HISTORY OF ITALIAN HOT SPRING: Past, present and future

GLOBAL THERMAL THINK TANK

Grotta Giusti, October 3rd - 4th 2018
26 – 29 B.C. Thermae of Agrippa

IV century A.D.

865 private Balnea

11 imperial Thermae

Nerone
Vespasiano
Tito
Traiano
Caracalla
Diocleziano
Costantino
- Free entry for roman citizens
- 75% of roman population consisted of 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” élite 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 efficacy
### 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>
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<tr>
<td>Average age</td>
<td>45 – 50 years</td>
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### REASON WHY

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
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<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>
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<tr>
<td>Pain relieve</td>
<td>7%</td>
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<tr>
<td>To socialize</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Feder terme
ARRIVALS/PRESENCES

- Arrivi: 3.5 mln
- Presenze: 11.1 mln

AVERAGE STAY

- 2009: 3.9
- 2016: 3.2

Source: ISTAT processed by Federterme
• 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>Component</th>
<th>Value</th>
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<tbody>
<tr>
<td>Total incom</td>
<td>€ 747 mln.</td>
</tr>
<tr>
<td>2017 vs 2016</td>
<td>+ 2.6%</td>
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<tr>
<td>N.H.S. Therapy</td>
<td>- 0.2%</td>
</tr>
<tr>
<td>Other</td>
<td>+ 3.1%</td>
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<tr>
<td>Expense for good and services</td>
<td>€ 343 mln.</td>
</tr>
<tr>
<td>Employees</td>
<td>11.500</td>
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<tr>
<td>Cost of labour</td>
<td>€ 293 mln.</td>
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#### Total Tax Rate 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Tax Rate</th>
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<tbody>
<tr>
<td>Italy</td>
<td>62%</td>
</tr>
<tr>
<td>Czech R.</td>
<td>50%</td>
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<tr>
<td>Hungary</td>
<td>46.5%</td>
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<tr>
<td>Poland</td>
<td>40.4%</td>
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<tr>
<td>Slovenia</td>
<td>31%</td>
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<tr>
<td>Croatia</td>
<td>20.9%</td>
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Source: World Bank processed by Federterme
### Downsides

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<table>
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<tr>
<td>Gradual reduction of average stay</td>
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<td>High competition pressure</td>
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<tr>
<td>Heavy crisis of public ownership companies</td>
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<tr>
<td>Limited Government intervention in tourism industry</td>
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<td>East Europe Growing price competition</td>
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### Upsides

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<tr>
<td>Gradual change of lifestyle and consumption models (health concept evolution)</td>
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<td>Population aging (long term care demand increasing)</td>
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<tr>
<td>Need of more appropriateness, less cost and less side effects in therapies</td>
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<tr>
<td>Building and plants modernization investments and services diversification</td>
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The 21st century Silent Epidemics

- Obesity
- Non Communicable Diseases (NCDs)
- Aging

In the WHO/European Region

- over 50% of people are overweight or obese
- over 20% of people are obese

Source: Eurostat, EUROP2008 convergence scenario

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• 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
• In 2050 in UE people over 65 years: 135 mil. (double than 2010)

Source: OECD Health Statistics 2015
Wellness will become mandatory

Preventive healthcare

To reduce costs

To improve quality of health and life
Nicola Angelo Fortunati

XX century beginning
- Elite Thermalism
- Liberty architecture

First after the war
- Emergence of public insurance
- Therapeutic, preventive and social thermalism

Second after the war
- Therapeutic
- Social

90’s
- Beginning of social thermalism crisis
- Emergence and growth of SPA phenomenon

2000’s
- Hard competition
- Loss of identity

Future
- Roots and identity recover (scientific and medical)
- Important part on health care and prevention
- NCD’s
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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