Italian Thermalism:
From Roman Times to the Future

Dr. Nicola Angelo Fortunati, terme & spa general director, Italian Hospitality Collection, Italy
26 – 29 B.C. Thermae of Agrippa
IV century A.D.
865 private Balnea
11 imperial Thermae
Nerone
Tito
Traiano
Caracalla
Docleziano
Costantino
• Free entry for roman citizens
• 75% of roman population was naturalized citizen
• Roman citizens didn’t work
• Everybody went to the therme at least once a day
• Therme of Diocleziano – 140.000 sqm
• More than 1.500 people every hour (in the water)
Roman times (V century A.D.): hygienic, hedonistic and social practice

Medieval times (XIV century): therapeutic practice emergence

Renaissance (XV century): clinical practices improvement and books printing (Bacci, Mercuriale, Savonarola)


XIX century: Ville d’eau

XX century: from la “Belle Epoque” elite thermalism to social thermalism

University teaching of thermalism and medicine specialization

Thermalism in the wellbeing business (SPA)
• High local concentration
  More than 50% located in two small areas:
  • North east (27.4%)
  • Ischia Island (26.6%)
• High fragmentation
  Large number of small properties
• Thermal hotels
  30,000 beds
• 489 thermal water mining concessions

Source: Federterme – Ministry of Economics and Finance
• Important local healthcare facilities
• 87% of thermal facilities are accredited by National Health Service
• In compliance with:
  • Therapeutic appropriateness principles
  • management efficiency

Source: Federterme
### THERMAL GUEST MIX 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total guests</td>
<td>2,790,000</td>
</tr>
<tr>
<td>Italian</td>
<td>88%</td>
</tr>
<tr>
<td>Foreign</td>
<td>12%</td>
</tr>
<tr>
<td>Women</td>
<td>57%</td>
</tr>
<tr>
<td>Average age</td>
<td>45 – 50 years</td>
</tr>
</tbody>
</table>

### REASON WHY

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relax &amp; leisure</td>
<td>28%</td>
</tr>
<tr>
<td>Remise en forme</td>
<td>19%</td>
</tr>
<tr>
<td>Appearance improving</td>
<td>16%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>13%</td>
</tr>
<tr>
<td>Gift</td>
<td>10%</td>
</tr>
<tr>
<td>Pain relieve</td>
<td>7%</td>
</tr>
<tr>
<td>To socialize</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Federterme
ARRIVALS/PRESENCES

Arrivi
Presenze

3.5 mln
11.1 mln

AVERAGE STAY

3.9
3.2

Source: ISTAT processed by Federtermi
• Total turnover 2016: € 731 mln.
• Yearly average growth rate
  • Thermal therapy: - 1,5%
  • Hotel & other: 0%
  • Total: - 0,7%
• Thermal sector added value in 2017:
  • € 564 mln.
  • 3,5% more vs 2016
• Accumulation rate (investment/added value):10%
  • Uncertainty period
  • Difficulty to access to bank credit for small companies
## INCOM COMPONENT 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total incom</td>
<td>€ 747 mln.</td>
</tr>
<tr>
<td>2017 vs 2016</td>
<td>+ 2.6%</td>
</tr>
<tr>
<td>N.H.S. Therapy</td>
<td>- 0.2%</td>
</tr>
<tr>
<td>Other</td>
<td>+ 3.1%</td>
</tr>
<tr>
<td>Expense for good and services</td>
<td>€ 343 mln.</td>
</tr>
<tr>
<td>Employees</td>
<td>11.500</td>
</tr>
<tr>
<td>Cost of labour</td>
<td>€ 293 mln.</td>
</tr>
</tbody>
</table>

### Total Tax Rate 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>62%</td>
</tr>
<tr>
<td>Czech R.</td>
<td>50%</td>
</tr>
<tr>
<td>Hungary</td>
<td>46.5%</td>
</tr>
<tr>
<td>Poland</td>
<td>40.4%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>31%</td>
</tr>
<tr>
<td>Croatia</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

Tax % incidence on company profit

Total Tax Rate 2016
### Downsides

- Gradual reduction of average stay
- High competition pressure
- Heavy crisis of public ownership companies
- Limited Government intervention in tourism industry
- East Europe Growing price competition

### Upsides

- Gradual change of lifestyle and consumption models (health concept evolution)
- Population aging (long term care demand increasing)
- Need of more appropriateness, less cost and less side effects in therapies
- Building and plants modernization investments and services diversification
The 21\textsuperscript{th} century
Silent Epidemics

- Obesity
- Non Communicable Diseases (NCDs)
- Aging
• Non Communicable Diseases (NCDs) kill 40 mil. people/year

• 68% of all deaths globally

• 80% of NCDs deaths occur in low and middle income countries

• Cost over the next 20 years: $ 47 tril. (cumulative output loss)

Source: Harvard Medical School, WEF, McKinsey
Wellness will become mandatory

- Preventative healthcare
  - To reduce costs
  - To improve quality of health and life

Preventive vs. Reactive Healthcare

- Healthy/Lowest Risk
- At Risk
- High Risk
- Chronic Disease Early Stage
- Chronic Disease Progression
- Chronic Disease End-of-Life Care

Cost:
- 20% Population, Generates 80% Cost

Nicola Angelo Fortunati
MEDICAL WELLNESS IN MEDICAL THERMAL SPA

• Thermal water
• Specific and personalized protocols
• Up to date preventive and predictive evaluation
• Health culture
• Experience and learn healthy behaviours
Equilibrium is an innovative approach to preventing and treating inflammation, based on four fundamental pillars:

- Nutrition,
- Thermal therapies,
- Antistress techniques
- Physical exercise.

The Equilibrium method includes treatments designed primarily to “switch off” hyperactive stress and inflammation system.
CON TUTTA LA NOSTRA PASSIONE

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