doi: 10.36689/uhk/hed/2023-01-001

Demands of the Selected Clientele in the Spa Hotel Industry after the COVID-19 Pandemic – Pilot Research

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Abstract: This paper presents the results of a pilot research conducted on a sample of potential clientele in the spa hotel industry in the context of the impact of the COVID-19 pandemic. It is important to pay attention to which factors are important to the potential clientele in the spa hotel industry to attract more visitors to a spa destination. In particular, domestic clientele are important in the recovery of the spa industry after the pandemic. The pilot project focusses on the spa industry of the Karlovy Vary region and potential clients from the Capital City region. Based on a questionnaire survey and hypothesis testing, conclusions are formulated concerning mainly the use of travel agencies and the offer of experiences that tourists could potentially attract when deciding on their accommodation after the COVID-19 pandemic.

Keywords: hospitality industry; pandemic; time series; tourism; wellness

JEL Classification: M21; M31

1. Introduction

As globalization advances, so does tourism growth, which is turning into one of the largest and fastest growing economies in the world (UNWTO, 2013). Global travel and tourism contribute significantly to job creation and, of course, socioeconomic and cultural development worldwide (McCabe & Qiao, 2020).

The concept of spa and wellness plays an important role in its own right. Spa and wellness tourism, also known as the "health industry", started to develop in the world in the 1990s. Since then, interest in holidays associated with wellness or beauty treatments has been systematically growing (Kaleta, 2012). According to Mitríková et al. (2017), the spa industry is perceived as the provision of health care and activities that are aimed at treating the physical and psychological problems of a person. It is a type of tourism that requires certain natural resources and the supervision of professionals such as physicians. The term "wellness" is part of a healthy lifestyle that implies well-being, optimal health, and a good mental state. Through wellness, an individual maximizes their potential (Abram & Kosińska, 2016) and can lead to a successful life (Smith & Puczko, 2009). According to Chuka and Shenk (2012), spa and wellness tourism is one of the most important types of tourism.

Europe, as a world tourist destination, boasts the greatest diversity. Tourism is a key sector of the European economy (2010). Europe is also rich in spas, some of which have been designated as UNESCO World Heritage Sites and may have positive visitor potential. In the Czech Republic, this is the case of Karlovy Vary (UNESCO, 2021).

The general satisfaction of a visitor to tourism, including spa tourism, is shaped by several aspects that contribute to the quality of a destination. It is the primary potential of the destination, which can be understood as natural and cultural attractions, as well as the services provided by the place, accessibility or sustainability aspects (Ryglova et al., 2015). Tourists increasingly wish to have their stay enriched by a spa experience, which they perceive as a complementary activity to standard leisure activities. Thus, determining the benefits and trends of spa tourism becomes important for developing effective management strategies for sustainable economic growth (Wong & Chang, 2009).

Visitors may perceive an added value in a spa stay in that they can choose to have a cultural experience or participate in various excursions around the spa destination in addition to the type of spa treatment, relaxation and wellness treatments, accommodation or meals (Vystoupil et al., 2017). Smith et al. (2016) highlighted the importance of service innovation in creating spa experiences. Tooman et al. (2013), Hindley and Smith (2017) highlight those expectations and preferences need to be considered when creating a spa experience.

In March 2020, the global pandemic COVID-19 arrived, causing economic crises around the world and the tourism industry was severely damaged. The tourism and hospitality industries were hit by travel bans, strict restrictions (called lockdowns) and safety regulations aimed at preventing the spread of COVID-19 (Jones, 2021). The reduction in foreign tourists due to border closures and the need to keep physical distance caused great losses to tourism and transport companies, some of which had significant financial difficulties or went bankrupt. The high vulnerability of the sector is due to the characteristics of tourism services, which are not classified as basic vital services, and is also affected by consumer mobility (Chang et al., 2020; Palacios-Florencio et al., 2021).

Spas in the Czech Republic were highly frequented by foreign visitors in the period before the COVID-19 pandemic. Historically, spas have always been a center of tourism, both domestic and foreign. The crisis associated with the COVID-19 pandemic has had a significant impact on the spa. Moreover, in the last decade there has been an underestimation of the spa industry and its importance to the economic and social environment. From reduced investment to staff shortages and poorer marketing management performance, to slow adaptation to current changes (Janeček & Jakubíková, 2021).

