The rate of occupancy of permanent beds was 69.2%. The average length of stay of domestic clients was 8.91 days and of foreigners 6.65 days. The most famous aqua parks and thermal swimming pools are Aquacity Poprad, Water Park Bešeňová, Aquapark Tatralandia (in Liptov and near the High Tatras with the possibility of hiking, skiing, etc.), Thermal swimming pool Podhájska and Vadaš Thermal Resort. The average length of stay of domestic clients was 2.36 days and of foreigners 2.82 days.

Kasagrandá and Gurňák (2017) stated that Slovak spas functionality is gradually transforming from the original healing-sanitation function to a recreational-leisure one. They describe how spa and wellness was one of the strategic priorities of the development in the programming statement of the Slovak Council under the Program of the Development of Slovak tourism until 2020. However, Derco and Pavlisinova (2017) noted that wellness products are being shifted to the hotel industry and are not necessarily linked to natural healing resources. Derco and Pavlisinova (2017) also note that according the President of the Association of Slovak Spas:

Wellness products in medical spas are, more or less, a supplementary activity and mostly used by domestic clients. The advantage is that those products also have a medical history – they are referred to as medical wellness products, in contrast to wellness products that are offered by common hotel facilities. The Slovak Republic has superior-quality medical spa products, and, therefore, this segment can be expected to be increasingly sought-after among both domestic and foreign clients.

Marcekova et al. (2016:109) undertook research in Slovakia which suggested that health tourism can enrich active ageing for middle age (45+) and senior visitors “by creating complex innovative products which may combine health, anti-age and social aspects”. The uncertainty of

legislation regarding the provision of spa services and financing products with strong medical backgrounds have forced businesses to look for new products to be offered in this sector, the financing of which would not be bound only to public finances. Short stays marketed as medical wellness include activities aimed at improving mental and physical conditions as they are not specific for the treatment of concrete diseases. These stays are supported through recreational vouchers and prices reflect actual costs.

In terms of recent developments, since 1 January 2018, it is possible for spa buildings to choose a depreciation period ranging from 20 to 40 years (in order to increase investments in these buildings). To foster the development of Slovak tourism, since 1 January 2019, the VAT rate on accommodation services was reduced from the original 20% to 10% and a system has been introduced to support domestic tourism through recreational vouchers. If measures aimed at compensating for the loss of income during the COVID-19 pandemic are not taken into account, targeted tools to support domestic tourism include a system of recreational vouchers and tax measures aimed at supporting natural medical spas (Derco, Romaniuk & Cehlár 2020; Derco, 2020). It should also be noted that in Slovakia, employee wage costs have grown recently (increase in the minimum wage, extra pay for work during weekends, at night and on holidays). There was a significant increase in the number of domestic clients who paid for all medical care themselves in the previous years.

The most significant challenges for Slovakia include the following:

- Investments in spa facilities are necessary, taking into account the possibilities of financing and profits. In 2019, a significant number of spa businesses were making a loss.
- Location of facilities – especially facilities in eastern and central Slovakia,
- Unknown or poor image,
- The amount of reimbursements by the health insurance companies per treatment day,

- The spa tourism support in the Czech Republic (COVID – Spa Program)- spas may also lose a significant segment represented by Czech clients.

## **Research Method**

The research in this book highlights the main challenges and opportunities for spas in the Czech Republic, Hungary, Poland and Slovakia. The preparations for the research took into consideration the issues that had been raised in the Balkan countries study mentioned earlier, which highlighted the need for more funding, the upgrading of infrastructure, better quality customer service and improved marketing (Smith and Kiss, 2015). This study also made use of the research by Dimitrovski and Todorović (2015:264) in Serbian spas, who suggested that “wellness tourism is an effective strategy for revitalizing spas which have been facing serious structural and economic problems in order to survive on the limited market where global competition depends on the accurate strategies for spa tourism development”. They argue that those strategies must be based on the desires and demands of customers who are nowadays more oriented towards prevention than healing. Trnka (2017:43) had suggested that more research should be done on “the *integrated nature* of spa stays, examining how therapeutic remedies, bodily discipline, and pleasure combine to create the ‘total experience’ of spa care”. Dryglas and Różycki (2017:301) also highlighted the need to adapt facilities and services to the constantly growing group of commercial tourists, which could benefit domestic and state-funded guests too. They argued that this might include improving the thermal infrastructure, creating healthy food centres, cultural and entertainment facilities, and new spa and wellness services.

The chosen method for collecting data was a Delphi Study, which was undertaken in 2020-2021. Hsu and Sandford (2007, p. 1) describe a Delphi study as “a group communication process that aims at conducting detailed examinations and discussions of a specific issue for the purpose of goal setting, policy investigation, or predicting the occurrence of future events”. It is undertaken with a group of carefully selected experts in a specific field. Delphi studies are used when addressing complex issues (Donohoe and Needham, 2009). They have been used successfully in

other health and wellness research studies (e.g. Lee and King, 2009; Smith, 2015). Experts receive a first round of questions based on specific issues which the researchers then analyse. They send a second round of questions to the same respondents based on the analysis of their first round responses. Best practice for the method includes using a minimum of 10 expert participants and at least two rounds of questions (Gordon, 1994), however, it is most common for Delphi studies to use Panels of 15-35 (Miller, 2001). The aim is to reach a consensus of opinion, so a third round of questions might be needed if adequate consensus is not reached. However, it is common for respondents to drop out of subsequent rounds known as an 'attrition rate'. An acceptable attrition rate would be between 20% and 25%, but can be as high as 45–50% (Miller, 2001).

In this case, the Delphi Study was designed with the purpose of identifying the main challenges for spas in the V4 countries as well as making recommendations for future developments. The four main partners in the V4 project identified expert respondents who were spa managers and directors from their own country with the aim of balancing the sample between the four countries as far as possible. Opinions were gathered from 28 interviewees: 9 from Hungary, 7 from Poland, 6 from the Czech Republic and 5 from Slovakia plus one geothermal expert from Bulgaria. In the second round, 22 participants responded, an acceptable attrition rate of 21%. A third round was not included because it was realized that it was not possible to reach further consensus on some of the issues raised (i.e. some points could not easily be ranked by respondents and differences of opinion were expected, especially as they work in contexts with different priorities). Respondents were asked questions about main challenges for spas in the post-Socialist era; government support and funding; factors affecting spa development; role of wellness activities; customer profiles and satisfaction; growth of tourism; importance of spa networks and collaborations; and the impacts of COVID-19.

Appendix 1 shows the questions that were asked in the two rounds of the Delphi Study.

## **Findings of the Research**

### ***Challenges facing thermal baths and spas after the period of socialism (post-1990)***

Some of the main challenges identified in Round 1 included developing the obsolete infrastructure to an acceptable international level and reducing public funding by finding new guest segments from different countries. More concern was expressed in the Czech Republic about the decline of education and training in balneotherapy and the lack of evidence-based medicine. The attraction of paying guests also required the creation of new products, higher quality experiences, hospitality and accommodation services and the separation of public and private spa treatments in space and time. This necessitated addressing shortcomings in the area of human resources and to train the unprepared workforce. Language skills are deemed especially important. Marketing and changing image were also a major focus of discussion. Overall, the business environment and funding structures were thought to be relatively unstable at certain points. However, improvements had been made in all countries, partly due to national funding schemes as well as EU funding post-accession in 2004. This included renovation of buildings as well as wellness product development and service quality enhancement.

In Round 2 of the Delphi Study, respondents almost all agreed that the following three priorities were the most important ones.

1. The need for infrastructure improvements
2. Targeting and creating services for new (often self-paying) markets
3. Meeting the quality levels required for international guests

A small number questioned the order of priorities, for example, two Hungarian respondents suggested that the biggest challenge is to reach existing and new target groups and to create differentiated products for them. It was thought that there is not enough segmentation of the market and that spas are being developed or promoted to 'everyone'. Another suggested that there is not enough expertise and innovation in new service design and development. One Polish respondent highlighted that it depends on whether the situation is considered from the point of view of spa facilities (e.g. sanatoria) or municipalities and their individual strategies.

### ***Funding and finance***

In all countries, the amount of state funding has been decreasing steadily since 1990. Sometimes this meant cutting down the number of weeks or days of treatment funded or reducing the list of diseases or conditions that are covered. This means that spas are trying to attract more fully-funded patients and the number of self-financing and private insurers is growing. EU funds have played a really important role in the renovation and development of spas including buildings, infrastructure and upgrading services. UNESCO support also helped in some heritage spas. However, this did not always compensate for lack of investment from other sources and did not necessarily help to support self-paying guests.

In Round 2 of the Delphi Study, there were mixed responses about whether the majority (60%+) of guests are now self-funded, however, most agreed that the number of self-paying clients is increasing even though they are not the majority yet. They also do not agree that foreign tourists are outnumbering domestic guests. There were variations in the responses to the question about whether domestic tourists can afford to self-fund. It seems that services in Poland may be relatively more expensive than those in Hungary, for example. Everyone agrees unanimously that EU funds led to major improvements in V4 spas.

### ***Demand for thermal and spa facilities***

Interviewees mainly highlighted the need to improve quality of services, especially for paying customers. Over the years, customers have become more experienced and therefore more demanding and seek high quality services, especially in wellness. Nevertheless, this might not yet mean a shift towards medical wellness or healthy lifestyle orientation. Emphasis is still mainly placed on the restoration of physical health. Self-funding guests may expect separate spaces from the public or health insurance-funded guests. However, salaries and low levels of disposable income mean that many domestic tourists will not be able afford to fund their own stays. Nevertheless, domestic demand seems to be increasing in the V4 countries with younger guests becoming attracted to spas. Wellness starts to become popular especially with the 35+ age group compared to the average age for medical spas which is more like 55+. In the Czech Republic, there appears to be more tension between traditional balneotherapy and newer wellness treatments.

In Round 2 of the Delphi Study, respondents mainly agree that the spa services have improved somewhat and that wellness and leisure services are growing. A marginal majority believe that customers are demanding more, but they do not all agree that customers are getting younger, that medical use of spas is declining or that domestic demand is decreasing. The results were varied about whether self-paying domestic guests can afford the facilities, but overall, it was thought that spas are affordable enough. In terms of the location and experience, it was agreed by most that people want to go to spas which are in a peaceful and clean natural environment and that they are demanding more wellness packages.

### ***Impacts of international tourism***

Many of the international tourists in the V4 countries come from the neighbouring countries and have a similarly modest income. The exceptions are Austrian, German, Russian and Slovenian guests who also sometimes visit for longer periods (1-2 weeks). Guests are also coming increasingly from the Middle East or Israel. In Hungary, neighbouring country tourists tend to visit spas in rural areas, whereas the spas in Budapest have become a 'must-see' attraction for most foreign tourists. In the Czech Republic, the majority of foreign tourists visit spas in the West Bohemian region. There is an increasing need to assure the quality of the spas to meet the demands of higher income and more experienced tourists. It is important to employ colleagues who speak foreign languages. Sometimes this is lacking, especially in medical spas.

In Round 2 of the Delphi Study, most respondents did not agree that the majority of guests are now foreigners, but they agree that the majority of foreign guests come from the neighbouring countries and tend to visit the largest or best-known spas. They noted that the majority of foreign tourists travel independently (rather than with 19ollabora groups). Results are mixed about whether foreign guests prefer wellness or medical services. Almost all agree that the quality is not yet high enough for foreign guests and that better marketing is needed. However, they disagree that tourism is the main cause of price increases.

### ***Conflicts between User-Groups***

It was noted that there are some conflicts between user-groups in spas where the facilities are not well-separated. This is mainly true of the



health insurance-funded guests versus those who are self-paying (the latter may expect superior facilities and experiences). The same quality expectation issue may affect Western compared to Eastern tourists. There may also be conflicts between older and younger guests. Those arriving alone may also have different needs to those arriving with a small child. Local 'loyal' customers may feel disturbed by all other visitors. One interviewee referred to "congestion of demand, e.g. on weekends, holidays, school holidays, when the spas reach their maximum capacity and cannot serve the guests properly". This includes not having enough chairs and resting spaces, crowded saunas and limited treatment capacity in time and space. In Slovakia, it was stated that the potential conflicts are managed relatively well with separate areas for men and women, spaces for intimate procedures or different times for children and adults. In Poland, fewer conflicts were noted than elsewhere.

In Round 2 of the Delphi Study, this question generated some interesting comments. One respondent stated that there may be fundamental conflicts between each segment, as each segment has different needs. The spas therefore have to decide which segment to target and to focus on that selected target group to avoid conflict between guest types. It was stated that wellness activities tend to be "noisier" than medical ones and that young children should definitely be separated from adults. There were mixed opinions about whether there is any conflict between state-funded and self-financing guests and whether they needed separate spaces. However, it was thought that self-financed visitors may have higher expectations of their stay. Very few mentioned separating nationalities, although some minor conflicts were mentioned (e.g. Germans/Russians and Czech/Arabic guests)

### ***Meaning of Wellness***

The given definitions and descriptions of wellness in Round 1 mainly refer to beauty services, leisure, massage and saunas/steam rooms. This is especially true in the case of hotel spas. Relaxation and recreation are the most important motivations or benefits, although pampering also plays a role and so does having fun for some markets (e.g. families). Improving lifestyle, fitness, self-development and spirituality were mentioned less frequently and fewer services are offered for these activities. Medical wellness is starting to be offered in some spas. It is thought that women

are still more interested in wellness services and younger people, although they are used by all generations.

In Round 2 of the Delphi Study, different definitions of wellness were suggested based on the Round 1 responses. The most popular chosen definition varied from country to country, but more respondents chose a definition that related to relaxation and recreation than to medical wellness. This often included massage, saunas and beauty. However, they agreed that medical wellness is growing.

### ***Monitoring and Measuring Guest Satisfaction***

It was stated that measurement of guest satisfaction does not really take place in many spas. In some cases, the exact number of guests is not known. It is also difficult to separate the experiences of the paying guests versus the health insurance-funded ones. Often, only the most negative situations are highlighted. Some of these are related to situations where the spa managers do not have enough expertise or the funding for marketing came from tourism or destination agencies. In some spas, online questionnaires are used or guest opinions are collected from an outsourced agency (e.g. a monthly evaluation). Electronic panels in guest spaces and social media were mentioned by others. However, it was thought that guest satisfaction surveys are one-sided and not always representative.

In the second Round of the Delphi Study, results were very mixed in terms of first place responses about which forms of guest satisfaction measurements work best. Online questionnaires and social media were the most popular choices. Constant monitoring was selected more often than monthly evaluations. The need for mixed measurements is summarized well by one respondent “For detailed feedback guest satisfaction on paper. Online for quick short feedback. Social media for general feedback, constant monitoring is a must!”.

### ***Collaborations between Spas***

It seems that European and V4 networks are relatively limited with the exception of the European Spa Association (ESPA), which was mentioned by many respondents, especially in the Czech Republic. However, sometimes funding is gained from a V4 or other European source. Most networks are national or domestic and keep spas informed

about new trends, quality control and new state regulations. The members exchange good practice in the field of operation, joint marketing campaigns and joint research. Some exchanges take place between Hungarian spas and those in other countries, for example, Mariánské Lázně in the Czech Republic and Harkány in Hungary exchange holidays among employees. Collaborations were also mentioned between Polish and Czech spas, especially exchanging good practice and promoting tourism.

In Round 2 of the Delphi Study, the results were rather mixed about what type of network or collaboration works best. Polish and Slovak respondents were most positive about a national spa network. According to experts from the commercial sector, the advantages lie, for example in the promotion of spas or in negotiating better conditions for locations where a uniform procedure is needed. In Slovakia, for example, the national spa association negotiates prices with insurance companies on behalf of its members (spas) and publishes articles in economic and professional magazines. It also helps with tax and legal regulations in the case of medical spas. In Hungary, no one answer emerged strongly, although sub-regional networks were not chosen by many respondents. The point was made that some of these networks are closely interconnected and could not work so easily without the support of each other, e.g. national networks and sub-regional ones should work together.

### ***Future Challenges***

Infrastructure and quality product and service development are highlighted as major concerns. The renewal of the basic technical infrastructure is still needed in some spas in order to ensure uniform quality for all services and to develop capacities towards greener or more sustainable operations. Differentiation of products and services for domestic and international markets as well as different guest segments is needed. In some cases, it is thought that guests are still being offered the same treatments as 30 or 40 years ago rather than being tailored towards guests' problems today. The transformation from a single use spa or spa town (i.e. medical) to becoming a multifunctional spa offering a rich package of various services is challenging. There is also an identified need to switch over to more collaborative approaches and the online presence of spas. In the case of medical waters, more research may be

needed to supply the evidence for use for certain conditions. In terms of wellness, the comment was made by one interviewee that “At the moment the product is essentially relaxation and leisure with little demand for prevention and lifestyle programs”. This may need to change in line with international demand and expectations as well as national public health initiatives.

In Round 2 of the Delphi Study, for most respondents, the most important priority (ranked Very Important) was infrastructural developments and quality improvements. The other results varied, but it was agreed that creating a hygienic environment for guests was especially important. Preventative care and medical wellness were deemed potentially more interesting in the future by many respondents in order to improve lifestyles. Sustainability was not ranked as highly as some other issues, but digitalization was highlighted especially in Poland and Slovakia. Of course, the major challenge for 2020-2021 is to survive COVID-19. It therefore warranted a separate question and response.

