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ANALYSIS OF DEMAND FOR WELLNESS AND MEDICAL TOURISM IN HUNGARY

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Abstract: Health tourism in Hungary holds major opportunities. When analysing medical and wellness accommodation data, it can be stated that the Hungarian population is keenly interested in health-related tourism services.

From the aspect of further development, health tourism based on medical services can be a take-off point for Hungarian tourism. In my opinion, the next few years will be crucial for Hungary's ranking among health tourism destinations. The country's initial circumstances are rather favourable, whereas the revaluation of the quality aspects of these services and the fact that the surrounding countries have also recognised the opportunities in health tourism led to an intensified competitive environment. Consequently, if Hungary does not take advantage of its current opportunities, there will be even less chance to develop the country into the primary thermal and medicinal water-based health tourism destination of Europe in ten years. Yet, this is one of the foci of the objectives set out in the New Széchenyi Plan

Keywords: health tourism, wellness, medical tourism, competitiveness, Hungarian demand

Introduction

Tourism is the most dynamically developing sector of national economies. According to the most recent report of the United Nations World Tourism Organisation (UNWTO), tourist traffic has begun to significantly increase again. After the global financial crisis and economic recession in 2008 and 2009, the ratio of international tourist traffic increased by nearly 7% in 2010 (Figure 1). In the opinions of tourism experts, a further increase can be expected in 2011, mainly as a result of the fact that the role of tourism is becoming much more important worldwide. (Kincses, 2009)

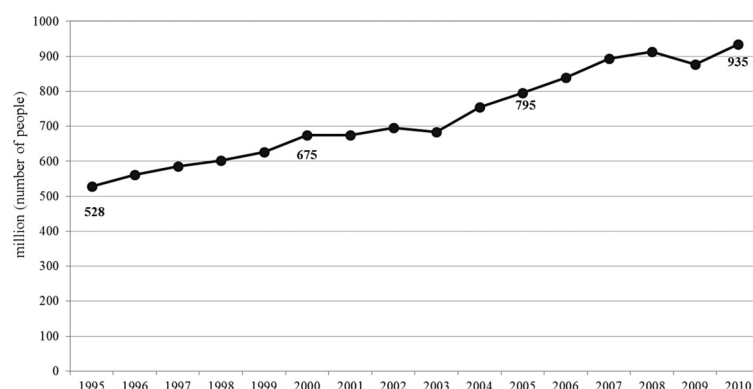


Figure 1. International tourist arrivals, 1995–2010 (UNWTO, 2011)

The importance of tourism

The global crisis made its influence felt not only in tourist traffic. A change can also be seen in the destinations tourists

choose, since closer and inland destinations became more preferred. Also, the average duration of stay and the average expenditure per travel both decreased. This decrease can also be “blamed on” the recent crisis, as consumers became even more sensitive to tourism services with preferable price/value ratios. (UNWTO, 2011)

Tourism is one of the main branches of industry in Hungary. Based on its contribution to GDP and its role in employment, its direct economic role is more emphasised than in the world and the European Union. The facts that tourism provided 5.2% (978 billion HUF) of the GDP and that 7.9% (303 thousand people) of all employees worked in tourism in 2005 show the macroeconomic importance of this sector. Considering the multiplication effect of the branches of tourism, it can be observed that this sector represents 8.8% (1654 billion HUF) of the whole national economy, while the ratio of directly and indirectly employed people is 12.6% (nearly 490 thousand people). (Magyar Turizmus Zrt., 2009)

Health tourism in focus

Hungary is a significant target country when it comes to health tourism. The number of foreigners visiting the country for health-related purposes significantly increased in the past few years, as did their expenditures: their number increased by more than 30% between 2007 and 2010 and the amount of money they spent increased by 75% (!) during this otherwise economically critical period (Figure 2). As will be shown below, a

significant increase of domestic tourists can also be observed, mainly due to the attractive force of wellness hotels. (Hungarian Central Statistical Office, 2011)

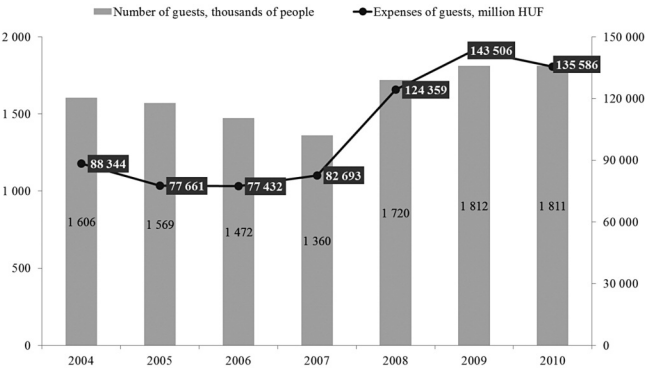


Figure 2. The number and expenditures of foreigners visiting Hungary – Visiting purpose: Medical and health tourism (2004–2010) (Hungarian Central Statistical Office, 2011)

