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TERMAL/MINERAL SPRINGS INDUSTRY: NEED FOR TRANSFORMATION IN FUNCTION OF TOURISM

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Abstract

Wellness tourism has now grown into a serious form of tourist movement and is an important part of the tourism industry with significant economic impact. Within the framework of wellness tourism it covers more sectors, among which are: Spa, Wellness Tourism, Thermal/Mineral Springs, Workplace Wellness, and Wellness Lifestyle Real Estate. The wellness economy now represents more than 5% of global economic output and is almost half the size of all global health expenditures, which reached \$7.6 trillion in 2014. In 2015, there were 121,595 spas operating around the world, earning \$77.6 billion in revenues, leader in total spa revenues is Europe, the number of spas has continued to increase and their revenue growth has been strong in local currency. The aim of the authors in the paper is to present the situation with the Thermal/Mineral Springs Industry in the Republic of Macedonia. Due to these statistical data, the authors are on the opinion that it is necessary to transform the Thermal/Mineral Springs Industry in the function of health tourism, which is also the subject of the research in this paper.

Keywords: wellness, development, policy, tourist demand.

Jel Classification: L83; Z32; I15; O18

INTRODUCTION

The term wellness tourism covers a wide range of activities related to a healthy lifestyle, but essentially it comes to integrated collaboration between the health and tourism sectors. It is important to note that although ‘wellness’ has been adapted by the business community, from a health point of view the term is problematic to define (Pyke et al. 2016). Whilst wellness and tourism are not a new concept within tourism, the two themes have a long history of association in stimulating tourism development (Page et al. 2017).

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Tourism studies has also become more focused on wellbeing in the last few decades, both from a theoretical and methodological perspective (Smith and Diekmann 2017). Consequently, it was not until the new millennia that wellness begun to be rediscovered as a rebranded form of niche tourism, with global awareness promoted through the internet and social media especially the focus on the body and mind as a means to achieve wellness through a tourism experience (Page et al. 2017). For the purposes of this paper, the authors accept the definition of wellness tourism given by Global Wellness Institute (GWI), they define wellness as the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health.

The Global Wellness Institute notes and develops original estimates for ten wellness sectors, table 1.

Table 1. Global Wellness Economy in 2015

Wellness sectors	Estimated value
Spa	\$99b
Wellness Tourism	\$563b
Thermal/Mineral Springs	\$51b
Work-place Wellness	\$43b
Wellness Lifestyle Real Estate	\$119b
Beauty and Anti-Aging	\$999b
Fitness and Mid-Body	\$542b
Health Eating, Nutrition and Weight Loss	\$648b
Preventive and Personalized Medicine and Public Health	\$534b
Complementary and Alternative Medicine	\$199b

Source: Global Wellness Economy Monitor - January 2017, figure 1.

The authors on the subject of analysis in the paper will process only one sector Wellness economy, it's the sector of Thermal/Mineral Springs, and the situation regard to tourism in the sector Thermal/Mineral Springs, in the Republic of Macedonia, primarily because of the tradition but also because of the potential that it has in the country. Tourism is a vitally important industry to many regions of the world and forms an important and growing part of the world's economy (Jarvis et al. 2016). Thermal/mineral springs can be seen as a pull factor in tourism. Following that, pull factors of destinations attract people towards themselves with respect to their motivation (Nikjoo and Ketabi 2015). The dynamics of tourism and its growing importance has increased tourism demand studies (Koichi and Thompson 2015). Economic characteristics of home countries can cause considerable variations in the tourism demand (Zhang et al. 2016). An aging population brings with it many social issue concerns over welfare provision, employment, health, transportation, and personal mobility (Young Wook et al. 2015). Visiting thermal springs for medicinal purposes is one of the oldest forms of health-related travel in most parts of the world (Boekstein 2014).

This industry is mostly concentrated in Europe and Asia, in this area there is a long history of thermal mineral springs. Europe and Asia account for over 95% of industry revenues and over 90% of establishments, as shown in table 2.

Table 2. Thermal/Mineral Springs by Region, 2015.

	Establishments	Revenues
Asia-Pacific	20.146	\$29.2b
Europe	5.612	\$19.7b
Latin America	1.148	\$1.2b
North America	237	\$0.6b
Middle East	39	\$0.2b
Sub-Saharan Africa	324	\$0.06b

Source: Global Wellness Economy Monitor - January 2017, figure 7.

