

## RUSSIAN SPA INDUSTRY DEVELOPMENT AND INTEGRATION IN THE EASTERN EUROPEAN SPA MARKET

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### INTRODUCTION

The historical perspective says us, that the Russian traditions of balneology go back to the 18<sup>th</sup> century when Peter the Great, who was highly impressed by German "kurorts", issued an order to search for the mineral springs in Russia and to start creating the state-sponsored balneology resorts. International experts on the field confirm the high potential of the water influences in support of the human health prevention (Dimitrova, 2009, 2011, 2012, 2014; Trendafilov, 2013; Nesheva, 2014, 2015, 2016, 2016a, Polimenov, 2011; Staneva, 2016).

Pretty soon the first "kurorts" became popular with the Russian nobility, and although they were addressed exclusively to the upper classes, national balneology school and industry were formed by the 20<sup>th</sup> century on a large scale.

### METHODOLOGY

We use a content analysis for systematization of the indicators for measuring the development and integration in the eastern European spa market.

### RESULTS & DISCUSSION

Alongside with the Caucasian region that was extremely rich in mineral sources – hot springs and Peloids – thalassotherapy resorts were developed on the Black Sea coast.

The healing traditions from Western and Eastern Europe were largely employed in those establishments but some innovative natural curative methods, elaborated by Russian balneologists, were also employed. Physiotherapy was an important component in the structure of all sanatoria, whatever the location.

During the Soviet era all balneo resorts were nationalized and became available to all groups of population. Sanatorium - a health clinic focusing on rehabilitation and located in a climatic region - became an important segment of the socialist healthcare system. Anyone could benefit from a free vacation in the Crimea or in the Caucasus. A large number of sanatoria belonged to trade unions. A strictly medical approach was implemented, and a patient could not choose treatments that were prescribed by physicians. Several research institutes operated in the Soviet Union with hundreds of prominent scientists working on the innovations in balneology and thalassotherapy.

Subsidized by the state, all sanatoria were well equipped, had qualified medical staff and evidence based treatments. The accommodation level left a lot to be desired in the state-owned establishments but the facilities that belonged to large enterprises or institutions (i.e. defence ministry, KGB etc.) could easily compete with the international hotel chains.

Alongside with sanatoria the Soviet healthcare system incorporated the so-called "profilactoriums" that were aimed at prevention and largely employed natural healing methods. Those would mainly belong to enterprises and, besides vacation programs would offer short-term stays for workers.

In the 90-s, as the result of “perestroika” the general healthcare system of the Soviet Union collapsed, the state stopped to finance the sanatoria. The majority of the population could no longer afford seaside vacations, and the richer “new Russians” would prefer traveling abroad for recreation purposes. Of the several thousands of sanatoria and climatic resorts were gradually devastated by the 21 century.

## 2. Post-Soviet era

Following the end of the governmental support to preventive medical institutions quite a large number of sanatoria were closed, but many of the old establishments – in Russia as well in the ex-soviet republics were privatized, and a new era of the segment started. Some of the still existing sanatoria that belonged to large enterprises and corporations were being re-structured, shifting to commercial recreation programs. But the vast majority of the population chose to go abroad for their vacations. Turkey and Egypt, Czechia and Hungary, Bulgaria and Slovenia became more attractive destinations as well as sometimes even more affordable ones. The new Russian health resorts would often establish higher prices for rehab programs, with the service standards remaining much lower than in Europe or Asia.

Russian tourists were also attracted by the new spa treatments that were provided in international wellness destinations. Some of the new entrepreneurs who were impressed by their spa vacations would attempt to implement the spa concept in their new businesses – mainly in the beauty facilities. The new spa industry was formed in Russia, leaving the age-old healing traditions to sanatoria.

With health and beauty becoming a matter of growing concern, and with the Russian business development the new concepts of spa and wellness became popular even on the governmental level. In 2003 the national wellness program of “protecting the health of the healthy population” was adopted that was based on the holistic prevention approach.

By the end of the 20 century the first Russian spa and wellness facilities were opened, and although small in number, they were quite competitive with their European analogues. But despite expectations the new businesses were not based on the national balneotherapy healing traditions, and would rather copy Asian and American day spas and resorts.

Alongside with the rapid growth of the spa industry, the sanatoria segment became opposed to the newly emerging market of spa salons. And it was only about 5-10 years ago that the situation changed and big investors started to pay attention to the high potential of the domestic health resorts.

The spa industry as such was officially recognized by the Russian government in 2012 when the first national standards for operating non-medical spa facilities were elaborated. By that moment state regulations for providing spa treatments were too strict and would be applied both to sanatoria and city salons. The Russian spa and wellness industry is still being developed between healthcare system and private businesses. Under the current regulation all spa therapists have to possess a medical background. It is also obligatory for a spa to have a physician with 3 years of experience in beauty industry on staff. Today about 600 former sanatoria provide modern spa treatments, and dozens of new spa hotels appear every year, both on new sites and as the results of a sanatoria reconstruction or modernization. So we can speak about two key segments of the Russian wellness market: sanatoria (or health resorts) and medical spa hotels.