Spa or health tourism has been the focus of much of the literature and authors who have sought to find ways in which natural assets i.e., spa resources, facilities or people working in the area can influence the economic development of the area. For example, Michalkó et al. (2013) investigated the relationship between tourism and the quality of life of the inhabitants of a spa town, and it was found that the existence of a spa has significant benefits for the life of the inhabitants of a spa area. Janeček and Jakubíková (2021) examined attitudes of Czechs towards spas during the COVID-19 pandemic.

The research question to be addressed now is "which factors are important for potential clientele in the spa hotel industry after the COVID-19 pandemic, so that more visitors can be attracted to the spa destination, with a focus on domestic clientele". Indeed, it is the latter that has proved to be important in the recovery of the spa industry after the pandemic as the world faces successive challenges. The main objective of this paper is to present the results of a pilot study that focused on the potential clientele of the spa industry in the Karlovy Vary region.

2. Methodology

Pilot research methodology includes a qualitative investigation, which was conducted through semi-structured interviews with representatives of the economic departments of selected spa hotels in the Karlovy Vary area. Five hotels were involved in the pilot research. The aim was to determine the current economic situation of the spa industry and, at the same time, to provide an overview of the state and the type of services offered. The semi-structured interview questions covered the area of the impact of the pandemic on spa hotel operators, characterization of hotel clientele, finances, loss of foreign clientele, the situation of surrounding hotels in Carlsbad, length of stay, travel agencies, security measures related to the COVID-19 pandemic, and services preferred by hotel clientele. This qualitative research was conducted between November and December 2021. Each interview lasted approximately 45 min.

Based on the information gathered, key factors were selected that were considered key by the spa hotel representatives or were identified as important by some authors (e.g., Janeček & Jakubíková, 2021). These factors became the basis for the questionnaire survey. The aim of the pilot questionnaire survey was to identify the preferred spa services by Prague clientele. Prague still has the strongest purchasing power and can compete with some foreign clients who used to visit some spa hotels. The respondents were selected by quota sampling and were contacted in Prague by electronic and personal interviews. The purchasing power index per capita of the capital city of Prague for 2018 is 128.7% (the highest in the Czech Republic) (Patočková, 2018). Respondents to the questionnaire were selected by quota sampling based on official data from the Czech Statistical Office on the population of the capital city of Prague region. For the purposes of this survey, persons in the age group 0-14 years are subtracted from the total population. Quota selection was set according to gender, age, and place of residence. The comprehensibility of the questionnaire was first tested on a sample of 10 persons.

The questions focused on the preference for particular hotel services, length of stay, selection of preferred food services, security measures within COVID-19, preference for travel agencies for domestic stay, visit to Internet (booking) portals, and also preference for an experience during the stay (e.g., museum visit). The questionnaire also included five sociodemographic questions. Data collection occurred between January and March 2022. The completion was carried out in an online environment and the average response time of the respondent was 12 minutes.

Subsequently, the data were processed in MS Excel software. Based on the literature, qualitative research with spa hotel representatives, and finally the results of the questionnaire itself, two basic assumptions emerged.

1. The cultural experience requirements related to a stay in a spa hotel differ according to gender.

2. The use of offering spa and wellness stays through a travel agency to make a spa stay in the country is related to the age of the potential clientele.

The testing of these assumptions, through hypotheses, is done through associations (Hindls et al., 2006).

Test criterion:

$$G = n\frac{(n_{11}n_{22} - n_{12}n_{21})^2}{n_{.1}n_{.2}n_{.1}n_{.2.}} \tag{1}$$

$$The\ G\ statistic\ has\ a\ \chi 2\ distribution\ when\ H_0 is\ valid.$$

$$\text{Degrees of freedom test for independence: } (k_1 - 1) * (k_2 - 1) \tag{2}$$

3. Results

3.1. Results of Semi-Structured Interviews

The questions, in a semi-structured interview, covered the impact of the pandemic on spa hotel operators, characterization of hotel clientele, finances, loss of foreign clientele, the situation of nearby hotels in Karlovy Vary, length of stay, travel agencies, security measures related to the COVID-19 pandemic, and services preferred by hotel clientele.

