

UNWTO

KCTI
Korea Culture & Tourism Institute

UNWTO PUBLICATIONS

Case Studies of **Traditional Cultural Accommodations** in the Republic of Korea, Japan and China

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <fbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Case Studies of Traditional Cultural Accommodations in the Republic of Korea, Japan and China

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Copyright © 2016, World Tourism Organization (UNWTO) and Korea Culture & Tourism Institute (KCTI)
Cover photo: Copyright © Mohd Fuad Salleh

Case Studies of Traditional Cultural Accommodations in the Republic of Korea, Japan and China
ISBN (printed version): 978-92-844-1739-1
ISBN (electronic version): 978-92-844-1740-7

Published by the World Tourism Organization (UNWTO) and Korea Culture & Tourism Institute (KCTI).
Printed by the World Tourism Organization, Madrid, Spain.
First printing 2016.
All rights reserved.

The designations employed and the presentation of material in this publication do not imply the expression of any opinions whatsoever on the part of the Secretariat of the Korea Culture & Tourism Institute or the World Tourism Organization concerning the legal status of any country, territory, city or area, or of its authorities or concerning the delimitation of its frontiers or boundaries.

World Tourism Organization (UNWTO)
Calle Capitán Haya, 42
28020 Madrid
Spain

Tel.: (+34) 915 678 100
Fax: (+34) 915 713 733
Website: www.unwto.org
E-mail: omt@unwto.org

Korea Culture & Tourism Institute (KCTI)
154, Geumnanghwaro, Gangseo-gu
Seoul 07511
Republic of Korea

Tel.: (+82-2) 26 69 98 00
Fax: (+82-2) 26 69 98 80
Website: www.kcti.re.kr
E-mail: webmaster@kcti.re.kr

Citation: World Tourism Organization and Korea Culture & Tourism Institute (2016), *Case Studies of Traditional Cultural Accommodations in the Republic of Korea, Japan and China,* UNWTO, Madrid.

All KCTI/UNWTO publications are protected by copyright. Therefore and unless otherwise specified, no part of a KCTI/UNWTO publication may be reproduced, stored in a retrieval system or utilized in any form or by any means, electronic or mechanical, including photocopying, microfilm, scanning, without prior permission in writing. KCTI and UNWTO encourage dissemination of their work and are pleased to consider permissions, licensing and translation requests related to KCTI/UNWTO publications.

Permission to photocopy this material in Spain must be obtained through:

CEDRO, Centro Español de Derechos Reprográficos
Calle Monte Esquinza, 14
28010 Madrid
Spain

Tel.: (+34) 913 08 63 30
Fax: (+34) 913 08 63 27
Website: www.cedro.org
E-mail: cedro@cedro.org

For authorization of the reproduction of UNWTO works outside of Spain, please contact one of CEDRO's partner organizations, with which bilateral agreements are in place(see: www.cedro.org/en).

For all remaining countries as well as for other permissions, requests should be addressed directly to the World Tourism Organization. For applications see: http://publications.unwto.org/content/rights-permissions.

Table of contents

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Acknowledgments 5

Foreword 7

Executive summary 9

Introduction 13

Chapter 1 Hanokstay and Templestay in the Republic of Korea 21

1.1 Overview of the Republic of Korea's accommodation sector 21
1.1.1 Recent tourism trend 23

1.2 Values of the Republic of Korea's traditional cultural accommodations 24

1.3 Types of accommodation: Hanok and Temple 26
1.3.1 Hanok accommodations 26
1.3.2 Templestay lodging facility 33

1.4 Case studies 35
1.4.1 Jirye Artist Colony, Andong 35
1.4.2 Moon Guesthouse, Seoul 38
1.4.3 Ragung, Gyeongju 40
1.4.4 O Dong Jae, Yeosu 42
1.4.5 Golgulsa, Gyeongju 44