### ***The Effects of COVID-19***

Unfortunately, the whole spa sector (like others) was totally unprepared for the scale and implications of COVID. As stated by one interviewee “Governments were completely unprepared and haphazard in their message. There is a total lack of direction in what measures to carry out, when and how”. It was also mentioned that government support was lacking or could not prevent bankruptcies and unemployment. On the other hand, many spas were offered some support, without which they could not have survived. However, the decline in traffic was around 70% (especially from foreign guests who could not cross the borders) and hundreds of employees were fired. Other cost reduction strategies included decreasing the marketing. It was also noted that not only spas suffered, but also the hotels, restaurants, shops and cafes in towns that relied on spa guests, but these were not always compensated by governments. In the summer season of 2020, it was thought that COVID may be coming to an end and many spas opened up and offered vouchers to domestic guests. New cleaning schemes, disinfection and employee and guest protocols were introduced. In some cases, only state-funded medical tourists were permitted and were treated in individual spaces.

## **Conclusion and Recommendations**

The results from this research are somewhat similar to those that have emerged in previous studies about spas in the V4 countries and the wider region, e.g. the Balkan countries (Smith and Kiss, 2015), namely the need to upgrade infrastructure and create higher quality services. Smith, Jancsik and Puczko (2021) summarized literature about customer service in spas and highlighted the importance of quality of environment and facilities, staff attitude, as well as hygiene and cleanliness. Smith and Wallace's (2020) interviews with spa managers also emphasized the need for staff training and for continual monitoring of quality. Strack and Raffay-Danyi's (2021) research in Hungary also confirmed that cleanliness and staff were important aspects in customer satisfaction along with value for money and a quality experience. They highlighted the common challenge of spas being unable to employ a properly trained workforce.

Other common issues include the reduction in state funding which has affected length of stay (Derco and Pavlisinova, 2017) and retention of staff (Trnka, 2017). One positive development is that spa visits do not seem to be affected too negatively by seasonality, even though there are peak periods (Marton, Hinek, Kiss and Csapó, 2019). The shift to wellness treatments has also affected the length of stay with wellness stays being considerably shorter than medical ones (Speier, 2011). Many of these treatments are being undertaken in spa hotels rather than traditional sanatoria, especially in the case of foreign tourists (Kondrashov, 2013). It is often the case that wellness tourists are premium category guests who spend more than the average domestic or foreign tourist even if they do not stay as long (International Wellness, Spa & Travel Monitor, 2018). This might have negative implications in some countries where pensioners or other social groups do not have enough income to afford such services. However, Marceková et al. (2016) suggests that short medical wellness or active ageing packages could be offered to guests aged 45+ for which recreational vouchers could be used.

The most important challenges for spas according to the Delphi Study include improving infrastructure and creating high enough quality services for the target segments. This might include product development, staff training and improved marketing. Interviewee responses suggest that the demand for leisure and wellness services are growing, including among domestic tourists who are starting to be able to afford such

services. Belonging to spa networks at all levels, but especially national level, can be beneficial for spas to exchange good practice, receive support and guidelines and undertake joint research, training or marketing.

Even though respondents agree that wellness is mainly about leisure and recreation, future developments might focus on improving knowledge of preventative healthcare and healthy lifestyles possibly using a medical wellness or active ageing approach. Interviewees also suggest that future developments should take into consideration the needs of different user groups and consider separating spaces or targeting specific groups rather than ‘everyone’ or ‘three generations’. Monitoring of quality and customer satisfaction should be undertaken on an ongoing basis and ideally through online questionnaires or social media. Recommendations for the post-COVID-19 period should be based on international examples of good practice and it is hoped that most of the V4 spas will survive this most challenging of times.

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## **Appendix**

### **Interview Questions for the Delphi Study**

#### **Round 1 Questions**

1. Please identify what you think have been the main challenges for thermal baths and medical spas in your country in the post-Socialist era (1990 onwards)?
2. What is the share of government support (health insurance) in your thermal baths or medical spas compared to self-funding? Has this changed over time? Do EU or other subsidy programs play a role?
3. Has there been a growth or decline in the popularity of thermal bath and medical spa visits among local residents and/or domestic tourists? Which factors have affected this situation?
4. What impacts (if any) has international tourism development had on your country's thermal baths and spas?
5. What does wellness mean in your country (e.g. prevention, lifestyle, balance, relaxation, pampering, spirituality?) Have any kinds of wellness activities been introduced in the thermal baths and medical spas in your country? If so, what and who uses them currently (e.g. paying guests; international tourists; women; younger people; specific nationalities?)
6. Have there been any conflicts between user groups in your thermal baths and spas (e.g. medical and wellness guests; older and younger generations; men and women; international tourists and local residents; different nationality guests)? If so, please specify.
7. Do you use a client satisfaction evaluation system in your institution? Do you know whether the quality and service levels of your thermal baths and medical spas satisfy patients or guests (e.g. from reviews or other feedback)? Do you know which problems need to be addressed?
8. Are there any collaborations or networks between thermal baths and medical spas in your country or between the V4 countries? If so,

what is their focus? (e.g. quality control, marketing, research, education, exchange of good practice). If not, would you find collaboration useful and if so, in which form and for what purpose?

9. Can you identify any future challenges, opportunities or development options for your country's thermal baths and medical spas (e.g. wellness developments; sustainability; technological innovation; customer service improvement)?

10. How did the COVID-19 situation affect your thermal baths and medical spas? How is the situation being handled (e.g. government support; new hygiene regulations)?

## **Round 2 Questions**

**1. In the first round, respondents were asked to summarise the main challenges for spas since 1990. Do you agree that the Top 3 challenges (in order of importance) are the following?**

- a) The need for infrastructure improvements
- b) Targeting and creating services for new (often self-paying) markets
- c) Meeting the quality levels required for international guests

## **IF NOT, PLEASE ADD YOUR COMMENTS HERE**

**2. In round 1, respondents commented on changes in demand. Below is a summary of the responses. Which of these statements do you agree with the most for the past 5 years? (1. Totally agree, 2. Somewhat agree, 3. Neither agree nor disagree, 4. Somewhat disagree, 5. Totally disagree)**

- a) The quality of spa services has improved
- b) Customers have become more demanding
- c) Medical use of the spas has declined
- d) Wellness services and recreational experiences have increased
- e) Customers are unwilling or unable to pay more for higher quality services
- f) Domestic demand has increased
- g) The average age of customers is getting younger

- h) Paying customers want separate spaces from state-funded guests
- i) People want to go to spas which are in a peaceful and clean natural environment
- j) Paying customers are demanding more and more service packages (e.g. including treatments and wellness activities)
- k) Post-COVID, people are more likely to visit spas for recovery, prevention and to boost their immune system

**3. In round 1, the effects of international tourism (pre-COVID-19) were listed by respondents. Based on these ideas, which of the following statements do you agree or disagree with?**

- a) The majority of the spa guests in my country (60% or more) are foreign now
- b) Most of our foreign guests (60% or more) come from neighbouring countries
- c) The majority of international tourists are independent travellers
- d) Foreign tourists use medical services more than wellness ones
- e) Tourism affects price increases more than any other factor
- f) The quality of our spas is high enough for foreign tourists
- g) Foreign clients prefer larger (more well-known) spa facilities to other small and lesser-known spas
- h) Although the interest of foreign guests is growing, marketing communication with this target group is still insufficient

**4. Respondents were asked to define wellness in Round 1. Please select the definition(s) below that come closest to the meaning of wellness in spas in your country (Top 3 only in order of preference where 1 is the closest).**

- a) Wellness means beauty services, massage and saunas mainly
- b) Wellness means relaxation and recreation (pampering is less important)
- c) Wellness is more about leisure and recreation than improving lifestyle, balance or self-development
- d) Wellness includes sauna, massage and fitness
- e) Medical wellness (e.g. healthy lifestyle recommendations by a doctor) is not popular
- f) Medical wellness is on the rise because of healthy lifestyle promotion and increased care for one's health
- g) Wellness functions more as a short experience than a lifestyle

h) Wellness is about having fun!

**5. In Round 1, respondents were asked about funding and financing of spas. Which of the following statements do you agree or disagree with:**

- a) The majority of guests are now self-funded (over 60%)
- b) The majority of guests are still supported by state health insurance (over 60%)
- c) The share of self-paying guests is not dominant but it is growing
- d) EU funding has led to major improvements in spas in my country
- e) The role of self-financing and private insurers is growing
- f) The majority of domestic tourists in my country cannot afford to self-fund

**6. Respondents were asked about conflicts between user groups in Round 1 and it emerged that there can be some conflicts. Do you agree that separate spaces, facilities or time slots should be created for the following groups? If so, please select which group(s) and explain your choice(s):**

- a) State-funded and self-financing guests
- b) Medical and wellness guests
- c) Domestic and international tourists
- d) Eastern European and Western tourists
- e) Generations (i.e. older and younger guests)
- f) Different nationalities
- g) Men and women
- h) Families and individuals or couples

**7. Based on the responses about measuring spa guest satisfaction, which of the following tools work best, in your opinion? Please select maximum 3 and rank them 1-3 where 1 is the most useful.**

- a) Online questionnaires
- b) Monthly evaluation
- c) Constant monitoring
- d) Visitor management strategy
- e) Guest satisfaction surveys (on paper)



f) Social media feedback

**8. According to the round 1 responses, it seems that collaborations and networks bring some benefits. Which of the following interests you most and why?**

- a) An international spa association with regular newsletters, meetings and events
- b) A European spa association which offers guidelines and good practice case studies, as well as events and meetings.
- c) A regional (multi-country) network which has meetings, shares good practice and includes some joint promotion
- d) A national spa network which has an annual conference and regular meetings. It offers training, certification and optional audits, as well as negotiating conditions with health insurance companies.
- e) A regional (sub-national) spa network which shares resources and marketing budgets, as well as examples of good practice.
- f) A local network like a Tourism Destination Management Organisation or similar where spas are part of a wider strategy. One main role is to lobby for government support and appropriate regulations.

**9. Based on the Round 1 responses about future developments and challenges, which of the following do you think are the most important priorities in the next 5 years (please rank them where 1 -5 where 1 is most important)**

- a) Infrastructural developments and quality improvements
- b) Developing services for new markets
- c) Creating a hygienic environment for guests (Post-COVID)
- d) Sustainable developments and greener energy sources
- e) More research on and education for balneology
- f) Developing more medical wellness treatments connected to lifestyle improvements
- g) Digitalization and improving the online presence of spas
- h) Improving the marketing communication to potential clients
- i) Increasing the emphasis on providing preventive care and counselling in the field of healthy lifestyles

# OPPORTUNITIES AND CHALLENGES FOR SPAS IN THE CZECH REPUBLIC

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## Overview of Spa Development

### *History*

Medical spas belong to the so-called "family silver" in the Czech Republic. Their history dates back to the 4th century BC, when occasional healing baths and drinking cures were recorded. However, credible written sources on the use of the spa were available from the 14th century. In this context, we can find, for example, a mention of Teplice in the "Chronicle of the Czech Republic" by Přibík Pulkava. (Budinská, Zerjatke, 2006)

The greatest prosperity of Czech spas occurred in the 18th century and lasted until the 20th century. In many places, real spa facilities were created and new treatments were developed. At the turn of the 19th and 20th centuries (during the Austrian-Hungarian alliance), the first legal regulations governing Czech and Moravian spas were issued, which were de facto taken over by Czechoslovakia in 1918. In 1948, natural healing resources and spas were nationalized. The nationalization of the spa was completed in the 1950s by subordinating all spa facilities to a single operator, the Czechoslovak State Spa. In the period of the centrally planned economy, the spa became a part of public health care. It became financially accessible to the general public so that the interest in spa care exceeded the spa's capacity. However, foreign clients' interest, which was discouraged by the unified standard of accommodation, meals, and services provided, did not increase. In 1991, the privatization process was started in Czechoslovakia and subsequently in the Czech Republic, which also significantly affected the Czech spa sector. Various methods were applied during its privatization. These processes also involved the number of spa entities, when the situation in 1990 (88 entities) fell below 50 entities in three years. It did not return to baseline numbers until 2008.

### *Geography and location of spas*

At present, medical spas in the Czech Republic are defined as providers of medical rehabilitation care (i.e., exclusively follow-up inpatient care), which use natural healing resources or favorable climatic conditions. Medical spas are established by a decree of the Ministry of Health.

The spas are unevenly distributed regionally in the Czech Republic as their location depends on the occurrence of individual natural healing resources. However, in addition to the capital city of Prague and the Vysočina Region, they can be found in each of the remaining 12 regions.

Czech spa care has an extraordinary reputation in Europe and abroad, thanks to the high quality of natural healing resources and Czech spas' historical development. Due to its geological structure, the Czech Republic is extremely rich in mineral, thermal, and radioactive waters, gas discharges, and peloid deposits, which can positively affect the human body.

Natural healing resources in the Czech Republic are understood as a "public good", the use and protection regulated by the state (the Czech Republic, 2001; Ministry of Health, 2020). These include:

- mineral, thermal, and radioactive springs (32 places)
- healing mud / peloids / peat (11 places)
- gases (4 places)
- climatic conditions (5 places)

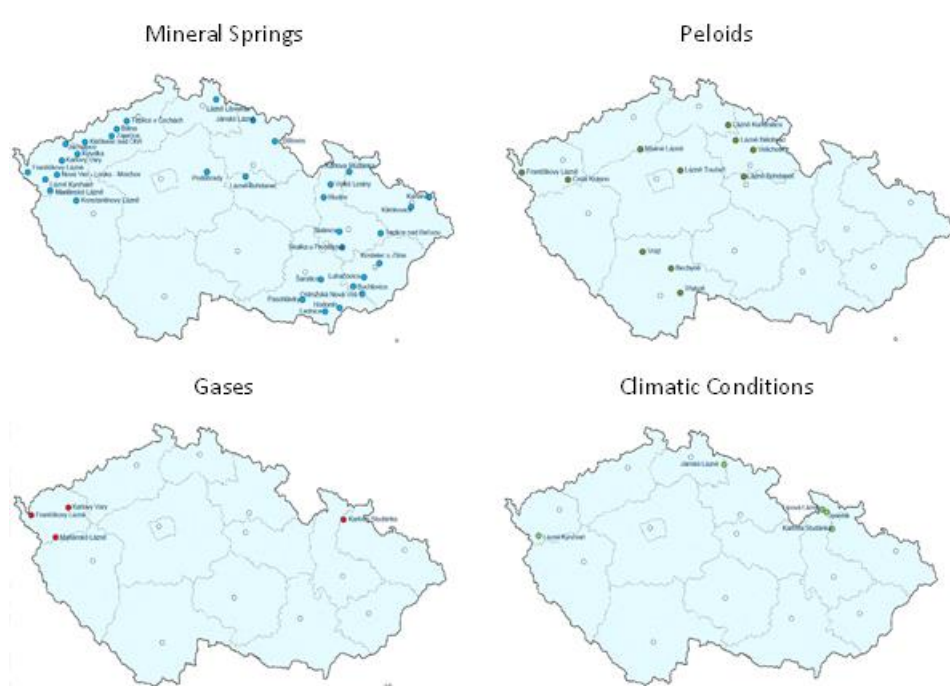
The most frequently represented in the Czech Republic are healing springs. It is possible to distinguish between mineral, thermal, and radioactive waters, which are located mainly near the northwestern border of the country and in the Moravian region. In frequency, they are followed by medicinal peloids. Gases are less common and favorable climatic conditions for treatment - see Fig. 5.

The establishment of spas by a government decree is of specific importance for medical spas in the Czech Republic according to the municipality's cadastral territory where the medical spas are located. There are currently 35 of these spas. (SLM, 2021)

The environment in which the spa is located is also included in the treatment process. Therefore, spa care is not perceived only as the provided treatment procedures and related accommodation and catering of the patient. The care provided incorporates the therapeutic effects of

the local landscape or environment. Providing spa services includes the public environment (infrastructure), transport, ecological conditions, etc.

**Figure 5: Locations of Natural Healing Resources in the Czech Republic**



**Source:** Polák (2012)

### ***Political support and funding***

One of the most important actors in spa management is the local government, which helps to shape the local environment. Investments in the infrastructure of a spa help to create a "genius loci" of a place. In this context, we can mention four spa towns on the UNESCO World Heritage Site list, namely Karlovy Vary, Mariánské Lázně, Františkovy Lázně, and Luhačovice. These are also part of the Great Spas of Europe list. Their registration is primarily related to the architectural character of these cities and their connection with the surrounding landscape.

As noted, spa rehabilitation care is provided as part of the treatment process. Its provision is recommended by the attending physician and confirmed by the reviewing physician. The financing of spa care is thus part of the public health insurance. From this perspective, it is possible to distinguish according to the source and scope of financing both complex balneal care (or fully funded) and balneal care partly covered by

insurance (or partially funded). In both cases, the source of funding is the health insurance company.

Fully funded spa care is provided for the purpose of treating, stopping or alleviating the disease. This care is provided as inpatient care, and its time range is determined at the same time. According to the so-called Indication list for the balneal curative rehabilitation care of adults, children, and adolescents, this care is provided for 21 or 28 calendar days. In this case, the standard range of treatment, accommodation and food is paid, in some cases also transport and other services.

Partially funded spa care is provided if the parameters for the provision of fully funded spa care are not fully met. In this case, the public health insurance only covers the patient's examination and the following services associated with his treatment. The length of stay can be shorter (e.g. 14 days).

A separate group consists of so-called self-payers who pay for their stay and procedures from their own resources.

Spa funding is considerably influenced by government policy. The new Indication list had a significant impact on the number of visitors to the spas in 2012. The number of diseases for the treatment of which spa care was provided was reduced. The number of treatment days was also reduced. The situation did not stabilize until 2015 when the conditions for sending patients to the spa were leveled out.