Many European countries have a long tradition of using thermal mineral waters for medicinal purposes, these countries constitute the most important market for thermal/mineral springs industry. Thermal/mineral springs is rising industry, GWI estimate that there are now 27,507 facilities built around thermal/mineral springs, located in 109 countries, and earning \$51.0 billion in revenues in 2015. This indicates that there are rapidly rising consumers, investor, and government interest in springs-based activities.

1. METODOLOGY

The analysis is based upon extensive primary and secondary research conducted from August to September 2018. Research included a review of recent literature and reports on spas, wellness, wellness tourism, thermal/ mineral springs, workplace wellness, and wellness real estate. Secondary data from the State Statistical Office of the Republic of Macedonia are also used. A comparative analysis was made for comparing data from GWI and data from the State Statistical Office of the Republic of Macedonia. During the research, several research methods were used such as: analysis and synthesis, comparison, statistical data processing methods.

2. RESULTS AND DISCUSSION

The thermal/mineral spring industry is comprised of revenue-earning business establishments associated with the wellness, recreational, and therapeutic uses of waters with special properties. The thermal/mineral spring industry as part of wellness economy sector will be in steady growth, which will follow current consumer and demographic trends. GWI project that five wellness sectors will all grow at a rate faster than global GDP growth, of 4.5% annually. The thermal/mineral spring industry will grow at a rate of 4.8% annually, by 2020. The industry's solid growth trajectory, by GWI is project to rump up over the next 5-10 years. Such growth will be facilitated by several factors such as: need for therapeutic and healing function of thermal/mineral waters; suitability for use of thermal/mineral springs for all ages and all types of visitors in bathing as a complementary activity during travel; the variety of experiences during thermal/mineral springs bathing.

Table 3. Wellness Sector Growth Projections, 2015–2020

	Projected Market Size (US\$ billions)		Projected Average Annual Growth Rate
	2015	2020	2015–2020
Spa Facilities	\$77.6	\$103.9	6.0%
Thermal/Mineral Springs	\$51.0	\$64.6	4.8%
Wellness Tourism	\$563.2	\$808.0	7.5%
Workplace Wellness	\$43.3	\$55.1	5.0%
Wellness Lifestyle Real Estate	\$118.6	\$152.8	5.2%

Source: Global Wellness Economy Monitor - January 2017, table 1.

On the base of growth trajectory, many countries are including thermal/mineral springs in their tourism development and marketing strategies. As the authors noted earlier (table 2.), this industry is mostly concentrated in Europe and Asia, in this area there is a long history of thermal mineral springs activities. The concentration of thermal and mineral springs in Europe and Asia is visible in the list of Top Twenty Thermal/Mineral Springs Markets in 2015 (table 4.). Specifically in the Top Twenty Thermal/Mineral Springs Markets, 14 countries are in Europe, it represents 70 percent, of the markets in table 4. The authors consider these data significant, as the data indicate the tradition in the thermal/mineral springs industry in Europe, and they point out the possibility and need for Macedonian thermal/mineral springs industry to strive for that market.

Many countries in Europe are developing new marketing and tourism policies around their thermal/mineral springs for development purposes.

Table 4. Top Twenty Thermal/Mineral Springs Markets, 2015.

	Number of Establishments	Revenues (US\$ billions)	Rank in 2015
China	2,200	\$15,721.6	1
Japan	17,328	\$12,493.4	2
Germany	1,265	\$6,823.7	3
Russia	823	\$3,075.9	4
Italy	760	\$1,674.5	5
Austria	181	\$905.1	6
Turkey	267	\$691.5	7
Hungary	546	\$665.9	8
Spain	247	\$658.8	9
Poland	185	\$620.6	10
France	175	\$582.4	11
Brazil	147	\$526.1	12
Czech Republic	90	\$513.0	13
United States	217	\$487.7	14
Switzerland	71	\$479.6	15
Slovenia	74	\$426.8	16
Slovakia	97	\$371.0	17
Portugal	84	\$308.2	18
Iceland	139	\$301.1	19
South Korea	96	\$293.2	20

Source: Global Wellness Economy Monitor - January 2017, table 15.

Another very important feature of thermal/mineral springs industry is the diversity of tourist offer that provides the tourism market. There are many categories and types of thermal/mineral springs establishments, as illustrated in table 5. The thermal/mineral springs industry encompasses a wide variety of different types of establishments; some are recreational in nature (e.g., thermal water swimming pools and waterparks), some are medical or therapeutic (e.g., many sanatoria in Europe), and some focus on wellness-enhancing experiences.

