

Examination of a Sustainable Tourism Destination: A Case Study of Huis Ten Bosch in Nagasaki, Japan

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Abstract

This paper assesses the Japanese facility, Huis Ten Bosch (HTB), in terms of its contribution to society as a sustainable tourism development. The question addressed is whether or not it is possible for HTB to attain multi-generational sustainability. Sustainability is defined in terms of an ability for a business to balance the three pillars of sustainable operations (Willard, 2012). Specifically, the financial stability must be maintained through economic growth, but seeking income must not compromise the social equity of workers and its surrounding community. It is also vital that overall efficiency must be monitored and improvements must be targeted in planning in order to reduce resource use and environmental damage (Brundtland et al., 1987). There are trade-offs in managing the triple bottom line, but HTB successfully manages policies which are efficiency-seeking and also considers continual assessment which positively influences its policymaking. In conclusion, HTB can therefore be deemed a successful case of a sustainable tourism development in Japan.

Keywords: sustainability, triple-bottom line, destination planning, international tourism

Introduction

The Dutch theme park in the Sasebo area of Nagasaki, Huis ten Bosch (HTB), was chosen as a sustainability case study for three reasons. First, the popular amusement park and hotel facility has marketed itself as a sustainable, environmentally-friendly destination since it opened in 1992 (HTB, 2015; JFS, 2015). Secondly, the act of establishment of the Huis Ten Bosch facility was a benefit to the residents of the area, as well as an improvement of the environment and economic potential of the area. It was built on discarded, toxic land previously overused by industry and considered a wasteland. The current beauty of HTB's gardens and European styled villages has clear economic, social and environmental value. Thirdly, the HIS management of Huis Ten Bosch seeks to provide high quality customer service alongside innovation and environmental sustainability as key aspects of the company mission. This brand marketing; makes it a stand-out in the amusement park industry. This paper will examine and discuss these factors in relation to HTB's successes and barriers in achieving the triple bottom line of a sustainable tourism development.

Japan has some of the most successful amusement parks in the world. In fact, the big three:

Tokyo Disneyland (TDL), Tokyo DisneySea (TDS) and Universal Studios Japan (USJ) were all ranked in the top five most attended parks worldwide in 2014 according to Nippon.com. So far, 2015 has also a great year for revenue in the Japanese amusement park industry showing the highest ever recorded levels of income to these parks since 2000 (Nippon.com, 2015).

Huis Ten Bosch does not often make international amusement park rankings, and within Japan it is usually ranked toward the bottom of the top ten. This is likely due to its location on the southern island of Kyushu and its relative weak international brand image. The three biggest amusement parks in Japan listed above are foreign imports with strong international branding and established name recognition. Huis ten Bosch (HTB), on the other hand, is a made-in-Japan original Japanese entrepreneurial creation and business venture. It's inception was based on imported European design and architecture. HTB is a major employer for the area of Sasebo Nagasaki where it is located. According to Ahmed et al., HTB is twice the size of TDL and has over 1,000 employees (2006). As previously mentioned, the location was built on industrial wasteland but now boasts an abundant and thriving ecosystem that has significantly enhanced the natural landscape of Sasebo, Nagasaki (HTB, 2015). Maintaining a location of this size as a sustainable tourism development is certainly a significant challenge. The HTB management, however, has successfully gained government funding and collaborated with various stakeholders, including high-tech companies which share its vision for long-term sustainability through waste reduction, resource management and maintaining a steady supply of its own generated energy (Sojitz, 2011; JFS, 2010).

HTB History

The Huis ten Bosch theme park opened in 1992 and has been marketing itself since that time as an amusement park operating in “coexistence between ecology and economy” (HIS(a), 2015). By promoting tourism in this way, visitors are prepped for an environmentally-friendly experience that may prove educational and even *transformative* to how they consider sustainability after their visit (Weaver, 2005). HTB was built on 152 ha expanse of treated industrial wasteland, with the support of the national and local governments, to create a tourist attraction in the Sasebo area (Ahmed et al., 2006). Transforming an industrial wasteland into an attractive destination immediately gives local stakeholders social equity in the tourism development. The Japan National Tourism Organisation (JNTO) describes the HTB facility and attractions as a “Botanical Resort” due to its high-quality establishment of a beautiful, natural environment (JNTO, 2016).