1.5 Relevant policies 46
1.5.1 Hanokstay 46
1.5.2 Templestay 49

1.6 Implications and recommendations 51
1.6.1 Development of distinctive cultural experience programmes 51
1.6.2 Human capital and training programme 51
1.6.3 Improvement of physical infrastructure and facilities 52
1.6.4 Stakeholder collaboration 53

Chapter 2 Ryokan, traditional cultural accommodation: Japanese living culture and service mind 55

2.1 Types of Japanese traditional cultural accommodation 56

2.2 Historical transitions and overall trend 60
2.2.1 Overall trend 63
2.2.2 Business environment of accommodation 65

2.3 Why much attention has been paid to Ryokan 67

2.4 Service process: creation of service experience via customer interaction 69

2.5 Case studies 71
2.5.1 Kagaya (加賀屋) Ryokan 72
2.5.2 Hiragiya (柊家) Ryokan 75
2.5.3 Kurokawa Onsen (Spa) 78
2.5.4 Sawanoya (澤の屋) Ryokan 82

2.6 Global extension of Japanese service culture through accommodation 85
2.6.1 Understanding customers in the era of service and the global development of the Japanese service under a keyword of *Omotenashi* 85

2.7 The direction of the Japanese government policy 86

Chapter 3 Development of themed hotels in China 89

3.1 Development of the Chinese tourism and lodging industry 89
3.1.1 Tourism industry 89
3.1.2 Lodging industry 91
3.1.3 The importance of traditional culture in the lodging industry development 93

3.2 The concept of cultural tourist accommodation 95

3.3 The development of Chinese cultural tourism accommodation industry 95
3.3.1 Exploration stage (1978–2004) 96
3.3.2 Conscious practice stage (2004–2010) 96
3.3.3 Standardization development stage (2010–present) 97

3.4 Chinese themed hotels 99
3.4.1 The types of cultural resources 99
3.4.2 Case studies: representative thematic hotels 101

3.5 Chinese government policy related to the culture and tourism industry 110
3.5.1 Introduction to tourism law of the People's Republic of China 112
3.5.2 Finance 112
3.5.3 The area of operation and management 114

3.6 Summary and recommendations 116
3.6.1 Innovation and sustainable development for themed hotels 117
3.6.2 Deepening the harmonization of the traditional local architecture of themed hotels 117
3.6.3 Monitoring system, the cultural contents and quality of themed hotels under the premise of diversity 117
3.6.4 Staff training and strategies for strengthening the awareness of themed hotels 117
3.6.5 Use of marketing media 118
3.6.6 The government's efforts to give full support to themed hotels 118

Conclusion 119

List of abbreviations 123

List of tables and figures 125

Bibliography 127

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Acknowledgments

This publication was jointly commissioned by the World Tourism Organization (UNWTO) and the Korea Culture and Tourism Institute (KCTI) under the guidance and supervision of Dr. Yongseok Shin.

UNWTO and KCTI would like to thank especially all of the authors who contributed their expertise to this study, as follows: Debbie B. H. Lee and Dr. Yongseok Shin for the authorship of the Korean case study and conclusion, as well as for editing of the Japanese and Chinese case studies; Huifa Zhang, Yuan Li, Jiansheng Wang, Jianmin Wang, Jun Yuan, Yimin Zou and Huimin Gu for the authorship of the Chinese case study; Dr. Sungsook Kang for the authorship of the Japanese case study; and Dr. Anne H. J. Lee for the English editing of the entire report and the authorship of the introduction.

Preparations for the final edition were made by KCTI. The publication was revised by UNWTO's specialized team on Tourism and Culture: Yolanda Sansegundo, Lili Kfoury, Hyeonju Cho and Jin Yung Woo. Also greatly was the support of Xu Jing, Hae-guk Hwang and Kelly Yunkeong Ko from the Regional Programme for Asia and the Pacific.