Representatives of hotel operators agreed that the pandemic has affected hotels in terms of domestic and foreign clientele. The MICE segment, which includes meetings, team building, congresses, and conferences, as well as exhibitions and events, has also been affected. Some hotels have been renting some of their premises to third parties for a long time to run their business. These rentals are also a significant revenue stream that has declined considerably during the lockdown. In the catering sector, hotels still face a severe shortage of quality staff. The reason for the lack of staff is mainly due to the forced redundancy of staff during the pandemic, when waiters and waitresses in particular left to work in other sectors. To attract quality catering staff, it will be necessary to increase wages for some professions. The interview also included questions focused on the typical hotel client before the pandemic and the client in the post-pandemic period. Typical hotel guests in Karlovy Vary include Russian speaking clients who use spa services. In addition, there are also high net worth guests from Arab countries using spa services and the usual domestic guest using wellness services or conference services. Hotels are now expecting, but independently of the COVID-19 disease, also Czech clientele, and clients from the border areas, even to their families, for short hotel stays. Clients in hotels that use the most accommodation, spa, wellness, catering, and conference services. In terms of compensating for losses during the pandemic, some spa hotels used government support programmes, including spa state vouchers, to compensate at least in part.

During the interview, a more sensitive question was asked about whether domestic clients could compensate for pandemic losses. The hotels unequivocally responded that they could not. Domestic clientele is not in the habit of spending time and money on a 3-week medical stay in their home country, which is the core business of the companies. However, a more domestic clientele may also help mitigate losses and increase awareness of hotels.

Another question from the interview related to the previously described trend of people not taking advantage of long stays, but rather seeking rest or recuperation in a short period of time. Hotels follow this trend mainly with domestic clientele, who are more likely to seek long weekend stays, which are related to experience. According to the hotel, foreigners are more likely to stay longer. The pandemic has provided an opportunity for convalescent stays for home clients, but this trend does not appear to be significant in hotels. When asked about the use of travel agents or travel agencies to attract domestic clientele, hotels responded rather negatively.

3.2. Results of the Questionnaire Survey

Based on the primary qualitative research, the quantitative enquiry method was followed. 689 respondents participated in the questionnaire survey of which 50.28% were women and 49.72% were men. The age group 35-44 years has the highest representation in the survey, according to age. The second largest group is those aged 45 to 54 years. The third largest age group is the 25-34 age group. One of the questions in the survey focused on preferences for experiences during a stay in a hotel with spa and wellness care.

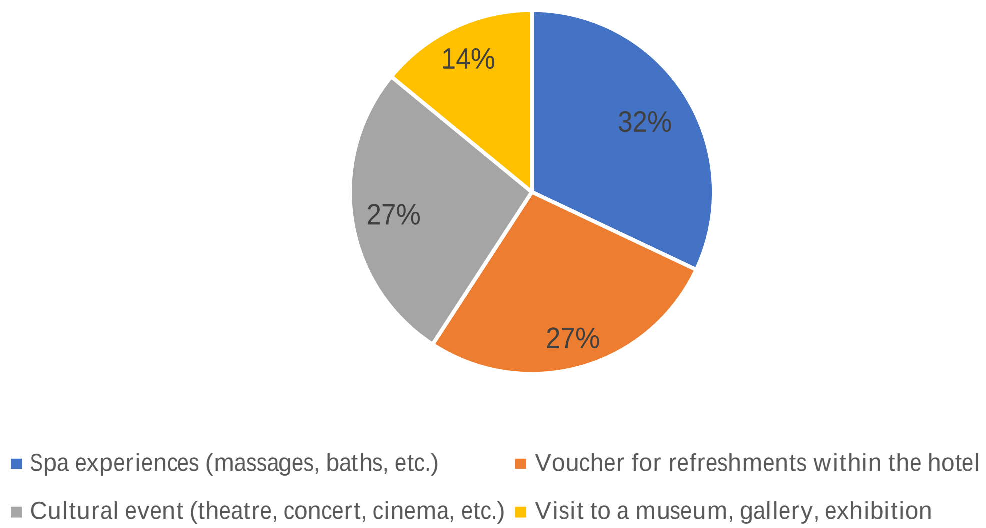

Figure 1. Preferences for experience when staying in a hotel with spa and wellness care

Figure 1 shows the distribution of interest in the experience. Shows that the greatest interest is in experiences related to spa care, such as massage or baths. Survey respondents could choose up to three experiences. Overall, therefore, 67.3% of all respondents prefer this experience. A voucher to the hotel café for refreshments would be used by 57.1% of the total number of respondents. There is also a high interest (56.3% of all respondents) in a cultural experience such as a theatre performance, concert, film show or other social event. On the other hand, there is a low interest in visiting museums, galleries, or exhibitions, with only 29.5% of the total number of respondents choosing this option.