Some statistics:

In Russia today 38% of health and wellness facilities are still regulated by the state, and more than half of sanatoria and spa hotels are privately owned.

Together with classical sanatoria the total number of balneological and Thalasso resorts amounts to about 2000 facilities, with a total capacity of 8 million dollars.

## 3. Medical Spa Hotel

The comprehensive “medical spa hotel” model is gaining popularity both of the primary and secondary wellness tourists and serious investors.

The basic healing factors that are employed in sanatoria – climate, landscape, natural mineral resources and physiotherapy – are combined with modern spa treatments, fitness activities, healthy eating and beauty therapies.

Accommodation standards are sometimes as high as five-star hotel.

Medical Spa Hotels are often located in the cities, for example the award-winning “Luciano” in the capital of Tatarstan, Kazan.

The programs and treatments of a typical medical spa hotel may include detoxification on a cellular level, prevention of metabolic dysfunction, correction of vertebral problems, weight balance programs. Some medical spa hotels specialize in aesthetic medicine and provide complex rehabilitation after cosmetic surgery and anti-age programs.

Compared to a typical spa hotel, Medical Spa Hotel provides programs with a particular result (not just relaxation), and all treatments are preceded by diagnostics and conducted under medical supervision.

Scientific evidence and innovative technologies make these establishments competitive to best preventive medicine clinics. For example, the famous “Kivach” works with the unique method of “endoecological rehabilitation” based on the innovative principles of clinical lymphology, introduced by professor Y.M. Levin. The above mentioned “Luciano” offers “Metatron” and “Oligoscan” diagnostics that can hardly be found in any Moscow clinic.

A client of a medical spa hotel would normally receive recommendations for wellness lifestyle – dietary plan, fitness exercises, and medical check-up plan. Wellness coaching becomes an important part of programs both during the stay and afterwards.

#### 4. SWIC – Spa and Wellness International Council

Spa & Wellness International Council (SWIC) is a non-profit organization based on membership, established in Russia in 2010 in order to support the development of spa and wellness industries in the Russian Federation and CIS countries (Ukraine, Belorussia, Moldova, Kazakhstan, Uzbekistan, Azerbaijan).

SWIC is the only non-profit organization in the region aimed at elaborating the corporate standards for the industry of spa and wellness by joining efforts of governmental structures and private business.

SWIC is open for both individual and corporate membership (including foreign companies operating on the Russian and CIS markets), the terms of joining SWIC requiring serious professional achievements and experience in the health and beauty industry.

The Committee of Experts, composed of prominent scientists, entrepreneurs and leading experts from different countries, will provide consultations and professional support to SWIC members.

The key goals set by Spa & Wellness International Council are as follows:

- Promote spa and wellness concepts in the region;
- Create an effective system of education and information in support of spa and wellness business;
- Help to implement innovative projects;
- Establish and promote spa and wellness standards;
- Collaborate with the governmental structures in order to create favourable conditions for business development.

During the past 7 years Spa & Wellness International Council has undertaken a series of activities:

- Elaboration of the first national standards for spa services

- "Spa Red Pages" directory, which comprised a data base of all spa categories in Russia, Ukraine, Belarus, Latvia, Lithuania and Estonia
- publication of "Spa and Wellness Encyclopaedia" (3 volumes) by Elena Bogacheva, and a number of books addressed to professionals
- "Perfect Spa" International Awards, carried out since 2012, with over a hundred nominees from Eastern Europe.

Since 2014 SWIC has been organizing the major professional event - Spa and Wellness International Congress, as well as a series of conferences within exhibitions and forums for spa and wellness professionals. Since 2015 SWIC has acted as a key supporter of the Global Wellness Day activities in Russia.

SWIC has partners among leading professional media, key spa market producers and vendors, educational establishments and professional associations and institutions.

#### 5. Professional Collaboration in Eastern Europe and Asia.

Eastern European and Central Asian healing traditions have common roots. The advantage of numerous mineral sources and profound scientific research in balneology in Hungary, Bulgaria, Slovenia, Slovakia, Czechia, Russia and other countries of Eastern Europe, combined with ancient healing traditions of Central Asia constitute a firm basis for cooperation in this part of the world.

The rapidly developing spa markets in Balkans, Baltic states and Altai region open new perspectives for the global wellness tourism.

#### CONCLUSION

There is an urgent need to consolidate efforts of professional associations towards elaboration of specific standards for the wellness industry.

We all meet from time to time at the global events such as Global Wellness Summit, or regional EU Forums, such as the European Wellness & Spa & Thalasso Education (at the NSA "V. Levski", Sofia) today. It would be great to organize in future the EuroAsian Wellness Summit, addressed to professional leaders from Eastern Europe, Russia, Kazakhstan, Georgia, Armenia, Azerbaidjan, Uzbekistan etc.

Such forum, gathering leading scientists and experts would contribute to promoting spa and wellness concepts in our countries for the benefit of domestic and international wellness tourists.

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