The conceptual system of health tourism is rather comple. Kincses (2009) systematises the related definitions logically and clearly. (Figure 3)

- **Health tourism:** a form of health-related intentional mobility, where the purpose of changing one’s location is healing, rehabilitation or health development. It is also coupled with tourism services to various extents.
- **Medical tourism:** health tourism based on medical services used for the specific improvement of one’s health.
- **“Medical wellness”:** a type of service provided in a wellness centre, where the selection of services and the creation of a program from these services are done with methods verified by medical science and in an individually tailored way.
- **Recreational tourism:** a complex service used with the aim to generally improve and maintain one’s health.

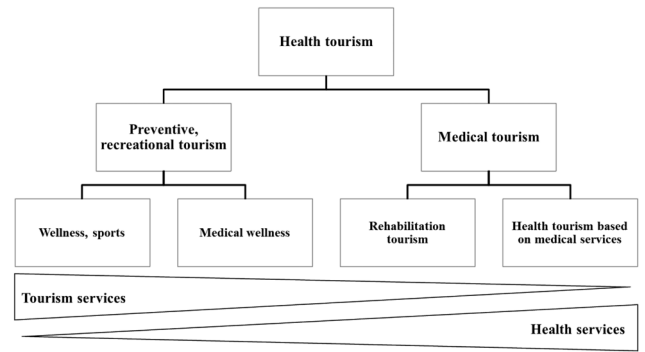


Figure 3: The conceptual system of health tourism (Kincses, 2009)

In Hungary, the need for tourism for both preventional and medical purposes is rather significant, although demand for the former is increasing more rapidly. The growth of demand for tourism services for preventional purposes is clearly illustrated by the change of the number of

accommodation facilities over the past years. Based on the data of the Hungarian Central Statistical Office (HCSO), the number of medical hotels stagnated, while that of wellness hotels significantly increased: in 2004, only 15 such institutions were registered and their number was more than 100 in 2010. (Table 1)

Table 1. The number of medical and wellness hotels between 2003 and 2010 (Hungarian Central Statistical Office, 2011)

	2003	2004	2005	2006	2007	2008	2009	2010
Number of medical hotels	48	56	62	55	55	54	54	58
Number of wellness hotels	n.a.	15	31	45	59	82	90	103

When analysing the number of tourist nights, it can be seen that the tourist traffic of medical hotels decreased in these four years, while that of wellness hotels notably increased during the same period.

As regards the composition of guests, the ratio of Hungarian and foreign guests is nearly similar in the case of medical hotels, while wellness hotels are typically visited by Hungarian guests, as their proportion is three times that of foreign guests. (Figure 4)

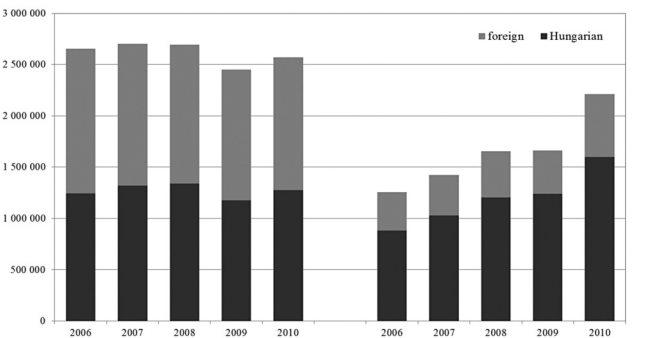


Figure 4: Guest traffic of medical and wellness hotels (number of people) (2007–2010) (Hungarian Central Statistical Office, 2011)

When examining regional differences, it can be stated that the ratio of foreign guests in medical and wellness hotels was higher in the Eastern Hungarian and Western Transdanubian regions in comparison with the rest of the country – especially in the case of the former service. (Figure 5)

