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Assessment of Wellness Tourism Development in Hokkaido: A Multicriteria and Strategic Choice Analysis

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Global trends in Wellness Tourism and tourism dynamics in Hokkaido

According to the estimations developed by the Stanford Research Institute for the Global Spa and Wellness Summit (Yeung and Johnston 2015), wellness tourism (494 billion dollars worldwide in 2013) is a much larger segment within contemporary tourism than medical tourism (50 to 60 billion dollars). Representing around 17% of this amount (and 19% of the 586 million trips estimated for the same year), the Asia-Pacific region reveals high growth levels in comparison with the other main global destinations: 26% growth between 2012 and 2013 for the number of trips (5% in North America and 7% in Europe), with 22% growth in revenues during the same period (8% in North America and 13% in Europe).



The same report estimates, for the global level, that a thermal establishment with diverse *spa* services (including different treatments, massage or physical activities) has an average annual revenue of 4,9 million dollars, while an establishment exclusively focused on the thermal resources generates a much lower revenue (0,9 million dollars per year). Consequently, although Japan (with more than 17.600 facilities) has around two thirds of thermal establishments in the world, the revenue per establishment (0,66 million dollars) is below most of the countries ranked within the list of the 25 largest world thermal destinations (including neighbor countries like South Korea). On the other hand, when observing the data exclusively focused on establishments offering diversified *spa* services, Japan ranks as one of the first countries in the world.

Despite their limitations, these data suggest that the abundance of thermal resources in Japan – and in particular in Hokkaido - could be used to generate higher revenues, to create more employment and to exert an higher impact on local and regional development, through an integrative diversification (Benur and Bramwell, 2015) of thermal-related services, assuming the *onsen* experience as the core element of tourism supply, but complementing it with a diversified set of activities, which can include different *spa* oriented services (massage, different water treatments, beauty care, etc.) and other leisure activities linked to the specific preferences of wellness travellers (sports, ecotourism, hiking or educational programs).

In fact, the rich biodiversity, landscape characteristics and natural assets of Hokkaido (a region with a very low population density, low industrial development and vast and unpolluted green areas) can clearly reinforce the attractiveness of the thermal resources, contributing to the supply of a unique, differentiated and satisfactory experience for wellness tourists. In this sense, the priority given by the Japanese government (Government of Japan, 2016) to some national natural parks (including the Akan Lake, in Hokkaido) as core resources for local revitalization through tourism

development can be an important tool for the development of wellness tourism in the region. It is also noticeable that several large accommodation facilities in the region already include a diversified set of *spa* services, while other large investments are under development.

According to the data from Hokkaido Prefectural Government (2014), in 2014 the region had 2,222 *onsen* resources, 689 hotels with *onsen* facilities and 118,127 beds available in these accommodation establishments. While the Central region and the Northern Eastern regions of Kushiro-Nemuro and Okhotsk have a larger proportion of *onsen* resources than related accommodation facilities, the contrary is observed in the North Hokkaido region. On the other hand, the number of overnight stays in regional accommodation establishments is concentrated in the central areas of the Prefecture.

Although wellness tourism is not clearly framed in the regional strategies for tourism development, the “Action Plan for Regional Development with Tourism Industry as its Core (2013-2017)” (Hokkaido Prefectural Government, 2012) defines as objectives: “Creating more long-stay destinations by utilizing local resources (such as nature, food and hot springs)”, while “Vitalizing the regional economy by strengthening tourism industry”. These general purposes seem to be consistent with the development of wellness services. As several important private stakeholders are undertaking important initiatives and investments in this field, it seems possible to anticipate that this type of tourism will achieve higher importance in the near future.

Multicriteria Analysis

The foresight analysis performed is based on a synthesis of a relevant literature review and on observations on recent wellness tourism trends, complemented by a set of interviews and surveys to a panel of experts and stakeholders in this field operating in the region of Hokkaido, including tourism-related companies (a major hotel group and a travel agency), a policy institution (the Prefectural Government of Hokkaido), a private consultancy company for regional development, and a researcher in tourism. The inputs from the interviews are summarized in scenarios used for a foresight experiment and a list of evaluation criteria, which have also been quantitatively measured through an ex-post survey, in order to perform a multi-criteria analysis (Nijkamp, Rietveld and Voogd, 1991).

The criteria used to assess the future development of wellness tourism services in Hokkaido are systematically organized in four distinct and relevant groups: territorial resources, defining the characteristics of the territory that are relevant for the present project; wellness tourism dynamics, identifying the major global and local tendencies in tourism-related activities, with a focus on the wellness segment; innovation potential, including the characteristics of the territorial capital perceived as necessary for the diversification of this type of activities; and the competitive context, including aspects related to costs, prices and accessibility, in comparison with other destinations offering similar services. For each group of criteria, the participants in the survey experiment were asked to rank (1 to 6) each sub-criterion, according to the importance attached to each of them. A new rank order for the criteria in the four assessment categories can now be created, based on the average answers presented in Table 1.