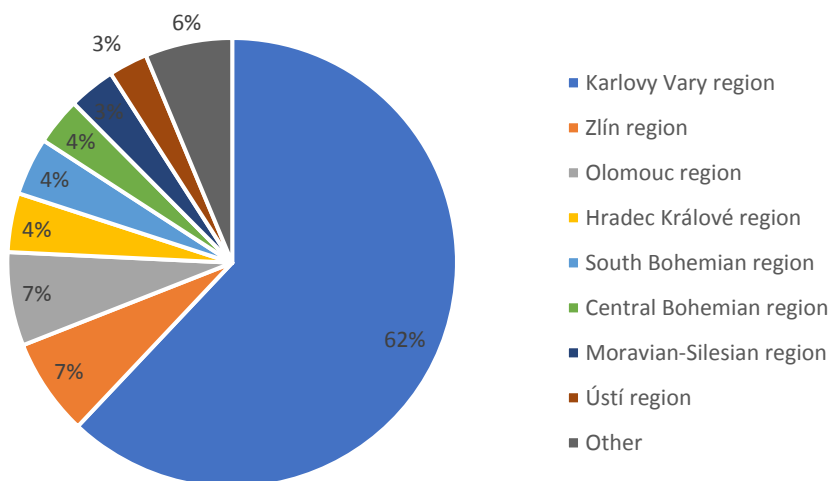
On the other hand, the failure of public funds accelerated the process of adjusting the services offered. In 2013 and 2014, the spa had to focus much more on obtaining self-payers. In those years, most spa entities began to expand their services more significantly towards relaxation, wellness or anti-stress stays, etc. In those years, the effort to invest in equipment and improve services became more apparent.

In terms of political support for spas, there are two essential associations in the Czech Republic: the Czech Healing Spa Association (hereinafter also CHSA) and the Association of Spas of the Czech Republic (hereinafter also ASCR). The CHSA was established as a professional interest association of medical spas in 1995 to maintain and guarantee these spa companies' therapeutic standards. The mission of CHSA is to cultivate the environment and create conditions for the maintenance and development of medical spas in the Czech Republic and to defend the common and individual interests of its members. At home, CHSA is a valid partner and opponent of the Ministry of Health. CHSA is a member

of the European Spa Association (ESPA) and further a member of the Tourism Forum (SLL, 2020). Besides, the Association of Spas of the Czech Republic (ASCR) is a voluntary, non-governmental interest organization of spa communities in the Czech Republic (SLM, 2021).

Information about the spas should be supplemented with information about their visitors. The attendance of individual spas within the regions is shown in the following figure 2.

**Figure 6: The total number of guests in 2019**



**Source:** CZSO (2020)

Figure 2 shows that approximately two-thirds of visitors chose a spa in the Karlovy Vary region. This region is, therefore, key to Czech spas. These include spas (alphabetically) Františkovy Lázně, Jáchymov, Karlovy Vary, Lázně Kynžvart, Mariánské Lázně.

According to the ÚZIS (2019), there was a total of 358 thousand clients, of which 91 thousand people used the stay as a fully funded spa care and less than 8 thousand persons were treated under the regime of partially funded spa care. Self-payers constituted a significant majority here, with approximately 99 thousand persons who were domestic self-payers and 160 thousand persons who were foreign guests. Foreign self-payers thus represented 44.7% of all visitors.

## Summary of Recent Research Studies on Spas

Among the fundamental indicators based on which the occupancy of a spa can be assessed is the attendance indicator. Its application may be broader than simply capturing the popularity of individual spa facilities. A questionnaire survey (Mlejnková, 2019) evaluated the fundamental groups of spa clients, consisting of clients using the payment of health insurance companies, Czech self-payers, and foreign clients. Different consumer behavior of the members of these groups could be identified. In addition to the different lengths of stay, which is mainly due to the nature of the treatment process, they also differ in the repetition of stays. In the case of patients covered by the health insurance company, repeated visits are associated with chronic diseases. Self-payers also show their appreciation for the quality of services provided by spa facilities in repeated stays. However, a more fundamental finding is that changes in financing under health insurance would have a significant impact on the consumer behavior of spa clients. Up to 70% of patients would significantly reduce their stays in the spa or almost a third of them would stop going to the spa at all. This could then have a negative impact on the economy of individual spa facilities. In particular, small spas, which depend only on insurance clients, could be threatened by this fact. Another finding of this study is the method of selecting the destination. Clients are most affected by the availability and attractiveness of the locality. Only for clients with higher incomes does the offer of services win in decision-making. Thus, these findings confirm the basic motive for visiting the spa, i.e., the desire to relax in a pleasant natural environment.

Vystoupil, Šauer, and Bobková (2017) focus on connecting medical spas with wellness activities. First, they draw attention to the lack of anchorage of the definition of wellness in the Czech Republic. In comparison, medical spa care provision is tied to the given locality (see the connection of the spa with natural mineral springs or other natural healing resources, or in several cases with suitable climatic conditions). Wellness activities can also be provided outside the spa. In this respect, there is significant competition, which is located, for example, in Prague or other large cities (see the note above that in the capital city of Prague there are no facilities such as spas). Important mountain resorts (e.g., Špindlerův Mlýn in the Krkonoše mountains) or resorts associated with summer recreation are also oriented in this direction. In this situation, it is also necessary to mention support from EU funds. While wellness activities were supported in recent programming periods (e.g. support for the construction of modern aqua parks and aqua centers with a wider impact on tourism), it

was more about supporting local projects in the case of spas. Mostly it was a question of completing the essential additional equipment of spas.

From the point of view of financing the medical spas, it is also necessary to state the implemented restrictions between 2012 and 2015. Vavrečková, Stuchlíková, Dluhošová (2017) analyze the effects of the introduction of a new Indication list for the balneal curative rehabilitation care of adults, children, and adolescents. As previously mentioned, the regulation affected public health insurance revenues. This situation was exacerbated by the crisis period, which also reduced the number of clients in the spas. To compensate for the losses, the spa facilities were forced to introduce stay packages or accompanying programs. Another negative was the shortening of the treatment time in the spa. On the other hand, this step also had a significant impact on the health of clients. The positive effect of spa care is manifested after an appropriately long treatment stay. Besides, it is advisable to repeat this care after a particular period of time.

Research activities in spas also concern the relationship between spa facilities and municipalities (spas places). The coexistence of both subjects is evident, especially in care for the outdoor environment of spas. In many cases, spa parks and other public spaces that illustrate the spirit of the place belong to the municipalities' property. Municipalities should manage this type of civic amenities. This raises the issue of financing, which also requires addressing the revenue side of municipal budgets. This brings us to the issue of local fees and their role in financing the activities of municipalities. Ulrych (2020) discusses several issues on this topic that relate to determining the sufficient amount of these fees and, at the same time, their adequacy. It is necessary to note the principle of mutual benefit. Failure to do so may lead to a reduction in the collection of local fees for spa and recreational stays (for more, see below) by accommodation facilities on the one hand or limited investments by municipalities in local infrastructure and facilities on the other. The discussion also revolves around the changes made in 2020, when the Czech government merged the two original local fees (fee for spa and recreational stay and fee for accommodation capacity) into one new fee. The issues leading to this step have been discussed for a long time, for example, in addition to the issues mentioned above of financing spas and tourism in general through local fees, Plzáková, Studnička, and Tittelbachová (2018) also deal with another essence of the problem. This is the phenomenon of the sharing economy, which is reflected worldwide in, among other areas, the field of accommodation. This factor was also



the impetus for a change in the legislative regulation of local fees in the Czech Republic.

The environment as a factor supporting medical tourism is analyzed, for example, by PlzÁková and Crespo Stupková (2019). Medical services are one of the main products of destination management, and these services are the main stimulating factor to visit the place. Then follows the local environment's quality (which includes local climate conditions, available natural remedies, and natural attractions). Accommodation and wellness services, gastronomy, and local culture are placed only as another ranking in the stimulating factors.

Another aspect of Czech spas is foreign tourists who go to the spas. Pelešová and Kostková (2015) document this issue using the example of Russian tourists in Czech spas. In this case, the government's international policy at the central level is discussed, where the effects of restrictions related to the visa policy on the number of visitors to Czech spas are analyzed.

The spa area is also addressed from the point of view of economics and management of these facilities, e.g. Vildová, MartinčÍk, Tlučhoř, and JakubÍková (2015) focused on a partial problem of the management of these facilities, which is the analysis of the method of evaluating clients' satisfaction with spa care and their loyalty. While satisfaction is reflected in current economic results, loyalty can be understood as a type of prediction of future business results. For the evaluation to be valid, they recommend, for example, creating evaluation questionnaires according to individual segments of spa customers. The questionnaire survey results will then better reflect the consumption behavior of the relevant groups of spa clients.

## **Research Methods and Data Collection**

The research was based on applying the Delphi method when two rounds of questionnaire surveys took place in 2020 and 2021. The research took place within the V4 countries (Czech Republic, Hungary, Poland, Slovakia).

The survey was based on a standardized questionnaire developed to identify the main challenges for spas in the V4 countries and the subsequent drafting of recommendations for future development. This questionnaire was distributed to spa professionals. In the case of the Czech Republic, these were leading managerial and medical staff of

selected spa entities (four respondents), a scientific research entity in the field of the spa (one respondent), and the academic sphere (one respondent). The first standardized questionnaire was followed by the second, which led to the order of development priorities of the spa. In the second round, the three respondents from the institutions mentioned above participated.

## **Analysis of Findings**

This section presents an analysis of the results of the Delphi Study. The main findings of the first round of the survey were aggregated for all participating countries. After evaluating these outputs, a new questionnaire was created, which was forwarded to the respondents in the second round.

### ***An overview of the challenges of Czech spas after 1990***

The period after 1989 was associated with the privatization of most spa institutions. At the same time, it represented a period of searching for a way to succeed in the emerging competitive market. During this period, development challenges began to emerge, some of which have persisted to this day.

In the first round of the Delphi study, respondents tried to name the Czech spas' main long-standing problems. Respondents agreed that the persisting problem is the development of scientific knowledge in the field of balneology. This field is often not sufficiently perceived as an independent scientific discipline. Besides, natural resources for healing are not an area that is implicitly associated with innovative practices. At the same time, the introduction of wellness was met with a negative attitude among professionals. The problem is also related to financing the Czech healthcare system, which is financed according to performance. However, spas are an area where qualitative measures are more applicable.

This is followed by another area, which is the remuneration of physicians and support for their professional growth in balneology. The absence of continuing education and limited personal growth opportunities make the spas less attractive to young doctors.

There are also other related problems, mainly concerning the provision of services to foreign clients. Language skills or knowledge of foreign markets limit the ability to succeed in this market.

Another problem area mentioned is the equipment of spa facilities and the surrounding environment with sufficient infrastructure. The buildings' condition, quality of accommodation, or related facilities require considerable investment to improve them as needed.

For the second round of the Delphi study, based on a comparison with the problems in other V4 countries, three basic priorities were formulated, on which it would be appropriate to focus attention:

- the need for infrastructure improvements,
- targeting and creating services for new (often self-paying) markets,
- meeting the quality levels required for international guests.

Respondents unanimously agreed that the Czech spas also face these problems. They also agree with the order in terms of the importance.

### ***Funding and finance***

As noted above, the Czech spa sector mainly belongs to health services and the issue of financing is also connected with this. In 80% of cases, the treatment processes are financed by the health insurance company. The remaining 20% are self-paying clients. Gradually, however, the motivation to become a self-payer is changing, and at the same time, the portfolio of services used is changing. Although wellness services make spa care more attractive, interest in medical treatment stays is also slowly growing, despite the required length of stay associated with treatment procedures. In this context, it is still necessary to state that self-payer distribution is not uniform across the Czech Republic. While their interest is mainly in the spas of the "Western Bohemian Triangle" (Karlovy Vary, Mariánské Lázně, Františkovy Lázně), other (smaller) spa facilities are associated with stays paid for by public health insurance.

Other support programs (including support from European funds) are used minimally. However, these additional resources are linked mainly to investments in buildings and outdoor infrastructure. Therefore, the question can be asked whether and how other private sources could be involved in financing spas.

The responses of the second round of the Delphi Study underlined the conclusions of the first round. Respondents conclude that the share of self-payers who use their resources or pay for their private health insurance stay is gradually increasing. Nevertheless, there are still

obvious social influences when many clients cannot afford to pay for care and stay from their own resources.

### ***Demand for spa facilities***

The structure of customers visiting the spa has remained unchanged for a long time. Nevertheless, there is a specific trend in strengthening the segment of self-payers in the age group 55+. Factors that would support an increase in traffic, especially for domestic clients, are related to the external environment (i.e. natural conditions). In addition, strategies can be put in place to create software service packages that combine treatment with wellness. It is also possible to use cultural and sports activities. This developing trend responds to a slow but increasingly visible change in clients' consumer behavior, reflecting the growing interest in their health.

In the second round of the Delphi Study, respondents sought to assess the underlying trends in the development of demand for spa services. The increase in this demand supports the trend in the increasing quality of services provided. Spa facilities try to respond to the demand from clients (especially self-payers) who require service packages. In these cases, wellness activities are being applied. Nevertheless, respondents agree that interest in medical care is not declining. In terms of the clientele structure, the interest in spa care among domestic customers has been growing in recent years. Respondents confirm the decrease in the average age of clients, thus, younger customers also go to the spa, which is perhaps related to a greater emphasis on health care within the current lifestyle.

### ***Impact of international tourism***

The influence of foreign demand for spa care is evident especially in Western Bohemia (see the triangle of Karlovy Vary, Mariánské Lázně, Františkovy Lázně). It can even be stated that the offer of spa facilities was in many cases directly targeted at this market. This step was in many cases reflected in the increased price, whereby domestic clients ceased to be interested in the care provided here. However, this situation is not reflected in smaller spas, where foreign customers rarely go.

Foreign clients are mainly visitors from the surrounding countries. The Netherlands, the countries of the former Soviet Union, and the Middle East are also represented. Clients from Arab countries visit Czech spas more and more often.

The above findings were confirmed by the respondents in the second round of interviews. The level of Czech spas meets the high demands of

foreign customers and the growing foreign interest is reflected in the increase in wellness services in medical spas. This is because foreign guests prefer this type of service to long-term medical procedures.

### ***Conflicts between user-groups***

In the case of Czech spas, the expressed conflicts occur rather sporadically. It would be possible to talk about different approaches, e.g. eating (diet prescribed by a doctor vs. the gastronomic experience of wellness tourists) or implementing some procedures (e.g., sauna in a swimsuit or without a swimsuit).

Conflicts tend to appear in the relationship between foreign guests vs. the local population. This situation can be found, for example, in Karlovy Vary, where clients from Russia in particular are heading. Adapting the city center to these clients has meant that locals prefer not to visit the center.

In the second round, respondents confirmed the uniqueness of conflicts. If they already occur, then respondents' perceptions of their causes differ. In addition to the possible conflict between clients with stays paid for by health insurance and self-payers, respondents mentioned possible conflicts arising from different cultures, ages, or conflicts between families and individual clients.

### ***Meaning of wellness in the Czech Republic***

The approach to wellness is not uniform in the Czech Republic, and there is a particular embarrassment around this concept. Wellness is often associated with relaxation and the effort to achieve mental and physical balance. A significant part of this perception is that wellness is often offered in facilities that do not have medical spas. In the spa, wellness is perceived as a specific supplement, which only expands the offer of local accommodation facilities. However, it is also possible to meet with the opinion that this element does not belong to medical spas' repertoire at all.

However, clients often expect and require wellness services. These activities are mainly associated with massages. Recently, however, there has also been medical wellness development, which refers to prevention and a healthy lifestyle.

In the second round, the respondents tried to choose appropriate definitions to express the essence of wellness. However, the dissent of the

opinion of the respondents manifested itself here. The most common choices were:

- wellness means relaxation and recreation (pampering is less critical),
- medical wellness is on the rise because of healthy lifestyle promotion and increased care for one's health,
- wellness includes a sauna, massage, and fitness,
- wellness functions more as a short experience than a lifestyle.

### ***Monitoring and measuring guest satisfaction***

Determining client satisfaction is already standard in spas. Clients usually have a questionnaire available at the reception in electronic and printed form. The electronic version is mainly supported, which significantly speeds up managers' reaction time to any comments. Thanks to this, it is possible to address these comments while the client is staying in the spa. In addition to this option, some guests use correspondence (electronic and classic) to contact the spa. When it comes to client dissatisfaction, the problems usually concern accommodation, room cleaning, linen or catering.

Here, too, the second round of questioning confirmed the conclusions of the previous round. In particular, online questionnaires and the possibility of using social media were highlighted. At the same time, respondents preferred online questionnaires to communication via social networks.

### ***Collaborations between spas***

In the case of Czech spas, cooperation works more at the level of spa facilities and interest groups. In the Czech Republic, as mentioned above, the Czech Healing Spa Association (a professional association that unites medical spas of the private and public spheres, focuses on marketing or ensures cooperation with the Ministry of Health) and the Association of Spas of the Czech Republic (brings together municipalities in the Czech Republic that have the status of a spa, and focuses on issues of local government, marketing and promotion of spas). The MEDISPA (an association of private spa care providers aimed at the certification of spa facilities in the Karlovy Vary region) can also be included here. At the European level, the European Association of Medical Spas (ESPA) and the Association of European Historic Thermal Cities (EHTTA) operate.

In the second round, respondents commented on the preferred forms of possible cooperation. In their opinion, it is mainly the use of the following collaborations:

- a European spa association to publish recommendations and various case studies of good practice, or to organize events and meetings,
- a national spa network based on conferences and regular meetings; offer training, certification, optional audits or support the negotiation of conditions with health insurance companies,
- a local network, e.g., based on a tourist destination management organization, where spas will be part of a more comprehensive strategy. One of the leading roles will be lobbying for government support and the necessary legal norms or adjustments to existing ones.

### ***The Effects of COVID-19***

In 2020, the SARS-CoV-2 pandemic hit the Czech Republic. The government's restrictions had a significant negative impact on the spa sector. Even spas caring for foreign clients have felt the limitations of tourism. In the spring of 2020, spas were closed entirely by a government decree.