Table 5. Types of Thermal/Mineral Springs Establishments

Primarily Recreational	Primarily Wellness	Primarily Therapeutic or Curative	
Thermal/mineral water swimming pool facilities	Thermal/mineral water bathing facilities	Health resorts and sanatoria that use thermal/mineral waters for treatments	
Thermal/mineral water based water parks	Thermal/mineral water based spas		
Hotels/resorts with thermal/mineral water swimming pools	Thalassotherapy spas and resorts		
Thermal or hot springs resorts			

Source: Global Wellness Economy Monitor - January 2017, figure 21.

Since many facilities presented in table 5. overlap multiple categories, authors accept the categorization of the Thermal/Mineral Springs Establishments into two basic categories for the purposes of this research: Thermal/mineral springs establishments that offer spa services, and Thermal/mineral springs establishments with no spa services (GWI 2017).

The first facilities offer complementary, spa services (e.g., massage and other treatments) alongside their bathing offerings, and incorporate the water into spa treatments. The second one are typically recreational and bathing facilities.

Just over one-quarter of all thermal/mineral springs establishments offer value-added spa services (e.g., massage, facials, hydrotherapy, and other treatments) alongside their bathing offerings. The facilities that offer value-added services tend to be more developed facilities and a wider range of offerings; therefore, they earn higher revenues than those facilities with bathing only, and they account for nearly two-thirds of the industry's revenues.

Table 6. Thermal/Mineral Springs Facilities and Revenues by Type, 2015.

	Number of Establishments	Revenues (US\$ billions)	Avg. Annual Revenues per Establishment
With Spa Services	7,172	\$32.1	\$4,479.220
No Spa Services	20,335	\$18.9	\$930.328
Total Thermal/Mineral Springs Industry	27,507	\$51.0	\$1,855.644

Source: Global Wellness Economy Monitor - January 2017, table 16.

On the territory of the Republic of Macedonia, there are 8 thermal/mineral springs. They are evenly located over the country, this is considered by the authors as an advantage in function of tourist utilization. It is indisputable that the geographical attributes of tourism destinations represent the key component of their resource base (Jovicic 2016). The focus of the authors in the analysis of the contemporary situation in

thermal/mineral spring industry in Macedonia is on the available data relating to tourism, presented in a table 7.

Table 7. Tourism indicators in thermal mineral springs in Macedonia

	Thermal mineral springs	Catering business units	Number of rooms	Number of beds	Turnover of catering trade and services 'in '000 denars	Tourists by types of accommodation establishments	Nights spent by tourists, by types of accommodation establishments
Thermal mineral springs		5	531	1 296	166 035'	28 276	227 919
Total	8	1 150	28 305	73 168	8 848 227'	856 843	2 461 160
Share in%		0.4%	1.87%	1.73%	1.87%	3.3%	9.2%

Source: Statistical Yearbook of the Republic of Macedonia, 2017

From the data in table 5 it can be seen that out of 8 thermal mineral springs, 5 are actively in use. They have a 531 room and 1,296 beds, which is a very small number compared to the total number of rooms and beds in the country, in percentage terms it is 1.75%. The current situation is also unsatisfactory in terms of other tourism indicators, with a share of 1.8% - Turnover of catering trade and services, 3.3% - Tourists by types of accommodation establishments, to 9.2% - Nights spent by tourists, by types of accommodation establishments. A common feature is that they are thermal/mineral springs facilities without spa services. In terms of this issue, modern trends must be followed and develops new facilities adapted to international standards and demand and supply in the tourism sector (Panahi et al. 2015).

CONCLUSION

Thermal/spring industry is an important part of Wellness economy, which features an annual projected growth of 4.8%. Thermal/mineral spring facilities with spa services generate 70% more tourist traffic than others facilities with no spa services. The Republic of Macedonia has natural preconditions for the development of Thermal/mineral spring industry, there are 8 thermal/mineral springs on the territory of the country. Contemporary situation with the thermal mineral/springs industry in the Republic of Macedonia is not on the required satisfactory level to develop tourism. There is a need to develop new facilities adapted to international standards and demand and supply in the tourism sector. Such adaptation refers to thermal/mineral spring facilities with spa services.

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