Table 1: Importance of each sub-criterion

Territorial resources		Wellness tourism dynamics	
Thermal resources	6	Initiatives by key private stakeholders	6
Natural resources	5	Global expansion in Wellness Tourism	5
Landscape	4	New trends in health care	4
Healthy food	3	Tourism growth in the region	3
Cultural heritage	2	Environmental and sustainability concerns	2
Knowledge on traditional <i>onsen</i> services	1	Support from public institutions	1
Innovation potential		Competitive context	
Human resources for new wellness services	6	Cost-efficiency of tourism services	6
Knowledge for new wellness services	5	Competition from other Japanese regions	5
Openness to innovation and diversification	4	Competition from other countries	4
Links to other services	3	Connectivity to external markets	3
Links to other sectors	2	Connectivity to internal markets	2
Conflict between expectations (Japanese vs foreign)	1	Exchange rate	1

It is possible to distil from Table 1 that the perceived importance of criteria based on the natural conditions of Hokkaido (e.g., thermal resources, natural areas and landscape) was valued higher than the cultural heritage. Similarly, the relevance of human resources and knowledge (which are scarce in the region) for a diversification of wellness-related services, are clearly valued higher than the potential conflict of expectations between Japanese and foreign visitors when visiting a wellness tourism destination. Initiatives from private stakeholders are also perceived as much more important than the support from public institutions, while questions related to the cost-efficiency of tourism services, in relation to competing destinations, were assumed to be more decisive than questions related to connectivity of the region.

The second aim of the survey was next to quantify the importance of the relation between each group of criteria and four possible scenarios for the future, taking into consideration the dichotomies of “traditional vs diversified services” and “national vs international markets”. A pairwise combination of these angles leads to the creation of four distinct future images for the region (scenarios). For each scenario, the importance of each group of criteria was ranked (1 to 4), and Table 2 shows the final rank order, based on the average answers obtained. From this information, it is possible to infer that the competitive context is seen as an obstacle, while the innovation potential and wellness tourism dynamics seem to be crucial for the diversification and internationalization of wellness tourism services in Hokkaido.

Table 2: Importance of the relation between criteria and scenarios

	Traditional services for the domestic market	Traditional services for international markets	Diversification of services for the domestic market	Diversification of services for international markets
Territorial resources	4	3	1	2
Wellness tourism dynamics	1	2	3	4
Innovation potential	2	1	3	4
Competitive context	4	3	2	1

These ranks are next used to assess the most preferable scenario(s) for the future of wellness tourism services in Hokkaido, by using a Multicriteria Analysis based on the “Potentially All Pairwise Rankings of all possible Alternatives” (PAPRIKA) method (Hansen and Ombler 2009). This method consists of a systematic comparison of the scenario impact of all possible pairs of criteria. The analysis has been performed in the online platform for decision

models 1000Minds, and the results are presented in Figure 1 (most preferable scenarios) and Table 3 (major impacts of each criteria on the scenarios).

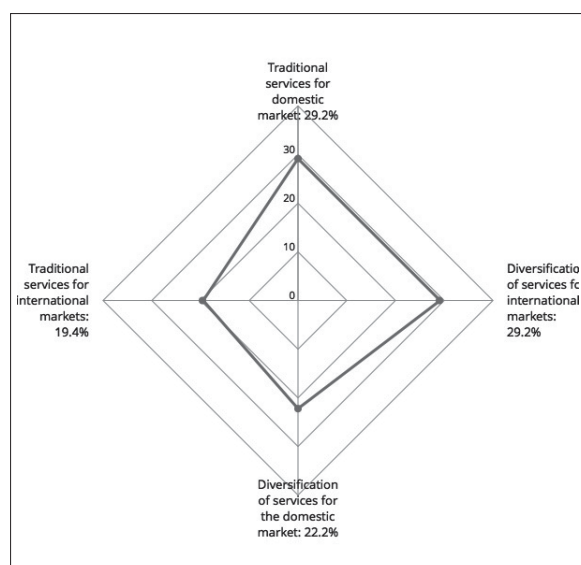


Figure 1: Most preferable scenarios for wellness tourism development in Hokkaido

Table 3: Main impact of the criteria on the scenarios

	Traditional services for the domestic market	Traditional services for international markets	Diversification of services for the domestic market	Diversification of services for international markets
Territorial resources	29,2%	16,7%	0,0%	6,9%
Wellness tourism dynamics	9,7%	0,0%	22,2%	26,4%
Innovation potential	0,0%	4,2%	19,4%	29,2%
Competitive context	26,4%	19,4%	12,5%	0,0%

Discussion

One of the preferable scenarios aims at the internationalization and diversification of services, representing a major challenge for the region, as it is mostly driven by innovation capabilities oriented to catch up with the contemporary global wellness trends. An important element potentially contributing to a process of this type is the initiative already undertaken by several key stakeholders (normally large hotel groups), along with a rising awareness by public institutions regarding wellness tourism. In this sense, the importance given to the integration of local resources in the differentiation of tourism supply (expressed by the Prefectural Government) or the importance given to the natural area of Akan Lake as a tourism resource (by the national government) also seem to contribute to a closer and sustainable connection between wellness tourism, natural resources and the particular regional landscape.

Taking these aspects into consideration, the present work sheds new light on important options to be undertaken in order to define a strategic operational and evidence-based plan for the diversification and internationalization of wellness tourism services in Hokkaido. This can be taken as a starting point for a more detailed analysis, leading to concrete action plans related to product development, marketing strategies, human resource policies, resource

management or transportation and mobility planning, taking into consideration the specificity of each location, but generally aiming at increasing the value added of the tourism sector and the intensification of its relations with the territorial resources and other inputs and technological sectors, in order to generate higher socio-economic impacts and a positive contribution to the local communities.

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