Finally, UNWTO would like to express its appreciation to KCTI and the Ministry of Culture, Sports and Tourism, Republic of Korea, for the sponsorship of the study, without which this publication would not have been possible.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Foreword

Cultural tourism has been seeing exceptional growth over recent years as tourists increasingly seeking to be closer to the cultures and lifestyles of the destinations they visit.

Asia is richly endowed with some of the world's most outstanding and grandest monuments and cultural heritage. In addition, the continent boasts an impressive number of less-known cultural assets, tangible as well as intangible that could progressively be converted into a vibrant tourism supply.

In this context, cultural accommodations are emerging as a form of tourism product with a great potential to attract tourists combining traditional lodging services with authentic cultural experiences based on the traditional way of life of the host community.

An innovative way of thinking in developing cultural tourism products for hotels can not only generate more income by increasing the attractiveness of destinations, but also contribute to better preserve and rehabilitate cultural properties by finding uses for historic buildings and safeguarding traditions for future generations.

Against this backdrop, this publication *Case studies of traditional cultural accommodations in the Republic of Korea, Japan and China,* offers an invaluable insight on the development process of the cultural accommodation sector in North-East Asia.

The old-style Hanok architecture and Buddhist Templestay programmes in the Republic of Korea; the traditional Ryokan and the *Omotenashi* unique service culture in Japan; and the themed hotels in China, illustrate how culture can contribute decisively to tourism development in full symbiosis with authentic and unique architectural structures, geographical landscapes and historical landmarks.

We trust that this publication outlining significant good practices on cultural accommodation will serve as a fundamental sourcebook for academics, policy makers and practitioners in the tourism sector and can give guidance to the development of cultural accommodations with a special focus on the synergies between culture and tourism

Taleb Rifai
Secretary-General,
World Tourism Organization (UNWTO)

Wontae Lee
Deputy President
KCTI

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Executive summary

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

The aim of this report is to explore the development practices of the traditional cultural accommodation sector in North-East Asia in the context of creative tourism. In this report, traditional accommodation facilities themselves are considered as being specialized and/or differentiated products/programmes of the creative economy, which are suitable for both urban and rural tourism development. Authentic cultural accommodations offer distinctive local experiences that promote the tourism and hospitality industry by utilizing and preserving the uniqueness of the cultural characteristics of a nation's traditional architecture.

This report, based on comparative case studies of the Republic of Korea, Japan, and China, illustrates the different aspects of the various cases selected from the three countries in the traditional cultural accommodation sector, with a focus on policy interventions that have been currently adopted to facilitate the development process in creative tourism. The analysis of the case studies also provides an overview of recent market situations including the overall lodging industry in these countries.

The findings of the case studies indicate significant academic as well as management implications, in particular, by identifying competitive advantages of the selected accommodation facilities that can maximize the attractiveness of the tangible and intangible cultural heritage as specialized tourism products/programmes. As a result, creative tourism in this report has a number of indications that can strengthen economic development opportunities as well as preserve the nation's cultural resources that are associated with the traditional cultural accommodation sector.

The findings of the study demonstrate that the implementation of place marketing and branding activities can promote stakeholder involvement and collaboration in the communication and information flows that are strongly focused on public-private partnership and networking.

Hanokstay and Templestay in the Republic of Korea

The growing interest in distinctive culture and authentic experiences has contributed to the emergence of new types of accommodations in the Republic of Korea (e.g., Hanokstay and Templestay). In particular, the improvement of traditional and historical old houses (e.g., Gotaek/Jongtaek) made it possible to transform such buildings into invaluable lodging facilities as a tourism product/programme. The key attractions of the selected accommodations discussed in this study are unique traditional experience programmes based on geographical settings with their characteristic cultural landscapes. Templestay is regarded as a well-established theme-based tourism product that offers unique Korean Buddhist cultural experiences.