According to Ahmed et al., (2006) HTB attracted 4.25 million visitors in 1996 which created revenue of ¥49.6 billion, yet fell on hard times in 2001 when it attracted only 3.55 million visitors, received ¥35 billion revenue yet had liabilities of ¥229 billion (¥180 billion in loans). Ken Belson wrote that the park declared bankruptcy in 2003 as it had a debt of \$1.8 billion and lay blame on the Japanese government and banks which had over-invested in amusement parks in the 1980's-90's. There is also an element of blame in poor forecasting of leisure

activity spending by domestic consumers (NYT, 2003). The park was run at an “operational deficit for 18 consecutive years” until HTB recovered in 2011 due to the efforts of its new owner, H.I.S (Asahi Shimbun, 2015).

H.I.S is an internationally successful travel company that was originally launched in Japan in 1980 as International Tours Co. Ltd. It took over control of the Huis ten Bosch theme park and its affiliated hotels and businesses in 2010 (HIS(a), 2015). According to the official HIS company financial results for the first half of 2015, HTB has been consistently increasing its year on year annual sales revenues since (HIS(b), 2015). Net sales in the beginning of 2015 increased by 18% to 16.5 million yen, and operating income increased by 3% (HIS(b), 2015). The company credits its success to its popular seasonal attractions and events, as well as its business concept to offer the “only one” or “number 1” value on to its customers (HIS(b), 2015). For example, the winter illumination event *Kingdom of Light* features 13 million bulbs, which they claim is the “largest display in the world” (HTB, 2015). The *Henn-na Hotel* is HTB’s latest innovation which has received a lot of media attention. It was promoted as “the only one of its kind in the world”. It is staffed by robots and functions with a combination of high-technology and low environmental impact efficiency (Henn-na Hotel, 2015).

The HIS business model encourages innovation and creativity as a tourism business development which also effectively attracts new customers to its facilities. By adding a variety of cultural experiences at its facility, it develops assets of social equity to the local community by offering diverse tourism products popular with both domestic and international customers. For example, in 2011, it established English as the official language of the Watermark Hotel Nagasaki and its surrounding cafes and restaurants at HTB. One of the reasons for this bold move was to create a unique hospitality product in Japan as well as to appeal to inbound tourists (HIS recruiting page, 2016). An “English zone” appeals to inbound travelers who would be able to relax and use a more familiar language, while providing a new tourism product for domestic travelers who may want to try speaking English without having to travel abroad.

Environmental Sustainability

Clavé argues that the “occupation of land” is the most significant impact that a theme park makes on its surroundings (2007, p.251). In general, the vast amount of land that must be used to build and host a commercial theme park is the first sustainability concern (Clavé, 2007). Especially if that land could be used for other purposes or had other functions as a part of the ecosystem in its original state. HTB, on the other hand, was built on land that had been discarded as an “industrial wasteland” and would remain unused if the company had not built a theme park (Ahmed et al., 2006). By establishing a tourist attraction, where there was once a disused location, HTB has established greater social equity and economic stability for the area.

Another sustainability concern for theme parks is its natural resource consumption and

energy use (Clavé, 2007). Creating the “biggest illuminations attraction in the world” certainly comes with a profit-sustainability trade-off (Moeller et al., 2011). The illuminations have environmental costs due to the heavy energy demands, but brings in essential income during usually low winter season. Efforts are made to counter-balance the environmental impact by using more efficient LED lights and harvesting renewable energy from its two solar power farms which are capable of generating 3 MW of solar energy (JFS, 2010; HTB, 2015; Smart Japan, 2013).