To mitigate the impacts, support programs "COVID accommodation" and "COVID spa" have been created. After partial release, spa support was provided in the form of vouchers. This support was focused on self-payers, who thus received a CZK 4,000 contribution from the state for a stay in a spa. As a result, interest in stays has increased in spas that have accepted vouchers. However, this was only a temporary form of compensation. In the winter of 2020/21, the spa was again banned from accepting self-payers. The number of clients with treatment covered by health insurance was limited by the accommodation capacity (1 client = 1 room).

Spa operations were further affected by strict hygiene measures, which affected meals, isolation of foreign guests at the beginning of the pandemic, etc. Employees must also be protected. All this significantly increases the cost of the spa for its operation.

However, non-economic impacts are also worth mentioning. An additional benefit of the introduced measures is reducing seasonal morbidity (diarrhea, respiratory diseases). A partial benefit was also a

change in clients' behavior (more significant consideration, a higher degree of cooperation with a doctor, etc.).

### **Summary of main challenges and opportunities**

It would be a significant benefit for the Czech spa sector to support research in the field of spa and balneology. The results of this research could be applied, for example, in the development of new procedures. Related to this is the need to train staff (especially doctors and specialized medical staff) in this area.

Another challenge is to introduce staff education concerning clients, e.g. it would be possible to focus on moving prevention to spas. In addition to the essential examination, a suitable program for the client would be determined. This program could be focused on lifestyle or occupational wellness, for example.

In terms of financing spa care, it would be necessary to focus on the measurability of improving clients' health. However, promoting an appropriate form of raising awareness about the spa itself is also an indispensable element.

To develop the offer of spa care concerning foreign clients, it would be necessary to ensure sufficient language competencies of the staff and focus on other appropriate training programs for spa staff. Related to this is the connection between the education of employees and the system of their remuneration.

Healing spas are associated with the use of natural resources. The issue of proper management of natural resources and ensuring its sustainability in the spa sector is not yet sufficiently addressed. Once again, we come to the issue of financing and the possibilities of involving other entities in financing spa care.

The second round of interviews further expanded this area with other challenges that Czech spas may face. It was unanimously stated that it is necessary to pay increased attention to infrastructure development and increase the quality of services provided (accommodation, catering). Other development options were also preferred (in order of priority):

- creating a hygienic environment for guests (Post-COVID)
- more research on and education for balneology
- digitalization and improving the online presence of spas



- developing more medical wellness treatments connected to lifestyle improvements
- increasing the emphasis on providing preventive care and counseling in the field of healthy lifestyles

## **Recommendations for Spas**

Based on the performed analysis, the following activities can be recommended for spas in the Czech Republic.

In the field of research and development:

- to support research in the field of balneology, to support research cooperation with universities and other appropriate entities
- use the results of research in spa practice and try to innovate procedures according to them

In the field of investment:

- support investments in the equipment of spa facilities
- support investment in local infrastructure
- to support communication between spa facilities and relevant municipalities (spas) and to support cooperation
- monitor the collection and amount of local residence fees and discuss how to use these funds

In the field of financing:

- to support negotiations between spa entities, the government, and health insurance companies
- emphasize the stabilization of the financing system
- discuss the diseases included in the Indicative List and propose extensions to new possibilities (see complications of post-COVID patients)
- discuss compensation (post-COVID) programs in terms of their possibilities of using and evaluating their effectiveness for spa facilities

In the field of marketing and communication:

- to support marketing communication towards domestic and foreign customers
- use for the uniqueness of Czech spas (tradition, genius loci, etc.)
- continuously evaluate the effectiveness of the feedback used to clients, promote IT for these purposes and ensure flexible evaluation of suggestions from clients

In the field of internal activities and human resources management:

- launch a debate on the remuneration of spa staff
- to support continuing education in the field of language and professional knowledge and skills
- introduce employee motivation programs and try to make the relevant professions more attractive
- launch a discussion on recognizing the qualifications of foreign professionals (doctors and specialized medical staff)

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# OPPORTUNITIES AND CHALLENGES FOR SPAS IN HUNGARY

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## Overview of Spa Development in Hungary

Hungary has one of the richest sources of thermal and medical waters in the world (Bottoni et al., 2013) with a spa culture that is nearly 2000 years old. The natural resources include around 1300 thermal springs, 800 of which are used for medical purposes, as well as medical mud, caves, mofetta and climate therapy. Research using clinical trials produced evidence that bathing in Hungarian thermal waters can alleviate problems associated with musculoskeletal diseases as well as chronic lower back pain (Bender et al., 2014). Spas therefore play an important role in the lives and healthcare of residents.

Csapó and Marton (2017) counted 529 spas in Hungary (380 functioning all year and 149 seasonally), many of which provide mixed medical, thermal and experience spa services or serve as swimming pools (lidos). Of these, 103 are medical spas, 220 are experience spas and 234 are lidos. Figure 1 indicates where some of these spas are located in the country.

Strack and Raffay-Danyi (2021) provided an overview of spas in Hungary and showed that the majority are operated by local governments and hospitals, rather than being profit-orientated enterprises. Many spas are planning to renovate buildings in line with current wellness trends to increase the number of pools or create additional facilities. However, municipal ownership can make the necessary investments rather difficult. Nevertheless, the Széchenyi Plans (2001-2003) already provided national funding for the renovation of spas, followed by European Union funding after 2004, and more recently, the New Széchenyi Plan 2007-2013 which focused on enhancing visitor capacity (Csapó and Marton, 2017).

**Figure 7: Hungarian Natural Healing Resources**

Number of Resources	Natural Resource	Name of the destination
1289	thermal springs	
17	qualified medical destination	Hévíz, Bükfürdő, Sárvár, Balf, Zalakaros, Harkány, Balatonfüred, Parád, Lillafüred, Kékestető, Eger, Mezőkövesd, Debrecen, Hajdúszoboszló, Gyula, Nyíregyháza-Sóstó, Szigetvár
83	certified medical spa	
36	certified spa hotel	
5	medical cave	Abaliget, István-cave at Lillafüred, Szemlőhegyi cave at Budapest, Sanatory cave of Tapolca City Hospital, Béke cave at Jósvalfő
224	mineral water	
5	therapeutic-mud	
2	mofetta	Mátraderecske, Parádfürdő

Source: Hungarian Tourism Agency (2014)

**Figure 8: Map of Spas in Hungary**



**Red:** Historical baths and spas (1550-1936)

**Purple:** Hotel spas + indoor thermal wellness

**Blue:** Large swimming pools (50m)

**Brown:** Thermal baths and spas in caverns

**Orange:** Modern spas (from 1936) + indoor pool

**Green:** Outdoor parks + thermal pools

Source: Thermal Hungary (2021)

Marton, Hinek, Kiss and Csapó (2019) identified health tourism as the leading tourism product in Hungary citing estimates that 45% of guest nights were registered in rural settlements with spas (increasing to 68% if Budapest is included). Jónás-Berki et al. (2014) suggested that health tourism destinations are quite concentrated spatially in certain settlements, for example, Bük, Egerszalók, Harkány, Hajdúszoboszló, Hévíz, Zalakaros, Gyula and Sárvár. At least 7 or 8 spa towns are listed in the Top 10 tourist destinations in Hungary (HCSO, 2018). According to Turizmus.com (2019) the most visited cities in Hungary were the following.

1. **Budapest** (10,383m guests)
2. **Hévíz** (1,135m guests)
3. **Hajdúszoboszló** (988,000 guests)
4. **Bük** (744,000 guests)
5. **Balatonfüred** (729,000 guests)
6. **Siófok** (661,000 guests)
7. **Zalakaros** (637,000 guests)

**Figure 9: Top 5 Counties with the Most Spas in Hungary**



**Source:** Thermal Hungary (2021)

During the Socialist period (1945-1989) the emphasis was predominantly on spa tourism for domestic and intra-regional tourists, but post-1989 and especially after EU accession in 2004, international tourists started to visit more frequently. Csapó and Marton (2017) suggest that health tourism only became a priority after the Millennium when European funds also became available. Hungary has since been promoted as the 'Land of Spas' and Budapest (its capital city) as 'The City of Baths'. Smith, Puczkó and Sziva (2013) suggested that international health tourists visit four main types of health tourism services in Hungary: hotels offering typical balneotherapy (water-based medical therapies), wellness hotels, historic baths in Budapest and dental clinics.

The Hungarian capital city Budapest is sometimes described as the Spa Capital of the world as it has over 130 natural hot springs and twelve public spas. The history of some of the healing spas goes back to the Turkish occupation in the 16th century and at one time the city was called 'The Mecca of Rheumatics' (BGYH, 2020). Smith and Puczkó (2010) noted that in 20 years of marketing in the post-socialist era, the historic spas or thermal baths in Budapest featured regularly in the marketing. The Budapest Municipal Government supported the renovation of the thermal baths in Budapest in recent years spending approximately EUR 300m, mainly using the operational profit of the Budapest Spas Corporation. Some of these are becoming increasingly popular with tourists, especially Gellért, Széchenyi, Rudas and Lukács. The capacity of outpatient services has decreased, more wellness services have been developed and the prices have also increased. Some spa traditions have been changed like removing separate sections for men and women and making swimming costumes compulsory. By 2019, the total number of guests under 30 had outnumbered those aged 60 or above, reaching 85% of guests or more in Széchenyi and Gellért. Pre-COVID, spa parties were attracting around 58,000 visitors, 90% of whom were foreign and aged 18-25 (Turizmus.com, 2020).

### **Summary of Recent Research Studies on Spas**

Marton, Hinek, Kiss and Csapó's (2019) research shows that although visits to spa destinations in Hungary tend to be seasonal, the level of seasonal visitation is lower than for tourism in the country overall. In addition, recent investments and developments in spa destinations have helped to decrease seasonality further.

Strack and Raffay-Danyi (2021) analysed the success criteria for Hungarian spa operation, as well as the nature of demand, profile and orientation of guests. The research used an online questionnaire survey designed for spa managers, content analysis of customer reviews on Hungarian spas, and structured interviews with Hungarian spa tourism experts. The findings indicate that families, senior citizens and empty nesters are the key market for the Hungarian spas, which are also popular with international visitors. The three main generating countries are Germany, Romania and Slovakia. While Hungarian visitors prefer medical services financed by social insurance followed by wellness services, international visitors opt for wellness services primarily, followed by self-financed medical services. The most important factors from the survey research are:

1. the price of the ticket
2. cleanliness of the facilities
3. the types of pools
4. the recommendation of relatives and friends

The analysis of customer reviews showed that there were more positive than negative opinions. These related to value for money, cleanliness, the wide range of available services or products within the spas and staff (e.g. there were 99 positive comments compared to 42 negative comments about staff). Most of the other negative reviews referred to value for money, lack of cleanliness, overcrowding and hospitality (e.g. quality of restaurants).

Some of the interviewed experts believe that there are too many spas in Hungary, which can be challenging when creating competitiveness and uniqueness. Labour shortage and the lack of a skilled workforce was cited as one of the most serious difficulties partly because of seasonality and partly because of a lack of education and training. The employment of untrained and low paid workers often led to a reduction in the quality of services.

Research in the Budapest spas in 2016 based on 2063 visitor questionnaires to seven of the public baths revealed that foreign visitors mainly come to the spa because of the beautiful architecture and to have fun whereas Hungarian guests visit because of the healing benefits of the waters and to relax (Smith and Puczkó, 2018). This suggests a certain degree of incompatibility between the two groups which could lead to possible conflicts of interest. The same study showed that foreign visitors



are very satisfied and described their spa visit as a unique and memorable cultural experience and one of the highlights of their visit to Budapest. However, Smith, Jancsik and Puczkó's (2021) analysis of TripAdvisor guest comments about Gellért spa suggests that several issues relating to service quality still need to be addressed. This includes cleanliness and hygiene, which will be even more imperative post-COVID. It also includes problems of information provision, way-finding and unfriendliness of staff. Nevertheless, the facilities themselves are deemed beautiful, especially the exterior architecture and buildings.

### **Research Methods and Data Collection**

A Delphi Study was undertaken in 2020-2021 as part of a project that focused on the challenges and opportunities for spas in the V4 countries (Hungary, Poland, Czech Republic and Slovakia). Hsu and Sandford (2007, p. 1) describe a Delphi study as “a group communication process that aims at conducting detailed examinations and discussions of a specific issue for the purpose of goal setting, policy investigation, or predicting the occurrence of future events”. It is undertaken with a group of carefully selected experts in a specific field. Delphi studies are used when addressing complex issues (Donohoe and Needham, 2009). They have been used successfully in other health and wellness research studies (e.g. Lee and King, 2009; Smith, 2015). Experts receive a first round of questions based on specific issues which the researchers then analyse. They send a second round of questions to the same respondents based on the analysis of their first round responses. Best practice for the method includes using a minimum of 10 expert participants and at least two rounds of questions (Gordon, 1994), however, it is most common for Delphi studies to use Panels of 15-35 (Miller, 2001). The aim is to reach a consensus of opinion, so a third round of questions might be needed if adequate consensus is not reached. However, it is common for respondents to drop out of subsequent rounds known as an ‘attrition rate’. An acceptable attrition rate would be between 20% and 25%, but can be as high as 45–50% (Miller, 2001).

In this case, the Delphi Study was designed with the purpose of identifying the main challenges for spas in the V4 countries as well as making recommendations for future developments. The four main partners in the V4 project identified expert respondents who were spa managers and directors from their own country with the aim of balancing the sample between the four countries as far as possible. Opinions were

gathered from 28 interviewees: 9 from Hungary, 7 from Poland, 6 from the Czech Republic and 5 from Slovakia plus one geothermal expert from Bulgaria. In the second round 22 participants responded, an acceptable attrition rate of 21%. A third round was not included because it was realized that it was not possible to reach further consensus on some of the issues raised (i.e. some points could not easily be ranked by respondents and differences of opinion were expected, especially as they work in contexts with different priorities). Respondents were asked questions about main challenges for spas in the post-Socialist era; government support and funding; factors affecting spa development; role of wellness activities; customer profiles and satisfaction; growth of tourism; importance of spa networks and collaborations; and the impacts of COVID-19. Appendix 1 shows the questions that were asked in the two rounds of the Delphi Study.

The detailed results of the study will be presented in a wider report. Here, the focus is mainly on the results of the Hungarian data with a brief comparison of findings from the V4 data at the end.

## **Analysis of Findings**

This section provides an analysis of the interview responses from Round 1 of the Delphi Study as well as the consensus that was reached on the main issues discussed by the respondents in Round 2.

### ***Challenges facing thermal baths and spas after the period of socialism (post-1990)***

Spa improvements were made from the early 1990s onwards, often using the profits from water services. Before this time, corporate resorts had mainly been used for trade union holidays or to serve the local population. The first Hungarian Thermal Program after 1990 aimed to develop tourist attractions by extending accommodation in the vicinity of the baths and to extend the season to all-year-round rather than only in summer.

Some of the main challenges included developing the obsolete infrastructure to an acceptable international level and reducing public funding by finding new guest segments from different countries. The attraction of paying guests also required the creation of new products, higher quality experiences, hospitality and accommodation services and the separation of public and private spa treatments in space and time. This

necessitated addressing shortcomings in the area of human resources and to train the unprepared workforce. This included creating managers who were not only water professionals. Marketing and changing image were also a major focus.

In Round 2 of the Delphi Study, respondents agreed that the following three priorities were the most important ones:

1. The need for infrastructure improvements
2. Targeting and creating services for new (often self-paying) markets
3. Meeting the quality levels required for international guests

However, one respondent disagreed with the order of the priorities, stating that:

“The biggest challenge is to reach the existing and new target groups, to create products for them, and then to make the improvements based on this (and not the other way around). The current spa offerings are not segmented (targeting ‘everyone’), which distorts the market, creates mass production and limits sustainable, economical operation”.

Another respondent elaborated further on the challenges:

“During the development of new services, there is less and less innovation, factory templates are used, and designers who do not understand spa development. Even today, applications rarely need to be submitted, they do not require a thorough feasibility study to indicate the new segments. They hide behind the false illusion of multi-generational family bathing. At the very least, medical wellness and recreation services would be better separated.”

### ***Funding and finance***

There was a decrease in state funding from 80% in 1990, and although State Insurance funding is still important in some places at more than 50%, in others, it is only 20-30%. This means that the role of self-financing and private insurers is growing slowly at an annual rate of 1-2%. The EU accession in 2004 created many opportunities for investment and development. In 10 years, nearly HUF 100 billion was spent on the development of spas.

In Round 2 of the Delphi Study, there were mixed responses about whether the majority (60%+) of guests are now self-funded and whether

domestic guests can afford services, although the majority agreed. However, they do not really agree that this segment is growing. Everyone agrees unanimously that EU funds led to major improvements in spas in Hungary.

### ***Demand for thermal and spa facilities***

Interviewees mainly highlighted the need to improve quality of services, especially for paying customers. Over the years, customers have become more experienced and therefore more demanding and seek high quality services. They may also expect separate spaces from the public or health insurance-funded guests. However, some respondents suggested that due to the general lack of disposable income in Hungary, customers do not want to pay more for services even though they are looking for better quality experiences. On the other hand, domestic demand has increased partly because of the existence of special promotions, discount cards for locals, holiday vouchers and special events like ‘Night of Baths’. The use of recreational and wellness services is increasing and it is thought that health awareness among Hungarians is growing. Some respondents suggested that customers are getting younger and the average age is decreasing. One challenge may be to meet the needs of ‘experience’ seeking guests who enjoy adventure pools alongside those who want to rest and recharge in ‘quiet’ pools or saunas. Combined offers with spas are becoming more common, including both active tourism (e.g. for families) and cultural tourism (e.g. for couples).