Hanokstay programmes have been successfully developed with government support under the 'Hanok Experience Business' scheme. As a result, business operations focusing on traditional accommodation facilities have grown by a factor of 60 in the four years since the launch of the initiative. However, the development of the traditional cultural accommodation sector is still in its early stage in the Republic of Korea.

Thus, it is necessary to form a strong partnership, with close collaboration among the various stakeholders – especially between the public and private sectors – that are involved in the process of the specialized product/programme development in creative tourism.

Ryokan and Omotenashi in Japan

The core of Japan's traditional cultural accommodation is mostly emphasized in the Japanese traditional spirit of hospitality and service called *Omotenashi* that has long been offered at Ryokan facilities. The present form of Ryokan emerged approximately 300 years ago in the Edo period. Despite the tremendous growth of western-style lodging facilities in Japan in recent years, Ryokan businesses have continued to thrive with the *Omotenashi* spirit. The customer service value of Ryokan has improved through the intensification of the traditional hospitality experience via direct interaction with customers.

The *Omotenashi* spirit has been a driving force for preserving excellent Japanese holistic hospitality services that would not be created elsewhere in the context of creative tourism. In fact, one of the largest Ryokan has expanded its operations to the global market with an emphasis on the *Omotenashi* spirit. Many small Ryokans have also cooperated with each other to offer high-quality services in a genuinely Japanese way that reflects the local atmosphere of tradition and culture.

Given the current situation of the Ryokan business, the construction of integrated knowledge-management systems for operations is needed to keep the traditional service spirit with a view to sustainable development that is focused on long-run management success.

Themed hotels in China

Themed hotels feature the uniqueness of traditional cultural accommodation in China. They combine modern-style lodging facility concepts with historically iconic themes, and have received a great deal of attention since 2000. As China possesses a rich cultural heritage with more than 50 ethnic minorities, the types of themed hotels can widely be extended in the development process in various aspects. Specifically, in this study four culture-themed hotels (the Tibetan culture-themed hotel, a nature-based cultural resort, the Chinese traditional culture-themed hotel, and the Silk Road culture-themed hotel) have been introduced as representative cases.

These themed hotels have been supported by the Tourism Law that has recently been put in place by the national government for the development of the tourism industry. Financial resources and a hotel classification system have been provided for various operations by the regional government. However, in the long run, relevant and standardized regulations and unified management systems are required to sustain the development of the China's traditional cultural accommodation sector.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Conclusions and recommendations

In the creative economy, traditional cultural accommodations ultimately help to create added value by fostering creative activities. The blending of tradition and culture in a holistic manner is an inherent advantage of the sector, in the form of creative tourism products/programmes. In order to fully tap the great potential and the possibilities for development of the traditional cultural accommodation sector in varied ways, more comprehensive research in other regions is required. This should be focused on policy development that can support the collaboration among the various stakeholders that are involved in the process of private-public partnership.

The following recommendations are made as a result of the case studies:

- Conducting more case studies in other geographical settings will help to better understand the current market situation of the traditional cultural accommodation sector from a wider perspective;
- Establishment of standard regulations for systematic policy development and integrated management can be the most significant factors in order to create the accommodation sector and to sustain high-quality service in the long term; and
- Networking of the traditional cultural accommodation sector at the national and global level will increase the possibilities of promoting the hospitality and tourism industry as well as the collaborative process in the development of creative tourism.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Introduction

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

In knowledge-based economic globalization, many governments around the world have recognized cultural tourism as a means of cultivating regional economic development.[1] Cultural tourism development based upon local 'territorial assets' (e.g., soft factors of cultural heritage and hard factors of natural environment) such as traditional architectures and buildings is a relatively new phenomenon. However, such territorial asset-based regional economic development[2] in the traditional accommodation sector is not simply being 'niche' in the market; it has emerged as a significant aspect of product and programme development in the creative tourism perspective[3].