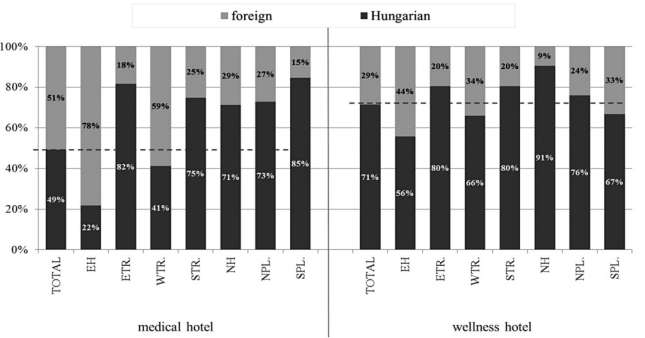


Figure 5: Guest traffic in commercial hotels (number of people) – ratio of foreign and Hungarian guests per region (2010) (Hungarian Central Statistical Office, 2011)

Tourism based on medical services has significant opportunities in Hungary. Foreign patients prefer this country mainly because of the fact that they can use highly professional therapeutic services at relatively low prices. (Kincses, 2009) Furthermore, there is a major potential in Hungarian guests which is mainly stimulated by the problems of the health care system (e.g. waiting list, lack of high quality services). (Szinapszis, 2011) For example, it is worth observing the patient traffic of private hospitals supported by the National Health Insurance Fund, since the patient traffic data of the 12 private institutions increases from year to year (Figure 6). Although these hospitals represent a totally different category than the clearly profit-oriented commercial hotels providing medical services, these data clearly show the increasing need of Hungarian patients for higher quality service. (National Health Insurance Fund, 2011)

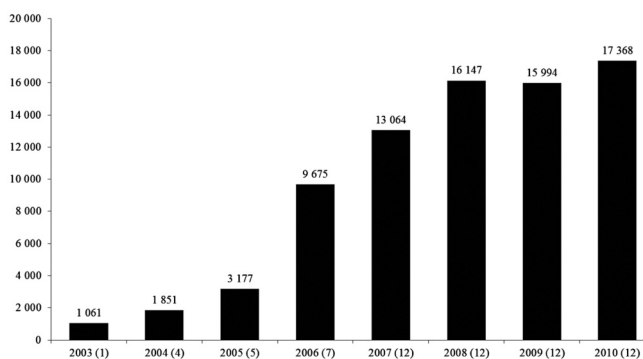


Figure 6: Number of patients discharged from private hospitals funded by the National Health Insurance Fund (2003–2010) (numbers in brackets show the number of institutions) (National Health Insurance Fund, 2011)

Trends supporting the Hungarian health tourism

Health tourism is in a fortunate position among the different branches of tourism, since there are numerous global or regional trends connected to the sector which can contribute to maintaining and improving the competitiveness of those providing health services. (Kocziszky, 2004)

1. The increasing popularity of health awareness

Based on Kocziszky such an aspect is shown in the global megatrend of the increasing popularity of health awareness. (Kocziszky, 2004) Health preservation refers to the activities related to maintaining and restoring healthy conditions, while the prevention of problems also needs to be of primary significance. Healing and the early detection of diseases are equally important. In economically developed countries, people give increasing attention to various forms of prevention. Reference of Kocziszky the literature defines four cluster groups (youth, upper category, mainstream and senior). The typically used health- and lifestyle services can be assigned to these cluster groups (see figure 7). (Kocziszky, 2004)

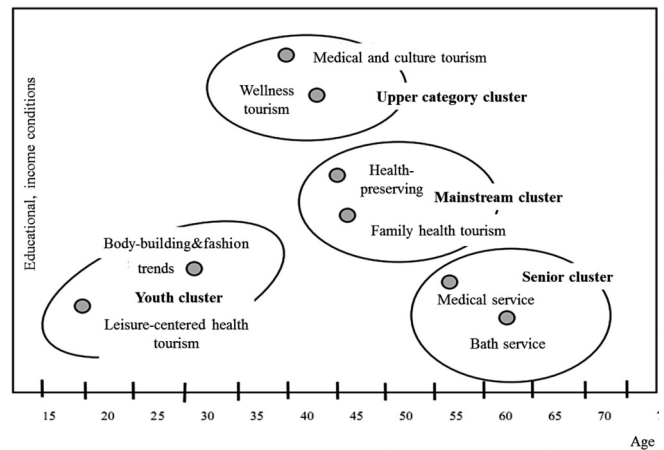


Figure 7: Age group-related needs in health tourism (Kocziszky, 2004)

Motivations support the requisition of health tourism services are different in case of these four cluster groups. On the one hand, the “aging” welfare societies like Germany, France, etc. are characterised by the increasingly wide and active range of older people who are willing to spend money on travel; therefore, older travellers make up a significant percentage of those demanding health tourism services. On the other hand, the pension and health care systems of the mentioned welfare countries fight general budgetary and structural difficulties and their capacities are overburdened, which results in long waiting time and all these aspects lead to the increasing importance of the (individual) self-financing of health preservation. (Kocziszky, 2004) (As I have mentioned further this phenomenon subserves for medical tourism as well.) Nevertheless, the young and middle-aged groups prefer active spa or wellness experience which could even be the main goal of their travels. (Kocziszky, 2004)

2. Hungary's natural endowments

Second element which supports the Hungarian health tourism is the natural endowments. The historical bath culture and thermal water resources of Hungary have been known and recognised internationally.