In Round 2 of the Delphi Study, respondents agree that the spa services have improved somewhat and that wellness and leisure services are growing. They believe that customers are demanding more, but they do not all agree that customers are getting younger, that medical use of spas is declining or that domestic demand is decreasing.

### ***Impacts of international tourism***

Many of the international tourists in Hungary come from the neighbouring countries and have a similarly modest income to the Hungarian guests (e.g. Serbians, Romanians, Slovaks, Czechs and Ukrainians). The exception are Austrian, German and Slovenian guests who sometimes visit for longer periods (1-2 weeks). Neighbouring country tourists tend to visit spas in rural areas, whereas the spas in Budapest have become a ‘must-see’ attraction for most foreign tourists. Several border spas receive a high proportion of foreign guests (up to 60 or 70% in some cases), especially between early April and late

September. There is an increasing need to assure the quality of the spas to meet the demands of higher income and more experienced tourists. It is important to employ colleagues who speak foreign languages. It is thought that the growth of tourism creates the greatest influence on price increases. Although wellness and ‘experience’ or ‘adventure’ services are popular among tourists, medical services also attract more foreigners in some of the countryside spas.

In Round 2 of the Delphi Study, most respondents do not agree that the majority of guests are now foreigners, but they mostly agree that the majority of foreign guests come from the neighbouring countries and tend to visit the largest or best-known spas. They agree that the majority of foreign tourists travel independently (rather than with organised groups). Results are mixed about whether foreign guests prefer wellness or medical services. Almost all agree that the quality is not yet high enough for foreign guests and that better marketing is needed. However, they disagree that tourism is the main cause of price increases.

### ***Conflicts Between User-Groups***

It was noted that there are some conflicts between user-groups in spas where the facilities are not well-separated. This is mainly true of the health insurance-funded guests versus those who are self-paying (the latter expect superior facilities and experiences). The same quality expectation issue may affect Western compared to Eastern tourists. There may also be conflicts between older and younger guests. As stated by one interviewee “a noisy wave bath or slides with loud music is disturbing for the elderly recovering in the sitting pools”. This does not only affect Hungarian guests. Senior German or Dutch tourists also try to avoid areas that were noisy or crowded with younger people. Some nationalities were mentioned as having occasional conflicts, e.g. Germans and Russians, Europeans and Arabic guests or Polish and Russians. Those arriving alone may also have different needs to those arriving with a small child. Local ‘loyal’ customers may feel disturbed by all other visitors. One interviewee referred to “congestion of demand, e.g. on weekends, holidays, school holidays, when the spas reach their maximum capacity and cannot serve the guests properly”. This includes not having enough chairs and resting spaces, congestion of saunas and limited treatment capacity in time and space.

In Round 2 of the Delphi Study, this question generated some interesting comments. One respondent stated that there may be fundamental conflicts

between each segment, as each segment has different needs. The spas therefore have to decide which segment to target and to focus on that selected target group to avoid conflict between guest types. It was stated that wellness activities tend to be “noisier” than medical ones and that young children should definitely be separated from adults: “it is possible to separate certain segments within a spa based on motivation and service content, e.g. for families with children there is an adventure pool and a related rest area, while for couples and adults there is a recreation area, saunas and separate rest areas”. Although one respondent suggests that there is no conflict between state and self-financing guests and that they cannot tell the difference, another believes that “In the case of medical services, it is necessary to separate subsidized and ‘paid’ guests due to the different expected standard of treatment / service and type of treatment”. Very few mentioned separating nationalities, although one respondent included it in a broader comment about separating guests “medical and wellness [segments] possibly although if a spa is well designed you can mix it. Generations can be mixed or separated depending on the concept. Nationality conflicts sometimes arise, i.e. Germans/Russians. Options of sauna areas should be created coed and separated”.

### ***Meaning of Wellness in Hungary***

The given definitions and descriptions of wellness mainly refer to beauty services, leisure, massage and saunas/steam rooms. This is especially true in the case of hotel spas. Relaxation and recreation are the most important motivations or benefits, although pampering also play a role and so does having fun for some markets (e.g. families). Improving lifestyle, fitness, self-development and spirituality were mentioned less frequently and fewer services are offered for these activities. Medical wellness is starting to be offered in some spas. It is thought that women are still more interested in wellness services and younger people, although they are used by all generations.

In Round 2 of the Delphi Study, although one interviewee makes the point that all of the definitions of wellness are valid and are were somewhat mixed responses, the most popular definition is: “Wellness is more about leisure and recreation than improving lifestyle, balance or self-development”. The second most popular response is that “Medical wellness is on the rise because of healthy lifestyle promotion and increased care for one’s health”. It should be noted that no respondents chose “Wellness is about having fun!”.

### ***Monitoring and Measuring Guest Satisfaction***

It was stated that measurement of guest satisfaction does not really take place in many spas. In some cases, the exact number of guests is not known. It is also difficult to separate the experiences of the paying guests versus the health insurance-funded ones. Often, only the most negative situations are highlighted. Some of these are related to situations where the spa managers do not have enough expertise or the funding for marketing came from tourism or destination agencies. In some spas, online questionnaires are used or guest opinions are collected from an outsourced agency (e.g. a monthly evaluation). Electronic panels in guest spaces and social media were mentioned by others. However, it was thought that guest satisfaction survey are one-sided and not always representative.

In the second Round of the Delphi Study, results were very mixed in terms of first place responses about which forms of guest satisfaction measurements work best. None of the respondents except one mentioned guest satisfaction surveys on paper. Online questionnaires and social media were the most popular choices. Constant monitoring was selected more often than monthly evaluations. The need for mixed measurements is summarized well by one respondent “For detailed feedback guest satisfaction on paper. Online for quick short feedback. Social media for general feedback, constant monitoring is a must!”.

### **Collaborations Between Spas**

It seems that European and V4 networks are relatively limited with the exception of the European Spa Association (ESPA). However, sometimes funding is gained from a V4 or European source. Certification is sometimes issued for medical baths. Most networks are domestic like the 25 year old Hungarian Bath Association (which is a member of ESPA), which keeps spas informed about new trends, quality control and new state regulations. The members exchange good practice in the field of operation, joint marketing campaigns and joint research. There are sometimes special events like the Hungarian Bath Culture Day, Baths Nights or Sauna Nights and ticket sales agreements too. Interviewees mentioned the Public Benefit Association of Southern Spas and Thermal Baths, which had a 20 year anniversary in 2020 and brought together 32 spas in the region. This association helps with regional planning, tendering, professional trainings and study trips. Thermal Clusters exist sometimes with 50 members which includes spas, hotels, healthcare

agencies, higher education institutions, swimming pool technology companies and others. Some exchanges take place between Hungarian spas and those in other countries, for example, Mariánské Lázně in the Czech Republic and Harkány in Hungary exchange holidays among employees. Previously important networks like the Association of Hungarian Balneologists have disintegrated in recent years. One interviewee also noted that “in my experience destinations tend to be inward looking with a reluctance to collaborate or look outside themselves for bench-marking or good practices”. It tends to be common in Hungary to focus on one’s own spa, town or settlement rather than looking outside that.

In Round 2 of the Delphi Study, one respondent chose not to prioritise and deemed all of the network types as important and for the rest, the results were rather mixed. No one answer emerged strongly, although sub-regional networks were not chosen by most respondents. The point was made that some of these networks are closely inter-connected and could not work so easily without the support of each other, e.g. national networks and sub-regional ones should work together. The benefits of networks was summarized well in the following comment “A co-operation network between service providers within a tourist area can help increase demand, and active co-operation between and within domestic and international organizations can be effective in professional co-operation”.

### ***Future Challenges***

It is thought that creating high quality large spas is challenging and that some spas are over-ambitious in their designs and plans without the necessary knowledge or experience to back it up. Infrastructure, product and service development are highlighted as major concerns. The renewal of the basic technical infrastructure is still needed in some spas in order to ensure uniform quality for all services and to develop capacities towards greener or more sustainable operations (e.g. geothermal or solar energy). Differentiation of products and services for domestic and international markets as well as different guest segments is needed. In many cases, it is thought that guests are still being offered the same treatments as 30 or 40 years ago rather than being tailored towards guests’ problems today. There is also an identified need to switch over to more digitalised approaches and the online presence of spas. In the case of medical waters, more research may be needed to supply the evidence for use for certain conditions. In terms of wellness, the comment was made by one



interviewee that “At the moment the product is essentially relaxation and leisure with little demand for prevention and lifestyle programs”. This may need to change in line with international demand and expectations.

In Round 2 of the Delphi Study, one respondent ranked all of the given future developments and challenges as very important, but for the other respondents, the unanimous priority (ranked Very Important) was:

- Infrastructural developments and quality improvements

The following were also ranked as Very Important or Important:

- Developing services for new markets
- Creating a hygienic environment for guests (Post-COVID)
- Developing more medical wellness treatments connected to lifestyle improvements
- Increasing the emphasis on providing preventive care and counselling in the field of healthy lifestyles
- Improving the marketing communication to potential clients

Important but slightly lower priorities were:

- Sustainable developments and greener energy sources
- More research on and education for balneology
- Digitalization and improving the online presence of spas

Of course, the major challenge for 2020-2021 is to survive COVID-19 and to create a safe and hygienic environment for guests. It therefore warranted a separate question and response.

### ***The Effects of COVID-19***

Unfortunately, the whole spa sector (like others) was totally unprepared for the scale and implications of COVID. As stated by one interviewee “Governments were completely unprepared and haphazard in their message. There is a total lack of direction in what measures to carry out, when and how”. On the other hand, many spas were offered some support, without which they could not have survived. However, the decline in traffic was around 70% (especially from foreign guests who could not cross the borders) and hundreds of employees were fired. Other cost reduction strategies included decreasing the marketing. In the summer season of 2020, it was thought that COVID may be coming to an end and many spas opened up and offered vouchers to domestic guests.

New cleaning schemes, disinfection and employee and guest protocols were introduced.

## **Conclusion and Recommendations for Spas**

The most important challenges for spas according to the Delphi Study include improving infrastructure and creating high enough quality services for the target segments. This might include product development, staff training and improved marketing. Interviewee responses suggest that the demand for leisure and wellness services are growing, including among domestic tourists who can usually afford such services. Belonging to spa networks at all levels can be beneficial for spas to exchange good practice, receive support and guidelines and undertake joint research, training or marketing.

Even though respondents agree that wellness is mainly about leisure and recreation, future developments might focus on improving knowledge of preventative healthcare and healthy lifestyles among Hungarians, possibly using a medical wellness approach. Interviewees also suggest that future developments should take into consideration the needs of different user groups and consider separating spaces or targeting specific groups rather than ‘everyone’ or ‘three generations’. Monitoring of quality and customer satisfaction should be undertaken on an ongoing basis and ideally through online questionnaires or social media. Recommendations for the post-COVID-19 period should be based on international examples of good practice.

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# CHALLENGES AND OPPORTUNITIES FOR SPAS IN POLAND

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## Overview of Spa Development in Poland

There are 45 statutory spas in Poland. They represent the medical spa model based on natural healing resources available also in German-speaking countries, the Baltic States (Estonia, Latvia, and Lithuania), Central and Eastern Europe, Russia and partly France. They are popular therapeutic tourism destinations in Poland, due to (Dryglas and Różycki, 2017):

- the special statutes and spa resort protection zones which secure a high-quality of the natural environment;
- the fact that Polish spa resorts are located in regions of the highest tourism and, what is even more important, natural values. Many Polish spa resorts are located in or in the vicinity of the most valuable preservation areas: national parks, landscape parks, nature reserves, protected landscapes or the Natura 2000 sites;
- the specific therapeutic infrastructure (spa hospital, sanatorium, promenade, spa park, walking hall, bath house, band shell, amphitheatre, pump room, graduation tower, caves, baths) with classical therapeutic treatments (balneotherapy, climatotherapy, physical therapy, kinesiotherapy and diet, psychotherapy, pharmacotherapy and health education);
- the high level of technical infrastructure as regards water and waste water management, energy management as well as waste management, safety and protection of the environment.

The borders of an area that has been granted the status of a spa correspond to the administrative boundaries of communes, cities or commune's auxiliary units. They are located in the thirteen voivodeships

among the sixteen singled out as major Polish territorial subdivisions. The majority of the statutory spas (32) are located within the administrative borders of towns, most of which are small (Fig. 1). Three spas, which are different in that respect are Konstancin-Jeziorna, Sopot and Swoszowice, located in large city agglomerations: Warsaw, Cracow and Tricity (Gdańsk-Gdynia-Sopot). The other locations are villages, three of which are municipal villages (Goczałkowice-Zdrój, Horyniec, Solec-Zdrój). Although statutory spas can be found in all regions of the country, their distribution is quite uneven depending on the geological features of the area. That is why the distribution of natural medicinal resources such as medicinal waters and gases translates into a privileged position of southern regions where one can find the greatest number of water-based places (26), i.e. spas where medicinal waters are used in the majority of treatments. In north-eastern Poland, where peloid (healing muds) occur, the most popular type of spas are peat ones, i.e. spas where peloids are used in most of the treatments (Dryglas and Salamaga, 2017, 2018).

**Fig. 10: Spatial distribution of statutory spas in Poland**



**Source:** (Dryglas, 2018)

The period following World War II brought a change in the functioning of Polish spas. The development of spas under the communist regime was to a large extent determined by the nationalisation of most of them and the introduction of therapeutic treatments into the free health care system. They were a frequent destination for workers, whose holidays were organised and subsidised by their employers and trade unions (so-called 'social tourism'). Increasing numbers of tourists to spas in the post-war period created a need to develop therapeutic accommodation facilities (sanatoriums, spa hospitals). Massive investments in the second half of the 1960s allowed for building numerous sanatoria and spa hospitals (i.e. medical facilities in which medical personnel – a doctor or a nurse – carried out medical activities such as out-patient or in-patient and round-the-clock healthcare services, created in order to provide spa medicine services, or funded by employers and trade unions). The political and economic breakthrough of 1989 (political transformation) marked the beginning of difficult times for therapeutic enterprises and spas. In the 1990s, therapeutic enterprises and spas had to adapt to the new setting created by a market economy. This new reality entailed ownership transformation and the restructuring of Polish therapeutic enterprises and spa resorts, which began at the turn of the 20<sup>th</sup> and 21<sup>st</sup> centuries. Following the reform of the healthcare system introduced on 1 January 1999 and, specifically, following the entry into force of the Public Health Insurance Act, therapeutic services started to be financed by Sickness Funds and then, from 1 April 2003, by the National Health Fund (NFZ). This led to numerous negative consequences, especially financial ones, for therapeutic enterprises (e.g. low prices for therapeutic services offered by the National Health Fund). Therapeutic enterprises can obtain revenues from contracts concluded with such institutions as the National Health Fund (NFZ), Social Insurance Institution (ZUS), Agricultural Social Insurance Fund (KRUS), State Fund for Rehabilitation of Disabled Persons (PFRON), district family support centres as well as associations and foundations providing care to the sick (Dryglas and Różycki, 2017). Furthermore, at the beginning of the healthcare reform process, the decision was made to reorganise 26 state-owned therapeutic enterprises via privatisation, understood here as indirect privatisation, i.e. a two-stage process comprising the commercialisation of an enterprise by transforming it into a sole-shareholder company of the Treasury and the sale of shares in the privatised company (Dryglas, 2018). The



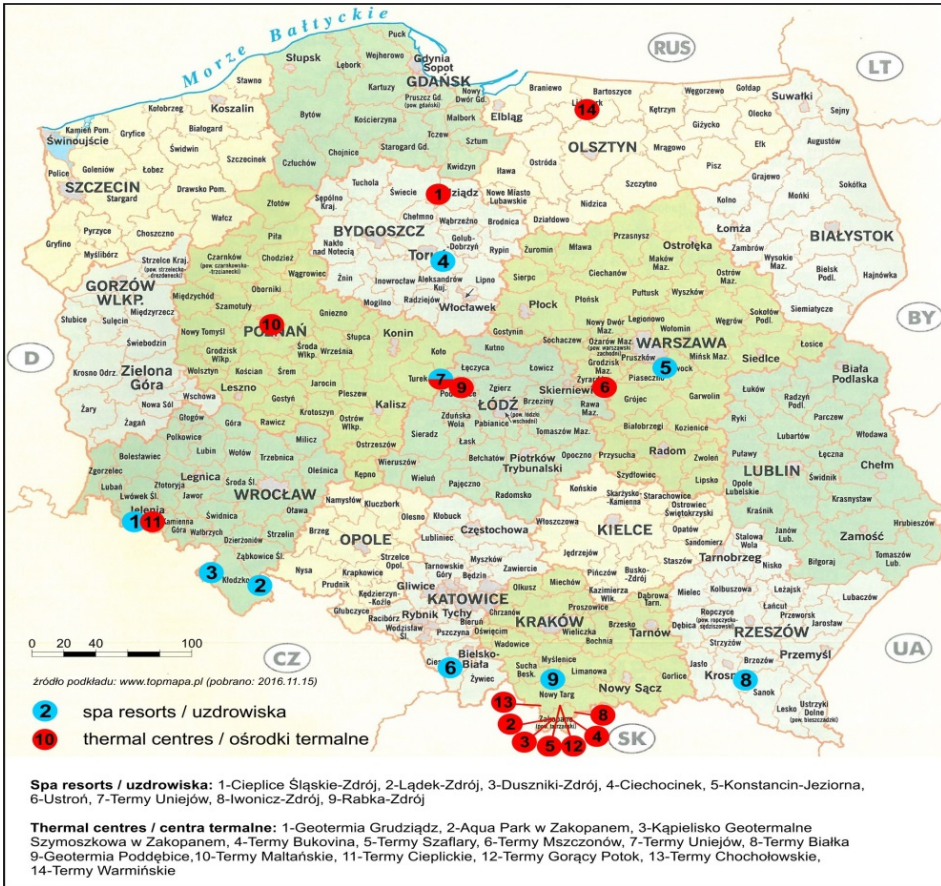
privatisation process of those companies continues to the present day. Similar to Germany and Slovakia, in Poland, spa medicine is a separate field of medicine focused on the healing properties of mineral and medicinal waters, peloids (therapeutic mud, silt), healing gases and climate as well as their use in treatment, rehabilitation, prevention and diagnostics (Derco and Pavlisinova, 2017; Kirschner, 2009). Up-to-date, therapeutic treatments in Poland have been provided based on referrals from doctors and may be financed under the so-called social system. Spa medicine uses its own methods of treatment, prevention, diagnostics and rehabilitation (balneotherapy, hydrotherapy, climatotherapy, physical therapy, kinesiotherapy as well as diet, psychotherapy, pharmacotherapy and health education) (Gutenbrunner, Neumann, Lemoine and Delarque, 2010). Spa medicine deals in particular with the treatment of chronic diseases.