Such economic activities have been rapidly translated into government policies across North-East Asia, particularly in the Republic of Korea, Japan and China. The interest in territorial assets-based development in the traditional accommodation sector has increasingly been addressed in dynamic discussions regarding the role that traditional cultural places play in attracting residents, investors and visitors. This new paradigm of global economic process focused on the cultural movement (e.g., The Korean Wave) has emerged as an example of an alternative strategy for creative tourism, which is related to products/programmes development (e.g., differentiation/specialization).[4]

In the face of knowledge-based economic globalization, the locality of territorial assets such as traditional accommodations has become an important factor. Such creative economic activities prompt the creation of new and/or additional cultural places both in urban and rural settings, which have strong links to the region's sacred landscapes and historical landmarks. Such economic activities as understood in this report are places that may offer visitors not only traditional cultural accommodation opportunities (e.g., Templestay) but also complementary experiential tourism activities (e.g., traditional gastronomic experiences) based upon the various creative industries (e.g., traditional art galleries and folk festivals).

Although some argue that the concept of a creative economy is vague, it is full of promises. For instance, the industrial landscape including remains, ruins, waterfronts, warehouses and factories, once rejected by the public, have been opened up as new reinterpreted spaces that provide an intriguing backdrop for the growth of creative economy.[5] As a result, in territorial assets-based regional development, the experience of distinctive cultural atmospheres and geographical settings

1 The Organization for Economic Co-operation and Development (2014), *Tourism and the Creative Economy,* OECD, Paris.

2 Stolarick, K.; Denstedt, M.; Donald, B. and Spencer, G. M. (2010), 'Creativity, tourism and economic development in a rural context: The case of Prince Edward County', *Journal of Rural and Community Development,* 5(1), pp. 238–254.

3 Lee, A.H.; Wall, G. and Kovacs, J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* Vol. 39. pp.133–144.

4 The Organization for Economic Co-operation and Development (2014), *Tourism and the Creative Economy,* OECD, Paris.

5 Caves, R. (2000), *Creative Industries: Contract between Art and Commerce,* Harvard University Press, Cambridge.

has become an important element to both residents and visitors.[6] Knowledge-based economic globalization has encouraged investors to become more conscious about the 'authenticity' of their traditional place characteristics.[7] With this trend, traditional cultural accommodation facilities have become not only a valuable entry point to potential domestic and international markets but also a means to provide memorable experiences as cultural heritage tourist places.[8]

Hence, the development of traditional accommodations greatly depends on promoting tangible and intangible local characteristics: i.e., soft factors of local traditions, arts and stories of places, as well as the quality of life that is rooted in the locality of the cultural landscapes.[9] As such, cultural mapping has been an important component of territorial assets-based tourism development. Its application mirrors the growing recognition of cultural planning and development practices around the world, the basis of which involves the systematic identification and recording of tangible and intangible heritage resources.[10] This practice of thematic mapping of culture-related territorial assets facilitates the establishment of a creative production and consumption nexus, which is based on local things and knowledge.

The development of territorial assets-based tourism places involves the identification, and leveraging of local heritage resources that are tied into the traditional accommodation sector. It involves the process of implementing strategies through place branding[11] that are aimed at promoting a distinctive local traditional identity and marketable place image internally and externally. Rather than simply marketing a place through traditional marketing means, the place branding strategy in the realm of tourism products/programmes development is increasingly understood to involve nurturing quality of traditional heritage places and encouraging connections between the visitors and the residents of the tourist places. Therefore, it is now recognized that the creation of iconic place characteristics as well as connections between tourists and the places they visit should be central to the development involved in the context of creative tourism by providing traditional artistic accommodations.[12]

However, although academics and practitioners are increasingly acknowledging the phenomenon of territorial assets-based development as a concept, little attention has been paid to the traditional accommodation sector in particular. Much more focus has been placed on the establishment of

6 Lee, A. H. and Wall, G. (2014), 'Food clusters, rural development and a creative economy', *Journal of Rural and Community Development,* 9(4), pp. 1–22.