Hungary belongs to the five richest countries terms of the possession of thermal waters; the other four being Japan, Iceland, Italy and France. (Magyar Turizmus Zrt., 2009). As regards the thermal and medicinal water resources and further medicinal aspects, Hungary has the following endowments, based on the registry of the National Directorate of Curative Places and Spas (OGYFI):

- more than 1,200 thermal water wells,
- 219 acknowledged medicinal waters,
- 13 health resorts,
- 72 classified medicinal baths,
- 5 medicinal caves,
- 212 acknowledged mineral waters,
- 5 locally exploitable medicinal mud sites,
- 1 mofetta. (OGYFI, 2011)

The medicinal waters in Hungary can be used for therapeutic purposes in the treatment of locomotor diseases, skin diseases, gynecological complaints, problems with the circulatory and digestive systems. Medicinal caves provide effective treatment for those suffering from respiratory illnesses.

3. Special features of health tourism

In comparison with other branches of tourism, health tourism has more special features that significantly support the competitiveness of the sector:

- Relatively long stays (due to the treatment-based services, the amount of time spent is more than in the case of other tourism products).
- Higher amount of specific expenditure due to the specialised services and tools and the high labour need of health tourism (this is especially true for wellness tourism).
- Lower seasonality; the services of health tourism are usually independent of the weather; therefore, guests usually do not visit health resorts in the summer period (Kocziszky, 2004).
- In tourism, there is an increasing need for individually tailored services and it could even be a major competitive advantage. From this aspect, health tourism can be an especially preferred form of tourism, thereby contributing to the higher level of satisfaction of guests.

4. Transforming Hungarian health care system

The Hungarian health care institutions are majorly restructured. According to the plans of the government (Babos-Gyüre, 2007), the previous system is replaced by regionally organised, holding-like operational and structural models.

The fundamental principles of the reorganization of healthcare and the direction of the steps to be taken are set down in the Semmelweis Plan. One of the most important measures is to make specialized outpatient and inpatient care a state responsibility. This allows for the reorganization of the system following a more reasonable structure that ensures the efficiency of services. The affected healthcare institutions will be transferred to state ownership on 1 January 2012 and 2013. As of 1 January 2013, the only responsibility of local governments in the area of healthcare will be to provide basic healthcare services. (Convergence programme of Hungary 2012–2015, 2012)

These changes affect medical tourism indirectly as well. The institutions in Budapest would work in a separate holding system, and it means they have individual interest in profit, and they have opportunity to complete their profile with e.g. privat healthcare services as well. As Lóránth noticed, in fact it is an expressed aim of the Hungarian government to make Budapest the centre of health tourism based on medical services. These newly developed places will

have equal quality levels to those of hotel services and they will focus on hosting mostly foreign tourists (Lóránth, 2010).

5. The medical background in Hungary

Health tourism is a thriving area and it is not the market of services based on natural medicinal aspects which are affected by the market extension of medical tourism in the world, but rather health tourism based on medical services which is growing dynamically. Due to technological development and the change of consumer needs, the advantages resulting from the natural monopoly of thermal and medicinal waters have decreased in value, in addition these opportunities are very general and limited in a country. The future is health tourism based on medical services, Hungary has to focus on it as well.

The professional skills and knowledge of Hungarian physicians are acknowledged worldwide (Kincses, 2010), it means that our professional background for medical services is mostly ensured. At the same time there is no proper quantity service to offer to foreigners in the scope of medical tourism, there is no business model based on these aspect, and at present it is a huge disadvantage of Hungary (Kincses, 2010).

6. The development of health tourism is a priority in the national economy

The perception of the importance of health tourism in the national economy significantly improved in the last 10 years. This sector was first given real significance in the Széchenyi Plan of the government between 2001 and 2004. (Kincses, 2010)

The National Tourism Development Strategy (2005–2013) also considers health tourism to be a product development priority, similarly to the New Széchenyi Plan, which deals with the opportunities of the sector in a separate section. The central issue of the most recent strategic document entitled “Healing Hungary – Health Industry Program” remains to be the support of the development of the health industry and the thermal health industry, while it also contains novel points which reflect a sustainability-driven approach that is a general direction of the European Union. (Kincses, 2010)

Analysis of Hungarian demand – Materials and Methods

It is an another aspect of the Hungarian-demand’s analysis if we measure it directly in the adult population. I had the opportunity to examine this issue by means of an online questionnaire research project in August 2011.¹ The research project was carried out with the support of Szinapszis Market Research and Consulting Ltd.

