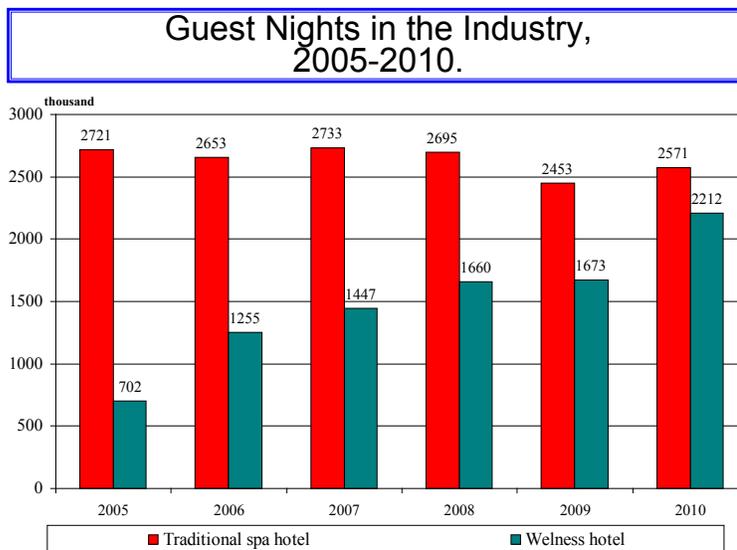


## Europe: Hungary & Central Europe

WHAT ARE SOME CHANGES YOU HAVE NOTICED IN YOUR CUSTOMERS THIS PAST YEAR? ARE YOU SEEING ANY NEW REQUESTS FROM CONSUMERS?

Within the Central and Eastern Europe (CEE) region the share of revenues deriving from spa treatments is well below the hotel or spa (bath entrance) revenues. An alignment to international trends has already begun; domestic consumers need more and more wellness treatments, but foreign tourists still buy more treatments than domestic tourists. Health care background became more important among domestic wellness consumers. Medical tourism is very successful among foreign tourists, mainly dental services, but also many different types of surgeries.

Consumers like to get complex tourism services: combining wine tourism with spa tourism is a good example, because Hungary has a lot of excellent small rural wineries. 2010 was the first year when the number of wellness guests was significantly higher than the number of traditional spa hotel guests, but in the guest nights still the traditional hotels are the market leaders. The trends are demonstrated by the following diagram:



WHAT SECTORS DO YOU SEE ATTRACTING THE MOST INVESTMENT CAPITAL THESE DAYS? WHAT ABOUT WHEN IT COMES TO THE SPA AND WELLNESS ARENA?

Most of the foreign direct investment is put into car factories (Mercedes, Opel – engines, Audi), and into infrastructure. In the spa and wellness industry the most investment capital goes to hotel and indoor spa constructions. The big hotels are wellness hotels, and there are foreign investments, but their share is less than in other CEE countries.

A year ago the biggest indoor spa in Europe was finished in Hajduszoboszlo, and this year 6-8 more new indoor spas have been finished (e.g. Cserkeszolo, an enlargement in Sarvar), or will be finished, so Hungary expects to grow significantly in the number of spa-goers and foreign tourists.

#### WHAT IS THE FUTURE LOOKING LIKE FOR SPA AND WELLNESS IN YOUR COUNTRY?

The financial downturn is over, and the industry is growing. Revenue generated by domestic tourism is rapidly increasing. The number of foreign visitors also increased in 2010 by almost 20%.

Hungary has more and more new and modern indoor spas (baths with great pools and treatment rooms) and 4- and 5-star hotels (generally also with treatment rooms supervised by medical doctors) were built as a result of the developments in the last decade. In January 2011 a new program, the Szechenyi Development Plan, was launched to modernize the country. The first priority of this plan is developing the spa and wellness industry. It is focusing on effectiveness, modernization, innovation and complexity.

There will be projects to redesign the traditional treatments according to world trends, but using the strong heritage and medical spa background. A NGO (Tourism Knowledge Center) started to develop complex spa treatment packages and the knowledge is based on the natural fruits of rural Hungary and medical researches, which can properly measure the effects of the treatments (including the effect of the thermal water), even on molecular level.

Based on the medical spa trends the traditional Central and Eastern European spas may contribute to the renaissance of the traditional spa-visiting, if they can provide modern, evidence-based treatments beyond the traditional spa treatments. In the future, according to the national strategy, the spa and wellness industry will get closer to its medical background, and offer medical wellness treatments based on strong medical background.

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