7 Knox, P. L., and Mayer, H. (2009), *Small town sustainability: Economic, social, and environmental innovation,* Basel, Birkhauser.

8 Lee, A. H., and Wall, G. (2014), 'Food clusters, rural development and a creative economy', *Journal of Rural and Community Development,* 9(4), pp. 1–22.

Lee, A. H.; Wall, G. and Kovacs, J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* Vol. 39. pp. 133-144.

9 Knox, P. L. and Mayer, H. (2009), *Small town sustainability: Economic, social, and environmental innovation,* Birkhauser, Basel.

10 Kovacs, J. F. (2010), 'Cultural plan implementation and outcomes in Ontario, Canada', *Cultural Trends,* 19(3), pp. 209-224.

11 Moilanen, T. and Rainisto, S (2009), *How to brand nations, cities, and destinations: A planning book for place branding,* Palgrave Macmillan, New York.

Morgan, N.; Pritchard, A. and Pride, R. (Eds.) (2010), *Destination branding: Creating the unique destination proposition,* Butterworth Heinemann, Oxford.

12 Lee, A. H.; Wall, G. and Kovacs, J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* Vol. 39. pp. 133–144.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

modern-style lodging facilities from a hospitality and tourism management context. Hence, very little is known about how territorial assets-based traditional accommodations operate in regional economic development as specialized and/or differentiated tourism products/programmes. For these reasons, there is a need to investigate this neglected area of study guided by appropriate concepts and theories to learn about the various traditional cultural architectural arrangements that exist. This report presents case studies of the Republic of Korea, Japan and China on the process of territorial assets-based tourism products/programmes development that is specifically focused on the traditional accommodation sector from the creative economy perspective.

The main objectives of this case study are:

- To define market opportunities by describing the evolution of territorial assets-based tourism development in the traditional cultural accommodation sector;
- To assess the support that is required for developing capacity of territorial assets-based tourism in locally-oriented, small, medium-sized traditional accommodations to identify and utilize tourism market intelligence; and
- To provide comparative case studies of the Republic of Korea, Japan and China to guide both urban and rural practitioners in the development of traditional cultural accommodation sector.

This report focuses on the concept of territorial assets-based tourism development in the traditional accommodation sector. In this context, creative industries are gaining considerable momentum in regional economic development. The evolution of creative tourism has contributed to the establishment of the accommodation sector that is emphasized on local tradition and culture, which has become popular tourist destinations. Thus, understanding of this new development process will be instrumental in promoting the hospitality and tourism industry – by examining how traditional cultural accommodation can be developed in terms of creativity. Before proceeding to examine the selected cases in the Republic of Korea, Japan and China, it is necessary to outline the background information on traditional cultural accommodations in the creative tourism perspective by defining the key concepts and terminologies.

Emergence of traditional cultural accommodations in territorial assets-based creative tourism

In the process of economic globalization, some argue that places are becoming more and more alike. However, this is not the case and even small differences are becoming increasingly significant in the development of territorial assets-based creative economies.[13] Places that are interested in benefitting from 'Territorial Assets' (one of 4 T's of economic development: Technology; Talent; Tolerance; and Territorial Assets)[14], frequently try to identify and leverage distinctive natural environment and cultural heritage to attract talented entrepreneurs and visitors as well as new residents. Thus, they look for 'comparative advantages' that can be turned into 'competitive

13 Florida, R. (2008), Who's Your City? Why the Place You Choose to Live is the Most Important Choice You Will Ever Make, Basic Books, London.

14 Stolarick, K.; Denstedt, M.; Donald, B. and Spencer, G. M. (2010), 'Creativity, tourism and economic development in a rural context: The case of Prince Edward County', Journal of Rural and Community Development, 5(1), 238-254.

advantages'[15] often through the adoption of a place branding strategy[16] that involves highly creative processes (a novel-way of thinking)[17].