The preference for experiences during the stay was the first relationship tested between sex and the request for cultural experience, with the test criterion $\chi 2$ = 25.34234. Quantile chi-square (α = 0.05) = 3.841459.

Table 1. Hypothesis calculation

Test relation	Test criterion $\chi2$	Quantile chi-square (α = 0.05)	Sig.
The relation between gender and the demand for cultural experience	25.34234	3.841459	Yes

The test, under the first assumption (relationship), rejected the null hypothesis H_0 at 0.05 level of significance and the alternative hypothesis H_1 is accepted, which states that there is probably a relationship between gender and the requirement of cultural experience to stay. Thus, the significance of the relationship was confirmed at the 0.05% significance level.

The questionnaire survey also investigated specific preferences based on gender (see Figure 2).

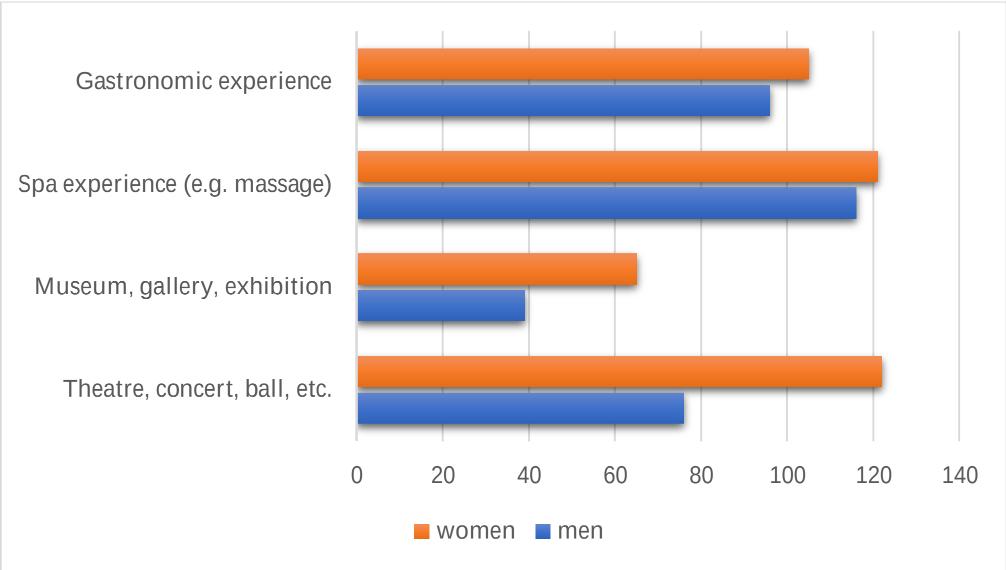

Figure 2. Specific interest in particular stay experiences by gender

The graph shows that women are more interested in cultural experiences such as theatre, concerts, balls but also exhibitions, galleries, and museums. Men are more interested in spa services, for example, in the form of massages or gastronomy-related experiences.

Another question in the questionnaire survey concerned the preference for using the services of travel agencies within the Czech Republic.

The graph shows that 59.09% of the respondents have not used and would not use the services of travel agencies in the future.29.83% of the respondents have not used the services of travel agencies but would not be reluctant to use a travel agency in the future.11.08% of the respondents have used the services of a travel agency for a domestic stay.

The interest in using travel agency services based on age examined the second tested relationship between age and use of travel agency for domestic stay, where the test criterion $\chi2$ = 42.51096. Quantile chi-square (α = 0.05) = 3.841459.