Amusement parks and hotels at the HTB facility also tackle food resource sustainability. At the end of 2009, HTB began to operate a solar energy powered, water recycling, plant farm project at the theme park (JFS, 2010). The project is the first of its kind in the Kyushu region and was funded by the Japanese government’s Ministry of Economy, Trade and Industry (METI). Due to the optimal conditions of the LED lit greenhouse, the plants grow faster and are protected from pollutants. The vegetables are served in the theme park’s restaurants and scraps are repurposed into compost used in the extensive gardens. The solar power for this plant farm project also comes from the nearby solar power systems, assisted by batteries to store the sun-generated power so it can be used at night (JFS, 2010; Smart Japan, 2013). It is unclear to what extent the output of the greenhouse farm vegetables can meet the food demands of customers in the dining areas at HTB.

The adjacent 900 kw solar system is called the *Nagasaki Next Generation Energy Park* and has become a tourist attraction in its own right since opening in 2009. Groups can pay an entrance fee to attend a study-tour of the facilities’ sewage recycling, heat recovery systems and renewable energy system (JETRO, 2015). This solar park uses a smart-grid distribution system and the technology is part of a collaborative project with a variety of tech companies. It is funded and approved by the Japanese government (METI). According to one of the collaborative tech partners, Sojitz corp., this energy park project is a pilot scheme for a “self-sufficient community” with the goal of adopting this renewable energy based supply-and-demand model to other regions of Japan in the future (2011). There has been renewed interest in this project since the Great East Japan disaster which led to public pressure for self-reliance and a close to nuclear power facilities. According to the Sojitz company’s news release (2011), the market for this type of self-sufficient energy and resource management system is expected to grow from 940 billion yen in 2009 to 5.8 trillion yen in 2020.

Unfortunately, it is beyond the scope of this paper to analyse the Life Cycle Analysis (LCA) of HTB’s solar projects in order to determine the cradle to grave aspects of the solar farms. This look at HTB’s energy, food production and recycling systems shows many positive benefits.

Another positive contribution to the ecosystem as well as local residents has been the beautification of the area. According to the Yomiuri newspaper, the overall improvement of the natural landscape by HTB initially cost 300 billion yen (Yomiuri, 2003). A JapanVisitor travel writer raves about the natural attractions at the theme park, “Huis Ten Bosch’s extensive gardens contain 300,000 flowers and around 400,000 trees. Located on Hario Island,

facing Omura Bay, south of Sasebo, the park can be toured on foot, rental bicycle or on a Segway tour” (2015). Nature-based tourism and low-impact transportation are raved about as key elements of a visit to HTB.

Economic Sustainability

The hotel facilities at Haus ten Bosch are an important aspect of the attraction to this destination and its economic sustainability (HTB, 2015; Asahi Shimbun, 2015; TripAdvisor, 2015). In the 2014 annual report of the UNWTO, the international tourism organisation of the United Nations promotes lower energy consumption by hotels as a key target response to climate change (UNWTO, 2014). Although it is unclear whether the adjacent 3 MW mega-solar system can provide sufficient energy to power the HTB theme park and its hotel facilities, it certainly decreases the environmental impact and energy consumption usage and related costs. Apparently, the 2.1 MW solar farm alone is estimated to have the annual power generation capacity of approximately 600 households (Smart Japan, 2013).

As mentioned previously, the HIS chairman Hideo Sawada claims that HTB’s competitive advantage is being the *best and most unique* (Asahi Shimbun, 2015). One example of this business model is launching the *Henn-na hotel* as the *first* high-tech robot-staffed hotel (HTB, 2015). The hotel features environmentally friendly measures like highly efficient heating and cooling systems, smart rooms that shut down when not in use, and significant waste-reduction measures such as less amenities, laundry, and cleaning (Henn-na Hotel, 2015). Unfortunately, the high prices have failed to keep up with expectations and it has been poorly reviewed (TripAdvisor, 2015). For example, international guest reviewers on TripAdvisor (2015) complain that it is “overpriced”, “not cleaned” and the use of the robots is a useless “gimmick” especially frustrating if you don’t speak Japanese. It isn’t only the language barrier that is a problem, Japanese families also report disappointing experiences at the hotel. Although the concept is fun, the experience is lacking in hospitality, feels “lonely” and the technology is lacking. For example, there are complaints that the *facial recognition keys* on doors were not able to recognize children’s faces (TripAdvisor, 2015). This is not a small problem as prices are upwards of \$70 USD per person per night at the Henn-na hotel, so it can cost a family of four as much as any of the high-calibre hotels at the resort that have a full staff, luxurious rooms with beautiful views and fabulous dining opportunities (HTB, 2015; TripAdvisor, 2015; Asahi Shimbun, 2015).