Before the political transformation, treatment in spa resorts was accompanied by the strongly developed social aspect of such visits, which to a certain degree remains true to this day. The socialisation process in Polish spas under the communist regime took the form of organised cultural life including concerts in spa parks, artistic performances, dancing, meal sharing, tourist trips, organised strolls, etc. (Dryglas and Salamaga, 2018). Nowadays, therapeutic accommodation facilities in Polish spas include an ever-increasing number of spa/wellness hotels, where tourists can attain a balance between body, spirit and mind.

Many Polish spas and therapeutic enterprises face a serious problem of having financial difficulties due to unfavourable legal regulations. The status of a spa, related to additional legal obligations and restrictions, leads to the generation of smaller profits in comparison to other tourist destinations as a result of e.g. a significantly lower rate of property tax applicable to entities providing health services compared to the rate applicable for entities whose activities do not include the provision of health services. Therapeutic enterprises in Polish spas also experience severe financial difficulties caused by the falling budget expenditure earmarked for spa medicine. In the years 2000-2017, government expenditure on spa medicine was reduced from 4.5% (1998-1999) to about 1% of the annual National Health Fund (NFZ) budget. Moreover, the absorption capacity of the EU structural funds is limited (on the one hand, state-owned therapeutic enterprises do not have the status of a

small-sized enterprise and, on the other hand, they cannot afford to provide the financial contribution that is required when applying for EU funding), and the state will not recapitalise therapeutic enterprises. This means that therapeutic enterprises have to co-finance the stay of patients together with the public health insurer (National Health Fund – NFZ) or public social insurer (Social Insurance Company – ZUS), which leads to a reduction in their profits.

**Figure 11: Location of statutory spa resorts using geothermal water and thermal centres in Poland**



**Source:** Dryglas and Hadzik (2016)

Research conducted in the years 2003-2013 in all of Poland (Burzyński, Dryglas, Golba and Bartosik, 2005, Dryglas, 2018) indicates that in every Polish spa there are more non-commercial tourists than commercial ones. However, the percentage of non-commercial tourists visiting spa resorts

decreased from 80% to 60% in those 10 years. This implies the need to adapt the facilities and services to the constantly growing group of commercial tourists. At the same time, we can observe a tendency of Polish spas gradually turning into multifunctional health, tourism, recreation, sport and cultural centres, losing their homogenous image (Hadzik, Ujma and Gammon, 2014). The changes that took place during the time of transformation not only included the diversification of the direct recipients of the services and the offer of therapeutic enterprises and spas, but they also included changes in the ownership of many spa treatment enterprises.

There are nine statutory spas in Poland, which use geothermal water for therapeutic purposes with maximum temperature at the outflow of around 19–44°C (Fig. 2). Merely 20%, that is 9 out of 45 spas in Poland use geothermal waters for therapeutic purposes despite the fact that the Polish tradition of using geothermal waters in spa resorts can be traced back to the 12th century. Furthermore, Poland has a small number of thermal centres (14) compared to Hungary or Slovakia, which started to emerge in 2006. There are seven geothermal bathing and recreation centres in the Podhale region and seven in the Polish Lowlands which use geothermal water for recreational purposes. Geothermal waters in the Podhale region and in the Polish Lowland have higher temperatures than geothermal waters in spa resorts (of 27–95°C) due to a favourable geological structure.

### **Summary of Recent Research Studies on Spas in Poland**

A review of the subject literature leads to the conclusion that despite the growing interest of researchers in the issues of spa management, studies conducted in this area have been rather fragmentary. To date, authors of studies on health tourism management and marketing have acknowledged the existence of health products, such as therapeutic tourism products (e.g. Dryglas and Salamaga, 2017, 2018; Hadzik, Ujma, and Gammon, 2014; Kapeczyński and Szromek, 2008), medical tourism products (e.g. Dryglas and Lubowiecki-Vikuk, 2019a,b) or wellness tourism products (e.g. Dryglas and Hadzik, 2016). They have also developed a health tourism product structure model in the process of marketing management (Dryglas, 2018). Furthermore, some authors analysed the characteristics

of the management boards of spa treatment facilities and the way of perceiving a visitor by the managers (Szromek and Romaniuk, 2014); others described the process of privatization of spa companies (Szromek, Romaniuk & Hadzik, 2016), as well as addressing the value Polish spas offer to customers (Szromek and Wybrańczyk, 2019).

The concept of push and pull motives for choosing medical (e.g. Lubowiecki-Vikuk and Dryglas, 2019a,b), therapeutic (e.g. Dryglas & Salamaga, 2017, 2018), and wellness tourism destinations (e.g. Dryglas, 2020) has been extensively examined in the health tourism literature. Furthermore, some authors have recently conducted studies, published in the subject literature, defining the profile of a tourist visiting spas in Poland (Dryglas and Różycki, 2016, 2017).

### **Research Methods and Data Collection**

A Delphi Study was undertaken in 2020-2021 as part of a project that focused on the challenges and opportunities for spas in the V4 countries (Hungary, Poland, Czech Republic and Slovakia). Hsu and Sandford (2007, p. 1) describe a Delphi study as “a group communication process that aims at conducting detailed examinations and discussions of a specific issue for the purpose of goal setting, policy investigation, or predicting the occurrence of future events”. It is undertaken with a group of carefully selected experts in a specific field. Delphi studies are used when addressing complex issues (Donohoe and Needham, 2009). They have been used successfully in other health and wellness research studies (e.g. Lee and King, 2009; Smith, 2015). Experts receive a first round of questions based on specific issues which the researchers then analyse. They send a second round of questions to the same respondents based on the analysis of their first round responses. Best practice for the method includes using a minimum of 10 expert participants and at least two rounds of questions (Gordon, 1994), however, it is most common for Delphi studies to use Panels of 15-35 (Miller, 2001). The aim is to reach a consensus of opinion, so a third round of questions might be needed if adequate consensus is not reached. However, it is common for respondents to drop out of subsequent rounds known as an ‘attrition rate’. An acceptable attrition rate would be between 20% and 25%, but can be as high as 45–50% (Miller, 2001).

In this case, the Delphi Study was designed with the purpose of identifying the main challenges for spas in the V4 countries as well as making recommendations for future developments. The four main partners in the V4 project identified expert respondents who were spa managers and directors from their own country with the aim of balancing the sample between the four countries as far as possible. Opinions were gathered from 28 interviewees: 9 from Hungary, 7 from Poland, 6 from the Czech Republic and 5 from Slovakia plus one geothermal expert from Bulgaria. In the second round 22 participants responded, an acceptable attrition rate of 21%. A third round was not included because it was realized that it was not possible to reach further consensus on some of the issues raised (i.e. some points could not easily be ranked by respondents and differences of opinion were expected, especially as they work in contexts with different priorities). Respondents were asked questions about main challenges for spas in the post-Socialist era; government support and funding; factors affecting spa development; role of wellness activities; customer profiles and satisfaction; growth of tourism; importance of spa networks and collaborations; and the impacts of COVID-19.

### **Analysis of Findings**

This section provides an analysis of the interview responses from Round 1 of the Delphi Study as well as the consensus that was reached on the main issues discussed by the respondents in Round 2.

#### ***Challenges facing thermal baths and spas after the period of socialism (post-1990)***

After several years of operation in the new economic reality, spas had to adapt to the rules of a free market of health services and formed a competitive product. In the 1990s, Polish spas were characterized by insufficient funds for investment, underinvested and dilapidated housing, catering and treatment facilities and the lack of distribution channels outside the public authority (the Ministry of Health). In the minds of Poles, health spas meant inpatient treatments that required a referral from a doctor, but at the same time the stay itself was treated as a recreational one, oriented towards health purposes only to a minimum degree.

According to the respondents, the main challenges for spas, sanatoria and spa hospitals in Poland in the post-socialist era (from 1990) were as follows:

1. Transformation and adaptation to the needs of the changing market.
2. Commercial customer acquisition (promotion).
3. Development of the therapeutic and recreational base.
4. Development of infrastructure both in facilities and adjacent areas.
5. Meeting the requirements of environmental protection.
6. Raising the level of customer service.
7. Extension of the spa offer.
8. The new spa act.
9. Subsequent amendments to the regulations and requirements regarding the provision of spa treatment.
10. Sustainable development.

In Round 2 of the Delphi Study, respondents agree that the following three priorities were the most important ones:

1. The need for infrastructure improvements
2. Targeting and creating services for new (often self-paying) markets
3. Meeting the quality levels required for international guests

However, one respondent partially agreed with the order of the priorities, stating that:

“It depends on whether we look at it from the point of view of spa facilities (e.g. sanatoria) or municipalities and their individual strategies”.

### ***Funding and finance***

The share of the financial support for spa facilities is systematically decreasing and sanatoria are trying to attract full-paid patients. The EU support and subsidy programs play a considerable role in the development of spas, sanatoria and spa hospitals allowing them to develop (e.g. infrastructure – roads, pavements, lighting) and become more attractive (e.g. sports facilities, cultural offer), which attract visitors.

Over the years, spending on spa medicine has changed depending on the health policy of the State. Generally, these expenditures have oscillated

between 0.7% and 2.37% of the total expenditures on health care. Currently, spa treatment is financed with 66% from the budget of the National Health Fund, and 34% is from commercial treatment. Spa communes have obtained a lot of funds from the European Union for investments in spa, tourist and municipal infrastructure. Such subsidies have also been given to sanatoria, spa hospitals, hotels and guest houses. Thanks to the EU funds, modern infrastructure has been built in numerous spa resorts.

In the past, spa visitors did not have to incur any additional costs for their stay, and even their transport was free of charge. This trend of co-financing should increase. Spa resorts are also active users of regional operational programmes. The beginnings were difficult but in the last two multiannual programmes, resources appeared which led to the improvement of the situation in spas. The beneficiaries were both municipalities (e.g. revitalization of spa parks) and service providers who obtained funds for the modernisation of spa facilities or hospitals.

In Round 2 of the Delphi Study, respondents agree 100% that:

- -The majority of guests are still supported by state health insurance (over 60%),
- The share of self-paying guests is not dominant but it is growing,
- EU funding has led to major improvements in spas in Poland

In Round 2 of the Delphi Study, respondents agree with 71.4% and disagree with 28.6% that:

- -The role of self-financing and private insurers is growing,
- -The majority of domestic tourists in my country cannot afford to self-fund.

### ***Demand for thermal and spa facilities***

For several years there has been a growing interest in spas and natural spa medicine. People want to stay in smaller, quiet towns, where they can enjoy a calm atmosphere, clean air and nature. That is why spas are chosen by the elderly and families with young children. Certainly, this year, the increase in the interest in spas has been caused by the pandemic and the fact that people do not go abroad for holidays. Spas have promoted themselves as places of considerable prestige, which have above-average spa and tourist facilities as well as a high-quality para-tourist infrastructure. They have created their image of places intended

not only for the elderly and the sick, but also destinations offering many tourist attractions and health and recreation centres. As they meet stringent environmental standards, they are seen as destinations with significantly higher levels of environmental protection than other places.

In Round 2 of the Delphi Study, interviewees agree that the quality of spa services has improved, customers have become more demanding, wellness services and recreational experiences have increased, people want to go to spas which are in a peaceful and clean natural environment and domestic demand has increased. Post-COVID, people are more likely to visit spas for recovery, prevention and to boost their immune system. But they do not all agree that customers are getting younger, that medical use of spas is declining, that paying customers are demanding more and more service packages (e.g. including treatments and wellness activities), that paying customers want separate spaces from state-funded guests or that customers are unwilling or unable to pay more for higher quality services.

### ***Impacts of international tourism***

Spa resorts, have also attracted foreign tourists, as they developed their additional offer aimed at promoting spa tourism, tourism and recreation. The significant impact of the development of international tourism has been especially noticeable in spa resorts located in the west and the north of the country, and partly in the south. Undoubtedly, the willingness to travel, visit other countries and learn about their values and cultures has contributed to the increase in tourist traffic in spa resorts. Interviewees mainly highlighted that in previous years, some spas, e.g., Kołobrzeg, prepared offers dedicated to German tourists. The opening of borders, high self-awareness, willingness to rest and regenerate the body have a significant impact on the Polish spas. They are also popular among foreign tourists, e.g. Germans and Slovaks. There are also guests from more distant places, such as Israel or countries in the Middle East. The persistent low level of knowledge of foreign languages, especially among the medical staff, constitutes a barrier to the development of international tourism. Visitors from other countries, who come here as patients, are still part of individual tourism.

In Round 2 of the Delphi Study, most respondents do not agree that the majority of guests are now foreigners, but they mostly agree that the majority of foreign guests (60% or more) come from neighbouring



countries and that international tourists are independent travellers and that foreign clients prefer larger (more well-known) spa facilities to other small and lesser-known spas. They also agree that although the interest of foreign guests is growing, marketing communication with this target group is still insufficient. They mostly disagree that foreign tourists use medical services more than wellness ones. Results are mixed about whether tourism is the main cause of price increases and whether the quality of spas is high enough for foreign tourists.

### ***Conflicts Between User-Groups***

In the past, when spa resorts focused only on spa medicine, such conflicts were common. On the other hand, the media and some medical scientists often attempt to discredit the value of spa medicine. Wellness is treated as a kind of charlatanism. Homogeneous groups dominate in spa facilities, i.e., the stays of visitors who come for regeneration or relaxation are not combined with for example events for companies.

In Round 2 of the Delphi Study, the respondents indicated the following conflicts:

- State-funded and self-financing guests – due to the lower level of financing, the guests whose stay is funded by the NFZ feel neglected because they experience a completely different standard of the expected services and treatments (often also the conditions of stay). Self-financed visitors may have higher expectations of their stay.
- Eastern European and Western tourists for reasons of cultural diversity.
- Generations (i.e. older and younger guests) – due to the fact that the young and the old prefer a different way of spending their free time, there may be conflicts, e.g. related to noise nuisance at night. Full-paying guests – younger guests often come in groups and often integrate quite loudly, especially in the evenings, sometimes there are quarrels with older neighbours.
- Families and individuals or couples because elderly people should not be mixed with families with children due to different needs in terms of rest and relaxation. Solo guests may be disturbed by the presence of children.

### ***Meaning of Wellness in Poland***

In Poland, the concept of wellness is understood in many different ways. Even wellness offers in individual spa facilities vary greatly. Wellness is seen as a dynamically developing field. Treatments of this type are one of the most attractive and varied offers in all spa resorts. Most often they are used by women, commercial guests, foreign tourists, and younger people. One respondent stated that “This concept still functions in Poland as a short experience, not a lifestyle (spirituality, relaxation). It is understood rather as various types of attractions, without creating a comprehensive product or lifestyle”. However, there are Polish spas which place emphasis on shaping a wellness lifestyle. The wellness industry in Poland is not financed from the public funds, as this is not allowed according to the applicable legislation. Still, spa medicine in Poland is not perceived as an attempt to restore psychophysical balance or psychophysical health, but its sole purpose is to restore physical health. It was also thought that the very word *wellness* is often overused. It is very often equated with a single relaxation or cosmetic service (e.g., a massage or cosmetic treatment). Only a small percentage of people think about prevention, about striving to be happy just for its own sake, without any particular reason.

In Round 2 of the Delphi Study the most popular definition is: “medical wellness is on the rise because of healthy lifestyle promotion and increased care for one’s health, wellness means relaxation and recreation (pampering is less important), wellness functions more as a short experience than a lifestyle”.

### ***Monitoring and Measuring Guest Satisfaction***

The quality and level of services are of fundamental importance, especially for commercial or foreign customers. Domestic guests who benefit from stays reimbursed by the National Health Fund make their choices depending on the spa resort's specialisation and attractive location.

In most cases the measurement of guest satisfaction in Polish spas involves surveys or rating analyses in the social media.

In the second Round of the Delphi Study, results were very mixed in terms of first place responses about which forms of guest satisfaction measurements work best. The priorities listed included: online

questionnaires, constant monitoring, social media feedback and guest satisfaction surveys (on paper).

### ***Collaborations Between Spas***

Polish spas cooperate with other business entities in terms of exchanging good practices, mutual promotion of spa tourism and knowledge acquisition. Thanks to Facebook groups (e.g. Polish hoteliers), ideas are exchanged and research is conducted with a wider group of people who were not known before. Facebook (i.e. health spa groups) is mainly used by patients who exchange information on the level of services in various sanatoria. This cooperation makes it possible to gain new partners and attract visitors. Various joint projects (promotional, educational ones, etc.) are carried out as part of the cooperation. Each exchange of experiences and collaboration will be beneficial to many parties.

However, there is no platform dedicated to the socio-economic functioning of Polish spas that would resemble the spa observatory existing in Hungary. In addition, opinions, observations, and results of scientific research are exchanged during the regularly held Congress of Health Resorts.