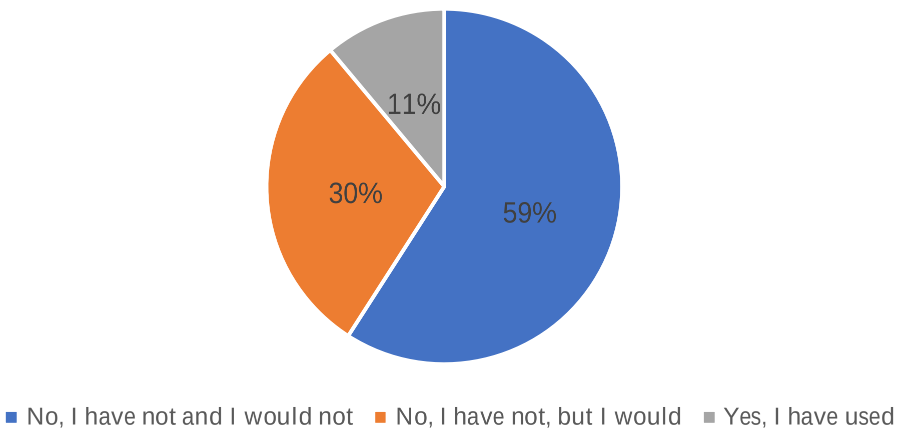

Figure 3. Preference for using travel agency services within the Czech Republic

Table 2. Hypothesis calculation

Test relation	Test criterion $\chi 2$	Quantile chi-square (α=0.05)	Sig.
Relationship between age and travel agency usage (domestic)	42.51096	3.841459	Yes

The test, under the second assumption (relationship), rejected the null hypothesis H_0 at 0.05% level of significance and the alternative hypothesis H_1 is accepted, which states that there is probably a relationship between age and the use of a travel agent to make a domestic stay. Specific interest in the use of travel agents by age was also part of the questionnaire survey (see Figure 4).

The graph shows that the age group 55 and older has used a travel agency the most. There is a high level of interest in using a travel agency in the 55-64 age group in the future. For a change, the lowest interest in the possibility of using a travel agency is observed in the 35-44 age group.