HIS chairman Hideo Sawada stated that he stays for half of each year in the resort hotels in order to assess quality. In reference to the robot hotel, he states that he wanted to export the concept of robot-run hotels to the world by establishing 1,000 similar hotels abroad by 2025 (Asahi Shimbun, 2015). This shows that there is export branding potential for establishing a successful unique tourism product. Although HTB may need to work on hospitality in its latest hotel, it has found a way to integrate its environmental sustainability targets with social equity and economic incentives. Thanks to Japanese government sustainability incentive

policies, companies who build renewable energy farms can profit by selling the solar power generated to the grid. According to Smart Japan, in 2013, HTB built a second solar farm in a disused carpark at the cost of 500 million yen. This solar farm investment not only provides the park with its own, safe and renewable supply of energy, but it is expected to be paid off by 2020. It is consistently generating enough energy to profit 80 million yen each year by selling energy to the Kyushu electric company (Smart Japan, 2013).

Social Equity and Culture

Huis ten Bosch has made something special out of nothing by creating a scenic landscape for the region. HTB was built in the design of a 17th Century town and the Dutch Royal Family gave their official permission for this reproduction (VisitNagasaki, 2015). Huis ten Bosch means “house in the forest” in English and according to JapanVisitor, “features authentic, recreated Dutch-style buildings and squares, canals, restaurants, shops, windmills and gardens planted with seasonal blooms” (JapanVisitor, 2015). Ahmed et al., (2006) researched residents’ perceived value of the theme park and found that 80% of locals had visited HTB three times or more, 10% had visited at least once and only 6% had never visited. In contrast, the survey of more distant residents of Nagasaki city showed that only 46% had visited the park 3 or more times, 28% once and 25% had never been (Ahmed et al., 2006). One of the key findings in the study was the residents’ willingness to support the park: 75% in the immediate area of Sasebo said that they would as well as 67% in Nagasaki city. This shows a significant level of support by local stakeholders who feel that the facility adds value to the local area. One complaint, however, was that a majority of the residents felt that the entrance fees to the park were too high. Since the time of the survey, HTB has made some effort to create more benefit for locals. For example, a “Free Zone” was created next to the park where the public are welcome to shop, eat and enjoy the international atmosphere, and “English language events” are regularly held here (JapanVisitor, 2015).

Ritchie & Crouch argued for the long-term value of establishing social equity, “competitiveness is illusory without sustainability, tourists need satisfying memorable experience, but it also must be profitable and enhance well-being of destination residents while preserving natural capital for future generations” (2000, p.2). In this sense, it is important to strike a balance between charging higher prices to fund a high-quality theme park experience, supported by ethical sustainability measures, and maintaining local access. High ticket prices may lose the support of local residents. The “free zone” is one way the park is trying to add value to the community, which may translate into a deeper appreciation of the park, feelings of loyalty and social equity. A supportive local community should also provide more positive interactions of hospitality for tourists visiting HTB.

The UNWTO encourages tourism developments to gain local support as every interaction a visitor has is important at every point of a journey, from arrival to departure. Every interaction creates the “visitor value” through experiences with “a variety of public and

private services, community interactions” and hospitality strengths and weaknesses become a lasting part of a tourists’ overall experience every step along the way (2007).

The luxury-class pristine quality of the European style hotels at HTB may feel discriminative against low to middle income earners living in nearby communities. This elitist exclusion could build resentment against the park and its clientele if incentives such as discounts are not offered to locals. Value for money may be an issue of concern for HTB, endangering its long-term sustainability potential.