¹ The research project was carried out with the support of Szinapszis Market Research

During the survey, 628 questionnaires were filled out and respondents were randomly selected from a panel containing 10 000 people. In this panel, there were previously determined quotas based on age and gender and these quotas had the same distribution as the national distribution based on HCSO data.

It is important to note that the nature of this methodology results in the fact that the proportion of people with elementary educational degrees is minimal. However, if we consider that the target groups of medicinal and wellness services are mostly represented by those who have higher education degrees and people whose income is higher (Kocziszky, 2004), we can state the inquiry was designed to include most affected part of the population.

Table 2. Sample composition (n=628) (Own measuring, 2011)

Gender	Male	46%
	Female	54%
Age	18-35	32%
	36-55	35%
	Above 55	33%
Settlement type	Budapest	22%
	County seat	26%
	City	31%
	Township	21%
Region	Budapest	22%
	Eastern Hungary	46%
	Western Hungary	32%
Income	Below 90 thousand HUF	45%
	Above 90 thousand HUF	54%
Educational level	Elementary	4%
	Secondary	62%
	Higher	34%

Results

In the examined sample, the estimated ratio of households who participated in some kind of wellness recreation in the preceding month (June 2011) is 11%, while this proportion is 4% in the case of medicinal recreation.

Based on the Chi square test, there is no significant difference between any service from the aspect of various demographic characteristics (age, gender, educational level, income). Due to the low proportion of people with elementary educational degrees, I only examined the differences between those who have secondary and higher educational degrees.

Half of those who used medicinal recreational services (2%) also used some kind of wellness services during their stay, while the ratio of the opposite cases was only 3% among these guests. Therefore, during the operation of

Table 3. The results of Chi square tests (Own measuring, 2011)

	Wellness	Medicinal recreation
Age	p=0,997	p=0,248
Gender	p=0,362	p=0,685
Educational level	p=0,339	p=0,526
Income	p=0,661	p=0,753

medicinal recreation services, it could be worth considering launching other wellness services, as those who have medicinal tourism purposes are increasingly interested in locally available wellness services, too.

On average, the examined households spent 23 000 HUF (standard deviation: 23 025) on medicinal recreation in the tested period, while they spent 45 000 HUF (standard deviation: 41 399) on wellness (the number of people living in one household is unknown; these values refer to the whole family).

Finally, it is important to note that during the examination it was not specified what exactly is meant by the two mentioned health tourism expressions; therefore, the results shown here could be significantly distorted by the subjective nature of respondents from this aspect. Altogether, it can be established that the results detailed above show the demand of the population for services which *they consider to be* wellness recreation and medicinal recreation.

Summary

Health tourism in Hungary holds major opportunities. When analysing the Hungarian medical and wellness accommodation data, it can be stated that the Hungarian population is keenly interested in health-related tourism services. The rapidly growing market is primarily based on wellness services; therefore, the quality control of commercial accommodations that offer health services has to be paid special attention to in the future, in order to protect customers. Nevertheless, a possible threat to dynamic expansion could be the “dilution” of the concept; therefore, lay people have to be clearly explained what the criteria of real health tourism services are.

From the aspect of further development, health tourism based on medical services can be a take-off point for Hungarian tourism. This direction could provide an opportunity to significantly increase Hungary’s tourism competitiveness in the region. Currently, the country’s main competitive edges are the existing natural endowments and the favourable price-value ratio, which do not represent permanent competitive advantages; therefore, high quality health tourism and medical services have to be further improved in the future. This latter development could also significantly contribute to the sustainability of the health care sector.

Considering future challenges, it will be especially important to emphasise the competitive advantages of Hungary

i.e. to develop a suitable marketing concept that is focused on health tourism. The next few years will be crucial for Hungary's ranking among health tourism destinations. The country's initial circumstances are rather favourable, whereas the revaluation of the quality aspects of these services and the fact that the surrounding countries have also recognised the opportunities in health tourism led to an intensified competitive environment. Consequently, if Hungary does not take advantage of its current opportunities, there will be even less chance to develop the country into the primary thermal and medicinal water-based health tourism destination of Europe in ten years. – in accordance with the objectives set in the New Széchenyi Plan.

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