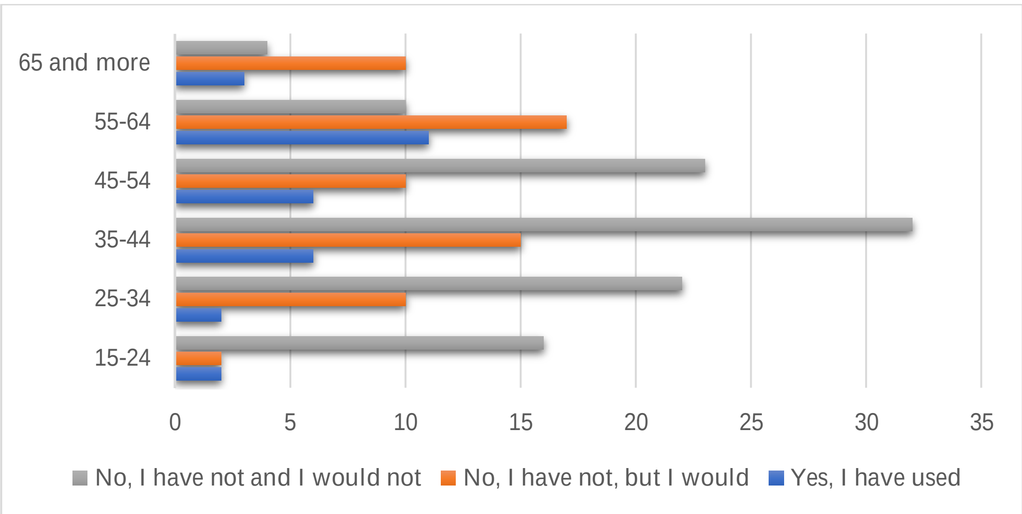

Figure 4. Specific interest in using travel agencies by age

4. Discussion

The COVID-19 pandemic has hit segments of the hotel industry in the Czech Republic very hard. The trend in recent years for hotel establishments has been to visit for short stays. Selected hotels follow this trend with a domestic clientele, which means these clients are more likely to seek extended weekend stays that are related to an experience. The questionnaire survey found that the most preferred experience is associated with a spa treatment such as massage or spa baths. This type of experience is preferred by over 67% of respondents. More than 57% of the respondents see this experience in a visit to a hotel, restaurant or café, where the hotel offers free coffee or snacks to clients. Over 56% of respondents want a culture-related experience. Culture in this case means, for example, a theatre performance, a film show, a concert, or similar activity. There is less interest in visiting museums and galleries. The desire for an experience associated with hotel accommodation is also one of the new trends in the hotel industry, where this trend can be supported by institutions other than the hotel itself and can become important for the development of the city and the overall 'revitalisation' of the region. The choice of actual culture-related experience is likely to vary by gender. The pilot research also demonstrated statistical significance for the likelihood of a relationship between gender and the requirement for a cultural experience According to the first hypothesis, there is likely to be a relationship between gender and the requirement for a cultural experience to stay. Therefore, it is possible that men prefer a different type of experience than women. Based on semi-structured interviews with hotel management, questionnaire surveys and hypothesis testing, it is observed that women are more likely to be interested in cultural experiences in the form of theatre, concerts, balls or visits to galleries and museums. For men, there is an increased interest in spa experiences, for example, in the form of massages or gastronomic experiences. The choice of hotel also depends on other factors other than interesting experiences. According to research (Tiwari, 2023), reviews and ratings of other customers are also important. Social networks are equally important.

Many domestic hotels do not use travel agents for home stays. The survey found that more than 59% of the respondents have not used a travel agent for domestic stays in the past and would not use one in the future. Nearly 30% of the respondents have not used a travel agent but would not hesitate to use a travel agent in the future. More than 11% of the respondents have used a travel agency for a home stay. This result may be supported by the fact that travel agencies in the Czech Republic tend to focus on foreign tours and domestic tours are not offered in such numbers. The low interest in using travel agents may also be due to the fact that people know how to use online booking portals and thus book their stay themselves, often probably cheaper than with a travel agent. The interest in using travel agents is also likely to be age-related, for example, older clients may prefer to stay in a hotel arranged through a travel agent, who can often arrange transport for them, making travel easier and more convenient. Research by Aldao et al. (2022) found that tours are associated with generational demands and preferences. Their research also showed that flexibility is also important. Therefore, travel agents should tailor their offerings to the needs of travelers. The work has also shown with statistical significance the likelihood of a relationship between age and travel agency. According to the second hypothesis, the probability of the existence of a relationship between age and the use of travel agencies to make a stay in the country was proved. Based on the questionnaire survey and hypothesis testing, the author observes that the highest interest in using travel agencies is among the age group 55 and above. The lowest interest in using travel agencies is observed in the age group 35-44 years. This may also be due to the fact that older people may prefer the convenience of having a travel agent arrange both their stay and often their transport. For the younger age group, it can often be more convenient to book a stay through apps on your mobile phone. Of course, this is just an observation, and in practice younger people may also prefer travel agencies and vice versa. According to Ivanov et al. (2021), there will always be a market for group travel.

5. Conclusions

Tourism is an important component of the economy, infrastructure, and cultural activities in the spa town. The COVID-19 pandemic has been confirmed to have had a significant impact on tourism in the Czech Republic and on the hotel and spa industry, which is fundamentally related to tourism. The hotel industry was - and still is - facing economic problems. Selected hotels have benefited from support programmes introduced by the Czech Government to mitigate the impact of the COVID-19 pandemic.

There is a shortage of hotel staff as they have preferred to work in other areas affected by the pandemic. As a result of the pandemic, domestic spa hotels were lacking foreign clientele and it proved advisable to target domestic clientele as well when formulating their offerings. Domestic clientele cannot cover all the financial losses due to the pandemic but can mitigate them. Prague still has the largest purchasing power in the Czech Republic, and therefore capital clients could, at least to some extent, replace foreign clients. It turns out that the most preferred type of stay is short-term wellness stays that are complemented by spa, cultural, or other experiences.

Within the spa industry, it may be appropriate to offer your packages and price lists to travel agents to make offers to self-payers. Spas are very often visited by seniors and one of the hypotheses in this pilot research showed that there is likely to be a relationship between age and the use of a travel agent to make a home stay. Travel agencies such as Cedok or Mayer and Crocus have Czech Republic and spa stays in their offer and could be suitable to present domestic spa stays to spa hotels. The survey will be applied to other regions in the future.

Conflict of interest: none.

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