Possible improvements

A way to improve stakeholder loyalty might be to enhance the multiplier effect of economic benefits feeding back into the local community. There are cascading effects via the public transportation systems that bring thousands of people to and from the park each day. Additionally, the suppliers of food, drinks and souvenirs, as well as the thousand employees of the park will all add to the multiplier effect. These people benefit from interaction with the park and in turn patronize the surrounding businesses, which in turn has a greater benefit on the local economy.

If local stakeholders, however, could be more included in entrepreneurial activities at the park such as gaining access to the park during certain events to run food stalls or flea markets, the multiplier effect could be strengthened as income would be more dispersed into the community. This could also enhance the sense of value among local residents, termed social equity. Social equity is connected to how communities value and feel loyal toward a business. Weaver et al., argue the benefits of establishing visitor loyalty. These considerate visitors are more likely to recommend the trip to others as well as deeply value their experiences and be “more considerate of the environment and culture” (2011, p.335).

A final idea that could be improved is transparency in public relations. This type of PR can help visitors get a stronger sense of value as they have a greater understanding that they are patronizing a highly ethical establishment, it can also help maintain a stronger social fabric by communicating operations clearly to residents who live in nearby areas. The official website has basic accommodation and activity information in Japanese, English, Korean and Chinese, so adding multilingual information about their many sustainability projects could be a positive continuation of their marketing (HTB, 2015).

Conclusion

Huis ten Bosch has become a very successful and well-balanced, sustainable tourism development in reference to the key pillars of economic growth, social equity and environmental balance. All of these factors can be expected to continue their business operations which include environmental and social commitments for future generations. HTB has significantly contributed to Nagasaki’s tourism legacy by enriching the culture and natural

landscape of Sasebo and seems to be effectively self-monitoring efforts to improve operations. Successful collaborations with various companies across Japan and internationally has enhanced its strength and diversity in operations. For example, its collaborations with cross-sector industries such as the English Square in Tokyo, Renewable Energy operators and various other stakeholders has helped strengthened its stability and gained higher-calibre technology and expertise. HTB strives to reach sustainable and ethical goals of self-sufficiency through technological energy efficiency in its own operations. There are also clear initiatives to conserve essential resources such as water, balancing the demands of its many plants and waterways with the needs of customers in the on-site hotels. Food products as well as waste management are other areas being assessed by workers and management to maintain and improve on efficiency aims (HIS recruiting, 2016).

Furthermore, HIS and the HTB management work in coordination with government demands and go above compliance in terms of following sustainability regulations and targets for maintenance of the environment and responsibilities to employees and the surrounding community (JFS, 2015). The use of business and government collaboration help secure HTB economically, while maintaining its social and environmental sustainability targets. Diverse affiliations and ethical operations help fortify it economically to provide HTB with a long-term competitive advantage. HTB has certainly set a precedent as an innovative business operation that manages a sustainable theme-park alongside entertainment, hospitality, leisure, luxury, and energy-producing facilities. The success of Huis ten Bosch operations is a great case study and business model for sustainable theme park planning, innovative strategy management, as well as for small cities in Japan and worldwide.

As an island nation, Japan is dependent on energy imports. Most companies and cities in Japan could not survive if fossil fuel imports were halted. On the other hand, HTB aims for self-sufficiency by creating its own energy, growing its own vegetables, recycling its water and repurposing its waste. These are huge accomplishments for a facility of this magnitude. If every tourism facility adopted this HTB model, it would attract greater numbers of domestic and international tourists as well as provide significant reductions in global warming and improve resource self-sufficiency and economic income. The HIS model for innovation and collaboration on a local and global scale promises more exciting sustainable tourism business news to emerge from future HTB developments and operations. Ongoing assessment of the triple-bottom line which are clearly communicated to key stakeholders, and used to inform operational improvements, are the essential factors of running a sustainable tourism destination. The HTB facility may be the best available model of a sustainable tourist destination in Japan.

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