In Round 2 of the Delphi Study, the results were rather mixed. No one answer emerged strongly, although a national spa network which has an annual conference and regular meetings which offers training, certification and optional audits, as well as negotiating conditions with health insurance companies was chosen by almost all respondents.

### **Future Challenges**

The main challenge is likely to be the transformation of spas from single or at most, dual-purpose facilities (medical treatment and tourism) into wellness spa resorts offering a diverse package of services in the field of alternative medicine. Another problem will be the change in the attitude of the state authorities towards spa medicine, which is still treated as a strictly medical field, without taking into account spiritual needs and well-being. There will be no problem with new technologies, infrastructure, environmental protection, but combining spa medicine with wellness would require a difficult change in attitude. Therefore, the wellness sector is likely to develop spa resorts independently of the State's participation.

It was thought that the key to the future of spas in Poland is the constant improvement of the offer, increasing quality of services and embracing innovations in products and technologies.

During and after the COVID-19 pandemic, emphasis should be placed on the development of spa medicine associated with services for post-COVID-19 patients, and with wellness services for all individuals who would like to focus on illness prevention. One respondent stated that “after the pandemic, people will pay particular attention to living in good health and shape. There should be greater co-financing of services that improve people's health (whether in the form of tax deductions or vouchers), so that the State is involved in helping people take care of themselves and, in consequence, becoming healthier. On the other hand, patients who have obtained their doctor's referral (whether it is under the National Health Fund, the Agricultural Social Insurance Fund or the Social Insurance Institution) should to a greater extent participate in financing the services they receive.”

In Round 2 of the Delphi Study, the following were ranked as Very Important or Important:

- -Infrastructural developments and quality improvements
- -Developing services for new markets
- -Creating a hygienic environment for guests (Post-COVID)
- -Digitalization and improving the online presence of spas
- -Improving the marketing communication to potential clients
- -Increasing the emphasis on providing preventive care and counselling in the field of healthy lifestyles

The following were also ranked as Very Important or Important or Neither important nor irrelevant:

- -More research on and education for balneology
- -Sustainable developments and greener energy sources
- -Developing more medical wellness treatments connected to lifestyle improvements

### ***The Effects of COVID-19***

Due to the COVID pandemic, spa resorts in Poland were closed twice. The first time it happened was from mid-March to mid-June, 2020, and

then until 24 October, 2020. Furthermore, the Rabka-Zdrój and Krynica-Zdrój spa resorts were closed due to the fact that they were located in the then red zone. Between the closures, spa resorts functioned under a strict sanitary regime and in accordance with the recommendations issued by the Main Sanitary Inspectorate. During the first period of closure, spa entrepreneurs used the governmental assistance in the form of remuneration subsidies to protect jobs and financing from the Polish Development Fund.

The pandemic has deeply shaken the Polish spa resort sector. Spa hospitals, sanatoria, hotels and guest houses were closed. The accompanying services (catering, transport and services operating based on tourism and spa treatment) also collapsed. The lack of spa visitors or tourists had a very negative effect on utility companies (there is no demand for water supply or waste water collection). This was also a blow to culture, sport and recreation. Sadly, spa resorts have not received any special assistance from the State, even though they lost most of their income. Only sanatoria receive funds from the National Health Fund for the so-called preparedness. However, this does not apply to hotels, guest houses, restaurants or cafes. The companies functioning within spa communes received the same support from the State as those operating outside spa resorts. This is a very meagre support, which does not allow for survival. It was stated that from a financial perspective, the situation is disastrous. State support at the level of 4-6% or 8% of last year's revenues is minimal. In addition, the subsidy is partially reimbursable. In the second half of the year there was no support provided, despite the statutory closure of sanatoria. The medical personnel were transferred from sanatoria to COVID hospitals. Without maintaining sanatoria over the years, the extensive medical infrastructure, which the State has readily used, would not have survived. Intensified sanitary procedures have always been applied in sanatoria (e.g. bath tubs / treatment stations were always washed and disinfected), however, the biggest change in this respect is the high availability of disinfecting liquids for the guests' use.

## **Conclusion and Recommendations for Spas**

The most important challenges for spas according to the Delphi Study include the need for infrastructure improvements, targeting and creating

services for new (often self-paying) markets and meeting the quality levels required for international guests. This might necessitate addressing shortcomings in the area of human resources and training the personnel, developing product and technological innovations, as well as creating new marketing strategies.

The majority of guests are still supported by state health insurance (over 60%) but the share of self-paying guests is growing. EU funding has led to major improvements in spas in Poland.

Interviewee responses suggest that the demand for wellness services and recreational experiences is growing and that customers have become more demanding. Even though respondents agree that wellness functions more as a short experience than a lifestyle, future developments might focus on improving knowledge of preventative healthcare and healthy lifestyles among Polish people, possibly using a medical wellness approach. People want to go to spas which are in a peaceful and clean natural environment.

Most respondents agree that the majority of foreign guests (60% or more) come from neighbouring countries and that international tourists are independent travellers. Interviewees also suggest that future developments should take into consideration conflicts between user-groups (state-funded and self-financing guests, Eastern European and Western tourists, generations, families and individuals or couples) and consider separating spaces or targeting specific groups.

Monitoring and measuring of guest satisfaction should be undertaken on constant monitoring and ideally through online questionnaires or social media feedback. The co-operation at all levels, not only local, regional, and national, but also international with other entities, significantly affects the development of spas, allowing for the exchange of good practices, mutual promotion of spa tourism, knowledge acquisition (know-how), implementation of joint projects, obtaining new partners and attracting visitors.

During the COVID-19 pandemic, emphasis should be placed on the development of spa medicine associated with services for post-COVID-19 patients and with wellness services for all individuals who would like

to focus on illness prevention. Post-COVID, people are more likely to visit spas for recovery, prevention and to boost their immune system.

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# OPPORTUNITIES AND CHALLENGES FOR SPAS IN SLOVAKIA

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## Overview of spa development in Slovakia

### *History*

The history of the Slovak spa industry is mainly dealt with in works by authors like Mulík (1981), Eliašová (2009), Potočná & Cmorej (2012). The publishing activities of the Balneological Museum in Piešťany are significant. Wernher (1980) is the first Slovak translation of a work by a humanist scholar and physician from the first half of the 16th century, dedicated to both known and less known mineral and thermal springs in the region of Spiš and its surroundings. The book - On the Admirable Forces and Properties of Waters, written by Szentiváni (1981), is a translation of the Latin original *De admirandis virtutibus et proprietatibus lacuum* dated 1689. Scherer (2000) gives a picture of the Piešťany spa and spa buildings and provides a lot of interesting information about its thermal water and mud, as well as methods of treatment in Piešťany in the first third of the 19th century. The book by famous doctor F.E. Scherer, coming from Piešťany, first came out in German in 1837. Duka – Zolyómi (1980) contains a bibliography of articles, works, books, copies, brochures and various printed materials dated between 1850 and 1920, dealing with balneology in Slovakia. Rebro (1971, 1996, 2002, 2016) presents an important work mapping the spa history. As for the publishing activities of the Balneological Museum in Piešťany, it is necessary to mention the publication of the Balneological Bulletin.

### *Geography / location of main spas*

Spa locations (Figure 12) are (under Section 2, Subsection 9 of Act No. 538/2005 on natural healing waters, natural medical spas, spa locations and natural mineral waters) “the areas of municipalities or parts thereof in

which natural healing resources, natural medical spas, spa treatment facilities and other facilities necessary for the provision of spa care are located and which are recognised under the cited Act”. Section 35 of the said Act sets forth the requirements for a spa location and a spa area. In addition, the legislation stipulates requirements for the recognition of natural healing waters, natural mineral waters, and the recognition of climatic conditions suitable for treatment and their protection.

**Figure 12: Spa locations in Slovakia**



**Source:** Matlovičová K., Kolesarová J., Židová A. (2013): Slovak spas in the context of change –current conditions, issues and challenges, In Dej M., Huculak M., Jarczewski W. (Eds) (2013): Recreational use of geothermal water in Visegrad Group countries, © Copyright by Institute of Urban Development, Kraków 2013, ISBN 978-83-89440-67-9, pp. 161 –173

### ***Political support and funding***

For the purposes of this project, Derco (2020) mapped the development of a system for the financing of spa care and targeted support for spa tourism.

On the date of the coming into existence of the Slovak Republic, i.e. on 1 January 1993, Act No. 7/1993 on the establishment of the National Insurance Company and on the financing of health insurance, sickness insurance and pension insurance entered into force. The National Insurance Company established a special account for spa allowance payments. Such payments were transferred by the Ministry of Finance of

the Slovak Republic from the state budget. From 1 January 1995, the financing of (1) sickness insurance, pension insurance and (2) health insurance were separated. The Social Insurance Agency (responsible for sickness insurance and pension insurance) and the General Health Insurance Company (responsible for health insurance) were established as separate entities. In addition, Act No. 273/1994 on health insurance, the financing of health insurance, on the establishment of the General Health Insurance Company and on the establishment of departmental, sectoral, corporate and civil health insurance companies allowed the establishment of private health insurance companies. The health insurance market has become stabilised gradually, and there are currently only one state-owned health insurance company (General Health Insurance Company) and two private health insurance companies (Dôvera and Union) in Slovakia. Pursuant to Section 49 of Act No. 274/1994 on the Social Insurance Agency, the state transferred funds to a special account of the Social Insurance Agency to cover spa care costs.

Before 2004, according to Act No. 98/1995 Coll. on treatment regulations, spa treatment was financed from two sources (health insurance companies and the Social Insurance Agency). Health insurance companies paid for those patients who underwent spa treatment immediately after hospital treatment, after an injury or serious disease. The scope of responsibility of the Social Insurance Agency included all other indications for chronically ill patients, long-term consequences after injuries and operations. These indications were financed from the state budget. A significant change was the adoption of Act No. 579/2003, according to which, since January 2004, spa care has been reimbursed by the General Health Insurance Company and private health insurance companies from compulsory health insurance funds and from special-purpose state funds. The indications for which policyholders are provided with spa care, the natural medical spas providing such spa care and the length of a medical stay are set forth in the Spa Care Indication List (Annex 4 to Act No. 98/1995 Coll. on treatment regulations).

The currently valid Act No. 577/2004 on the scope of health care reimbursed based on public health insurance and on reimbursements for services related to the provision of health care was part of a comprehensive health care reform and entered into force on 1 January 2005. Based on public health insurance, spa care is currently fully or

partially reimbursed, provided that it is a follow-up to previous outpatient or inpatient health care. Diseases for which spa care is fully or partially reimbursed based on public health insurance, the indication conditions and the length of a medical stay are listed in the Indication List, which forms Annex 6 to the said Act. The provision of spa care is subject to approval by the respective health insurance company upon a proposal from doctors named for the individual indications on the list. Spa care is still considered to be health care provided in natural medical spas and spa treatment facilities. “In the case of medical spa stays under Category A, the insurance companies reimburse the costs of accommodation, catering services and spa care. However, clients have the option to pay for a higher standard of these services. The clients only pay a statutorily prescribed charge (€1.70 per night) and a local accommodation tax. In the case of indications of Category B, the insurance companies only reimburse the costs of health care (medical examination including diagnostic services, three treatment procedures per day on average and the administration of medicines in the case of acute diseases or deterioration of the state of health). Accommodation and catering services are chosen and paid by the clients themselves” (Derco, Romaniuk & Cehlár, 2020).

To foster the development of Slovak tourism, since 1 January 2019,

- (1) the VAT rate on accommodation services has been reduced from the original 20% to 10% and
- (2) a system has been introduced to support domestic tourism through recreational vouchers. An employer that employs more than 49 employees is obliged to provide a recreation allowance or recreation vouchers to its employees. An employee recreation allowance may be included by the employer in tax deductible expenses and this allowance is exempt from tax and (health and social insurance) contributions both for the employer and the employee. The recreation allowance payable by the employer amounts to 55% of the amount of eligible recreational expenses, but shall not exceed €275 per calendar year.
- (3) For spa buildings, since 1 January 2018, it is possible to choose a depreciation period ranging from 20 to 40 years (in order to increase investments in these buildings).
- (4) Since 1 January 2018, the non-taxable part of the tax base of a natural person (plus spouse and children) has also entailed

payments demonstrably made in connection with spa care and related services, expended in the relevant taxation period in natural medical spas and spa treatment facilities. However, they may not exceed EUR 50 per year for each person.

- (5) Employers that had to close their establishments based on the decision of the Public Health Authority due to COVID-19 could apply for a contribution to compensate for an employee's wage for the amount of 100% of his/her labour costs, up to a maximum of EUR 1,100 (as of March 2021).

### **Summary of Recent Research Studies on Spas**

Derco (2014), Derco, Romaniuk & Cehlár (2020), Derco (2020), Kasagrandá & Gurňák (2017), Kotikova & Schwartzhoffova (2013), Marčeková, Pompurová & Gúčík (2015), Matlovičová, Kolesarová & Židová (2013), Mitríková et al. (2017), Šenková & Mitríková (2020) present the historical context of the development of spa tourism, the process of transformation of spa care, its legislative framework, and the system of financing from public health insurance in the Slovak Republic. They also mention other changes that had an impact on the management of spa companies at the time of publishing or preparing the given works.

After the entry into force of Act No. 91/2010 Coll. on the promotion of tourism, then came the establishment of Regional Tourism Organisations (DMOs) in spa locations (Derco, 2014). Other challenges included the economic crisis in 2008 and the adoption of the euro in the Slovak Republic in 2009, which resulted in a decline in the number of foreign visitors to Slovak natural medical spas (Derco & Pavlisinova, 2017). Changes in spa care adopted in the Czech Republic (Spa Treatment Indication List, COVID-spa program) and Germany also had an impact on the number of foreign visitors to Slovak spas (Derco, 2014; Derco & Pavlisinova, 2017; Derco, 2020). If we do not take into account measures aimed at compensating for the loss of income during the COVID-19 pandemic, targeted tools to support domestic tourism include a system of recreational vouchers and tax measures aimed at supporting natural medical spas (Derco, Romaniuk & Cehlár 2020; Derco, 2020).

The above-mentioned works mapping the state of spa tourism in Slovakia are based on secondary data. The analysis itself is based on data from the

National Health Information Centre (data on completed spa treatment in the Slovak Republic), the Health Care Surveillance Authority (spa treatment expenditures of the health insurance companies), the Statistical Office of the Slovak Republic (accommodation statistics), the Register of Financial Statements (or selected economic indicators on the portal [www.zisk.sk](http://www.zisk.sk)), and contracts between the health insurance companies and health care providers. Derco, Romaniuk & Cehlár (2020) use Spearman's correlation test and Kendall's tau test to point out the relationship between sales, after-tax profit of natural medical spas, and selected factors that influence these indicators. Derco & Pavlisinova (2017) present the medians of selected financial indicators of spa companies for 2012-2014. The subsequent inter-company comparison of individual spa companies in 2015 was based on a multi-criteria assessment using the standardized variable method (Derco, 2017). Derco, Romaniuk & Cehlar (2020) dealt with the currently set amount of reimbursements from the health insurance companies to natural medical spas and the financial situation (Čabinová & Onuferová, 2019; Litavcová et al., 2018; Štefko, Jenčová & Vašaničová, 2020). It should be noted that in Slovakia, employee wage costs have grown recently (increase in the minimum wage, extra pay for work during weekends, at night and on holidays).

## **Research Methods and Data Collection**

A Delphi Study was undertaken in 2020-2021 as part of a project that focused on the challenges and opportunities for spas in the V4 countries (Hungary, Poland, Czech Republic and Slovakia). In the first round of questions, five experts answered (two working in the academic sphere and three working in natural medical spas). In the second round of questions, five experts answered again.

## **Analysis of Findings**

The main challenges of natural medical spas in Slovakia since 1990 include:

- targeting and creating services for new markets (especially the self-payer market),
- the need to improve the infrastructure,
- meeting the level of quality required by foreign visitors.

“We would also add the stability of the business environment, which we would rank second” (assessment by an expert working in a natural medical spa).

In the first round, the respondents commented on changes in demand over the last 5 years. In the second round, on the basis of the Likert scale, they assessed the most frequently reported changes in demand which were found on the basis of the answers from the first round. In the case of the Slovak natural medical spas, there was no decrease in the medical use of the spas. On the contrary, the quality of services provided has improved and comprehensive service packages have been created in response to the increasingly higher demands of customers. Over the past five years, there has been an increase in domestic demand. In addition, there was an increase in wellness services and the recreational focus of natural medical spas. There were also the expectations that after the end of the COVID-19 pandemic, people would be more likely to visit the spas to recover, prevent and strengthen their immune system.

In the case of Slovak natural medical spas, the domestic clientele predominates. The foreign clientele mostly includes visitors from the neighbouring countries. These are mainly individual clients who use medical and balneological services as well as wellness. Four out of five experts stated that the quality of our spas is sufficient for foreign tourists. Foreign clients prefer larger (more known) spa facilities to other small and less known spas. Although foreign guests' demand is growing, marketing communication with this target group is still insufficient.

The connection of natural healing resources with high-quality medical facilities and provided medical care is also reflected in the definition of wellness in Slovakia. Experts had the opportunity to mark only 3 options in their order of priority, where the most appropriate definition is given first. In natural medical spas, medical wellness is growing as a result of the promotion of a healthy lifestyle and increased health care.

Wellness products are available in the Slovak natural medical spas to a varying degree. The percentage of self-payers in medically-oriented spa treatments in relation to the number of clients whose spa treatment is reimbursed by a health insurance company also varies. This was also reflected in the answers taking account of the current situation of the particular spa companies or the available statistical data. In Slovakia, for



example, there are also climatic spas which, according to indications, treatments and stays, specifically focus on children and adolescents aged 3 to 18 (not on wellness stays for self-payers and foreigners). One of the experts described the current situation of natural medical spas as follows: “clients of health insurance companies form a substantial part of the clientele, but in the recent past the company’s financial and profit base was a foreign clientele. Today - in a COVID-19 pandemic situation - the opposite is true.” Measures of the Public Health Authority of the Slovak Republic issued in the spring of 2020 prohibited the operation of wellness centres (including swimming pools in accommodation facilities), natural and artificial swimming pools. These measures did not apply to natural medical spas and spa treatment facilities according to Section 7, Subsection 4, letters e) and f) of Act No. 578/2004 Coll. and Act No. 538/2005 Coll. on the basis of a doctor’s proposal (i.e. they did not allow self-paying stays, only stays covered by public health insurance). Most guests are still partially or fully funded from public health insurance (three out of five experts). The percentage of self-payers is a growing trend, but most domestic clients cannot afford to self-finance spa treatment. It was the issue of self-financing of spa treatment that all five experts concurred in.

In the 1st round, the respondents responded to conflicts between groups of clients and it turned out that there might be some conflicts. The answers concurred in stating that separate spaces, facilities or time periods should be earmarked for clients on treatment stays and those on wellness stays. Because these are different segments that have different preferences in services. For example, in the provision of catering services, there are separate areas for clients whose treatment is financed by public health insurance and self-payers, or they are provided with food at different times (an example given by one of the respondents). Conflicts have naturally been prevented for years by allocating different times for procedures (e.g. for children), thus preventing dissatisfaction of adult clients (possible noise), and with respect to intimacy of some procedures, certain areas are naturally reserved only for women and others only for men. This is nothing new and stems from the long tradition of treatment (an example given by one of the respondents). According to previous experience, experts do not see any obstacles or problems in resolving these conflicts in some way.

When evaluating the most suitable tools for measuring the satisfaction of clients of spa companies, the experts selected three tools, ranking them 1 to 3, where 1 was allocated to the most useful tool. In the case of Slovak spa companies, regarded as the most suitable tools are on-line questionnaires, social media feedback, constant monitoring, guest satisfaction surveys (on paper) and, finally, monthly evaluation (in that order).

Experts designated the national spa association as the most important form of cooperation and networking. In the case of Slovakia, it is the Association of Slovak Spas. According to experts from the commercial sector, the advantages lie, for example, in the promotion of spas or in negotiating better conditions for locations where a uniform procedure is needed. This association negotiates prices with insurance companies on behalf of its members (spas), publishes articles in economic and professional magazines. The Association of Slovak Spas presents the requirements of Slovak medical spas concerning tax and legal regulations. Currently in the COVID-19 pandemic crisis, it prepares a number of press releases and responds to a large number of questions and motions, whether from the public or the media. According to experts, the European Spa Association and destination management organisations (DMOs) follow in terms of the importance of mutual cooperation. At present, there is a partnership between municipalities and natural medical spas in the following Regional Tourism Organisations (DMOs): NORTHERN SPIŠ - PIENINY (Pieniny resort, limited liability company), Dudince Tourism (Dudince Spas, joint-stock company, SLOVOTHERMAE, Diamant Spas Dudince, state-owned enterprise), Regional Tourism Organisation „ŠARIŠ“ -BARDEJOV (Bardejov Spas, joint-stock company), Regional Tourism Organisation Trenčianske Teplice (Trenčianske Teplice Spas, joint-stock company), Horné Považie Tourist Association (Nimnica Spa, joint-stock company), Rajecká dolina (Slovak Medical Spas Rajecké Teplice, joint-stock company), Central Slovakia Tourist Board (Sliach Spas, joint-stock company, Kováčová Spas, limited liability company), Resort Piešťany (Slovak medical spas Piešťany, joint-stock company), REGION LIPTOV (Lúčky Spas, joint-stock company), TATRY –SPIŠ – PIENINY (Pieniny resort, limited liability company), Regional Tourism Organisation Záhorie (Slovak medical spas Piešťany, joint-stock company). The Slovak natural medical spas are also related on the basis of ownership interest or the right to use a common brand. For instance, in 2020, Darkov Spas, joint-stock company (Czech Republic) acquired Brusno Spas, joint-stock company. The company Medical Spas

Mariánské Lázně, joint-stock company (Czech Republic) has a 24% interest in the registered capital of Slovak medical spas Piešťany, joint-stock company. Until 30 June 2019, the company Slovak medical spas Piešťany, joint-stock company, 2020 used the DHG trademark and had a trademark licence agreement concluded with Danubius Hotels Zrt. Since 1 July 2019, the company has been presenting itself on the market under the brand name ENSANA (KPMG Slovensko, limited liability company & Slovak medical spas Piešťany, joint-stock company, 2020).

As to assessing priorities for the next five years, infrastructure development and quality improvement are considered extremely important. This is followed by the creation of an epidemiologically safe environment for guests (after the COVID-19 pandemic wave subsides), digitalisation and improvement of on-line presentation of the spas.

### **Summary of main challenges and opportunities**

The impact of good infrastructure and availability (regular air connections) is significant (opinion of two experts). For example, when Tel Aviv - Košice flights were introduced, the number of tourists from Israel increased noticeably in Pieniny. At the same time, visa procedures need to be simplified (e.g. for Russian clients) (expert's opinion).

“As far as self-payers are concerned, there is no stable institution for tourism with clear visions and long-term goals of promoting Slovakia abroad” (expert's opinion). The project and proposal for establishing Slovakia Travel envisages the establishment of an independent contributory organisation that exist in comparable markets, for example in the Czech Republic. It should be established in 2021. Until 2016, the Slovak Tourism Agency operated in Slovakia.

“The development of the spa industry would certainly be facilitated by reconditioning stays and prevention, which can ultimately be cheaper and less burdensome, e.g. also for the public budget, than the treatment itself” (expert's opinion).

“The services of natural medical spas in Slovakia are based on the existence of recognised natural healing resources (on this competitive advantage). Wellness services (swimming pools and saunas) are used by clients during their stays as a bonus (they are included in the price of the package)” (expert's opinion).

“The challenge is the current pandemic situation (Covid-19). Like other companies operating in the sector of tourism, aqua parks as well as natural medical spas were confronted with the consequences of the pandemic. For several months, they were not allowed to provide their services due to supervised state anti-epidemic measures. Even at the time when the services were or are provided, demand for them has fallen sharply. As in other countries, the pandemic in Slovakia has significantly hit the companies and we cannot yet assess the extent of the losses responsibly. We cannot predict the future situation with certainty” (expert’s opinion). Post- COVID stays could be currently offered on the basis of an exemption that applies to natural medical spas or spa treatment facilities performing medical procedures upon a physician’s recommendation. Currently, some spas already offer this type of stay on their websites. In mid-February 2021, the Ministry of Health and spa representatives discussed the primary diagnoses which should be paid for by the health insurance companies within post-covid spa treatment. Following the discussions, information was published on extending the list of indications (they currently suggest one indication concerning respiratory problems). To this end, it is necessary to adopt an amendment to Act 577/2004 on the scope of health care reimbursed based on public health insurance and on reimbursements for services related to the provision of health care.

## **Recommendations**

- stable conditions for entrepreneurs (e.g. amendments to laws once a year, always as of 1 January, reduction of taxes and fees to the level of countries that are the main source markets, reduction of bureaucracy in dealing with authorities)
- improvement of road infrastructure and availability (regular air connections)
- simplified visa procedures
- the establishment of Slovakia Travel, which would be responsible for the promotion of Slovakia (as a tourist destination) abroad
- emphasis on reconditioning stays and prevention
- Post-COVID stays (their inclusion in the list of spa treatment indications covered by public health insurance)

- creating an epidemiologically safe environment for guests
- improving the quality of services provided
- laying an emphasis on the provision of preventive care and healthy lifestyle counselling
- digitalisation and improvement of on-line presentation of spas
- improving marketing communication with potential clients
- using on-line questionnaires, social media feedback, constant monitoring, guest satisfaction surveys (on paper) to measure the satisfaction of clients of spa companies
- maintaining the system of recreational vouchers

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# CONCLUSION

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The data from the V4 countries contained many similarities. This includes the problems of meeting quality standards for paying and international guests, but not being able to fund this through state or health insurance funds; low salaries and lack of education for employees and the difficulties of recruiting a qualified workforce; as well as addressing special needs of different segments of guests. There was a consensus that the main priorities should be infrastructural improvements followed by creating quality services for new, often self-paying or international guests. In all countries, state funding has been reduced since 1990 and the number of self-paying guests is slowly rising. EU funds have mainly helped with renovation and infrastructural developments. Wellness treatments are growing in popularity especially among younger and foreign guests, but emphasis is still placed firstly on physical health restoration. Medical wellness, preventative care and healthy lifestyle advice is growing but is not yet well established. The main future challenges are connected to further infrastructure, service and quality improvements, for which constant monitoring is required, better segmentation as well as increasing collaboration.

In terms of differences between datasets, more emphasis was placed on balneology in the Czech interviews, especially the need for continuing with education, research and evidence-based approaches to treatment. There was a fear that the leisure and recreation focus of the spa guests was leading to a loss of the balneological traditions. Overall, the Czech responses appeared to reflect a concern that wellness was replacing traditional treatments with an imperative to achieve profitability. With the exception of the “West Bohemian Triangle” spas (Karlovy Vary, Mariánské Lázně, Františkovy Lázně), only around 20% of spa-goers are self-funded. However, the high number of heritage buildings (including World Heritage Sites) requires more investment for renovation or maintenance of buildings.



In Hungary, even though respondents agree that wellness is mainly about leisure and recreation, future developments might focus on improving knowledge of preventative healthcare and healthy lifestyles among Hungarians, possibly using a medical wellness approach. Interviewees also suggest that future developments should take into consideration the needs of different user groups and separate spaces better or target specific groups rather than 'everyone' or 'three generations'. This might help to address issues of overcrowding at peak times too. In addition to recruiting and training staff with sufficient customer service and language skills, spa managers and directors might be needed who have greater expertise and knowledge (for example, not only of balneology or tourism).

Similar to the Czech Republic, in Slovakia, a clearer distinction is made between those spas offering medical treatment and those offering leisure or wellness services than in Hungary and Poland. However, unfortunately, the funding from health insurance has not been sufficient to maintain or improve many of the spas. Tourists from abroad are using both medical and wellness spas in Slovakia and around 19% of clients are foreign, but their stays tend to be much shorter than those of Czech guests. New investments are being made in wellness, but these visits are considerably shorter (2-5 days versus an average of 16 days for medical spas). Preventative programmes for lifestyle-related problems are envisaged for the future. The connection of natural healing resources with high-quality medical facilities and provided medical care is also reflected in the definition of wellness in Slovakia. In natural medical spas, medical wellness is important as a result of the promotion of a healthy lifestyle and increased health care. Besides, it also presents the most suitable tools for measuring the satisfaction of clients of spa companies, the forms of cooperation and networking (e.g. the Slovak Spa Association, public-private partnerships in the existing destination management organisations) and the assessment of priorities in the next five years.

The Polish data mainly emphasizes the challenges of adapting to the needs of the changing market in terms of customer service, but dealing with facilities which require further investment. However, the benefits of EU funding were mentioned quite frequently. Many Polish spas have already diversified their offer beyond medical treatments towards leisure, recreation and wellness. The embracing of healthy lifestyle trends appears to be more common in Poland than in either Hungary or Czech Republic. The results show that the future for spas in Poland lies in creating high enough quality services for the target segments, as well as building

modern spa resort and tourist infrastructure which is environmentally friendly. This may require the development of new products addressing the needs of commercial customers, expansion of personnel competencies and creation of new marketing strategies. In the context of the increasing popularity of wellness services, Polish spa resorts are facing a challenge of combining these with future developments in medical wellness to intensify preventative approaches and increase healthy lifestyle awareness and practice. Government support, EU funding and network cooperation can help in these developments. Constant measurements of quality and satisfaction can also have an impact on this process of continuous improvement.

Of course, the greatest challenge for spas during the period when this research was undertaken was the COVID-19 pandemic which affected all countries to a similar extent. Although governments provided some support, it was impossible to compensate for the loss of visitors. Although some health treatments could continue, the majority of services were suspended. This also affected the supporting business such as cafes, bars, restaurants, shops and attractions. Many respondents highlighted the need for greater hygiene and cleanliness in future. It is hoped that when the pandemic is over, the V4 spas will be able to take some of the recommendations from this research and this book and flourish once again.

## **WELLSPA V4 – DESCRIPTION OF THE PROJECT**

This project focuses on spa development in the V4 region (Czech Republic, Hungary, Poland and Slovakia) and analyses the extent to which traditional medical spas are being adapted to attract and accommodate commercial (non-state-funded) guests and international tourists. This includes the development of infrastructure, the upgrading and regeneration of facilities, the improvement of service quality and the enhancement of visitor experiences. The potential for wellness services and health tourism are a major focus of the research.

### **Background to the Study**

During the Socialist period (1945-1989) the emphasis in spa development was mainly on providing health-enhancing facilities for residents and domestic tourists. Balneotherapy (the use of medical waters in spa treatments) typically consisted of a range of therapeutic treatments administered over three or four weeks. Although some intra-regional tourism existed at that time, especially to spa towns, the emphasis was much more on the domestic markets.

After 1989, the situation started to change and tourism development accelerated once the V4 countries joined the EU in 2004. Their expectations of spas were sometimes different from those of the previous domestic and inter-regional tourists and it implied the need to upgrade and invest in spa development to improve quality and services. However, funding was often lacking despite some ongoing government support for balneotherapy. EU fund helped with renovations from 2004 onwards.

The V4 countries show some similarities to other countries in the region. For example, research on wellbeing and health tourism was undertaken in eleven Balkan countries (several of which are post-socialist including Albania, Bosnia and Hercegovina, Bulgaria, Croatia, Romania, Serbia and Slovenia (Smith and Kiss, 2015). A lack of funding for renovations and the much-needed upgrading of infrastructure was highlighted in this study, as well as the need for better quality and friendlier service. Although many staff are medically educated, they are not trained enough in customer service. More effective marketing would also be required.

The research in the V4 project used a Delphi Study where 28 spa experts were questioned about the following themes:

- Main challenges for thermal baths and medical spas in the post-Socialist era (1990 onwards)
- Share of government support (health insurance) compared to self-funding and how this has changed over time
- The changing nature of local resident and domestic tourists' use of spas.
- The impacts of international tourism development on spa development in the region
- The meaning of wellness and the types of services that are being offered in spas
- Existing conflicts between user groups (e.g. medical and wellness guests; older and younger generations; men and women; international tourists and local residents; different nationality guests)
- Use of customer satisfaction evaluation systems and monitoring of quality
- Collaborations and networks of spas and their main roles and benefits
- Future challenges, opportunities and development options for V4 spas
- How did the COVID-19 situation affect spas in the V4 region and how is the situation being handled?

The project is a collaboration among researchers from four Universities:

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- Slovakia: Jan Derco, Technical University of Kosice, email: [jan.derco@tuke.sk](mailto:jan.derco@tuke.sk)

As part of the project, we have undertaken the following:

- The establishment of a network of spa experts from the V4 countries and wider region
- The publication of a special issue of the International Journal of Spa and Wellness entitled: From Medical to Wellness: Challenges and Opportunities for Spas, including the following articles:
  - Boleloucka, E. and Wright, A. (2021) Spa destinations in the Czech Republic: an empirical evaluation, International Journal of Spa and Wellness, <https://doi.org/10.1080/24721735.2021.1880741>
  - Derco, J. (2021) Spa Tourism in the Slovak Republic, International Journal of Spa and Wellness, <https://doi.org/10.1080/24721735.2020.1857206>
  - Dryglas, D. (2021) Wellness as a new direction of development of Polish spa resorts, International Journal of Spa and Wellness, <https://doi.org/10.1080/24721735.2020.1857207>
  - Smith, M. K., Jancsik, A. and Puczko, L. (2021) Customer satisfaction in post-socialist Spas: a case study of Budapest, City of Spas International Journal of Spa and Wellness, <https://doi.org/10.1080/24721735.2020.1866330>
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  - Strack, F. and Raffay-Danyi, A. (2021) Well-being and healing and characteristics of demand for spas in Hungary, International Journal of Spa and Wellness, <https://doi.org/10.1080/24721735.2021.1875614>
- A Delphi Study consisting of two rounds of interviews with 28 spa experts
- A report in English comparing research data from the four countries
- Four reports in the national languages of the V4 countries with detailed research about spa development in Czech Republic, Hungary, Poland and Slovakia

## Summary of Findings

The data from the V4 countries contains many similarities:

- This includes the problems of meeting quality standards for paying and international guests, but not being able to fund this through state or health insurance funds
- Low salaries and lack of education for employees and the difficulties of recruiting a qualified workforce
- Addressing special needs of different segments of guests. There was a consensus that the main priorities should be infrastructural improvements followed by creating quality services for new, often self-paying or international guests
- In all countries, state funding has been reduced since 1990 and the number of self-paying guests is slowly rising. EU funds have mainly helped with renovation and infrastructural developments
- Wellness treatments are growing in popularity especially among younger and foreign guests, but emphasis is still placed firstly on physical health restoration
- Medical wellness, preventative care and healthy lifestyle advice is growing but is not yet well established
- The main future challenges are connected to further infrastructure, service and quality improvements, for which constant monitoring is required, better segmentation as well as increasing digitalisation

## Project partners:

- Budapest Metropolitan University (coordinator) – <https://www.metubudapest.hu>
- Technical University of Košice – <https://www.tuke.sk/wps/portal/tuke>
- AGH University of Science and Technology – <https://www.agh.edu.pl/en>
- University of Pardubice, Faculty of Economics and Administration – <https://fes.upce.cz/en>

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