According to the OECD[18], it appears that the traditional cultural accommodation sector emerged as part of the creative industries. In particular, North-East Asia such as the Republic of Korea, Japan and China is at the forefront of territorial assets-based regional tourism development as an alternative strategy in place marketing and branding by focusing on the unique cultural characteristics of the architectural arrangements, geographical landscapes and historical landmarks. As this report will illustrate, such authentic local characteristics of the traditional accommodations can be positioned as one of the territorial assets within the creative industry.

The development of creative tourism[19], focused on the traditional accommodation sector, occurs in places with a 'local milieu' that possesses a concentration (e.g., cluster or spatial agglomeration) of culture-related products and services produced by the clustered production of a number of inter-connected firms and service providers.[20] Creating a 'competitive advantage' for a region by establishing a traditional accommodation sector requires a strategy designed to leverage economic, cultural and environmental qualities of a place in an attractive setting and within reach of interested markets. The clustering of traditional accommodations and related amenities can attract new residents, entrepreneurs and visitors, and lead to more sustainable and vigorous economic outcomes that increase the quality of living conditions of the host community. For this to occur, a strategy for collaboration and private and public sectors partnership is required among various stakeholders involved in the process of development.[21]

The Republic of Korea, Japan and China have sought to market themselves as cultural tourist destinations in the international market. As a result, policy makers encourage entrepreneurial

15 Ritchie, J. R. B. and Crouch, G. (2003), *The competitive destination: A sustainable tourism perspective,* Wallingford, CABI Publishing, London.

16 Kotler, P.; Haider, D. H. and Rein, I. (1993), *Marketing places: Attracting investment, industry and tourism to cities, states and nations,* Free Press, New York.

Kotler, P.; Jatusripitak, S. and Maesincee, S. (1997), *The marketing of nations,* Free Press, New York.

17 Lee, A. H., and Wall, G. (2014), 'Food clusters, rural development and a creative economy', J*ournal of Rural and Community Development,* 9(4),pp. 1–22.

Lee, A. H.; Wall, G. and Kovacs, J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* Vol. 39. pp. 133–144.

18 The Organization for Economic Co-operation and Development (2014), *Tourism and the Creative Economy,* OECD, Paris.

19 Richards, G. and Raymond, C. (2000), 'Creative tourism', *ATLAS News,* 23, pp. 16–20.

20 Camagni, R. (1991) (eds.), *Innovation Networks: Spatial Perspectives,* Belhaven Press, New York.

Carayannis, E. G.; Assimakopoulos, D. and Kondo, M. (2008) (eds), *Innovation Networks and Knowledge Clusters,* Palgrave MacMillan, New York.

Cassiolato, J. E.; Lastres, H. M. M. and Maciel, M. L. (2003) (eds), *Systems of Innovation and Development,* Edward Elgar, United Kingdom.

Jackson, J. and Murphy, P. (2006), 'Clusters in regional tourism: An Australian case', *Annals of Tourism Research,* 33(4), pp. 1018–1035.

Porter, M. E. (1990), *The Competitive Advantage of Nations,* Free Press, New York.

Vanhove, N. (2005), *The Economics of Tourism Destinations,* Elsevier Ltd, Oxford.

21 Lee, A. H., and Wall, G. (2014), 'Food clusters, rural development and a creative economy', *Journal of Rural and Community Development,* 9(4),pp. 1–22.

Lee, A. H.; Wall, G. and Kovacs, J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* Vol. 39. pp. 133–144.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

activities: i.e., generation of new ideas, research and development (R&D) and innovations in an amenity-rich environment[22] by networking various stakeholders involved in the development process. Accordingly, creativity is now understood by social scientists including economists as the fundamental driver of regional economic development.[23] The selected countries for this study have become the leading countries in Asia by joining the growing number of international cultural tourist destinations that are investing in the development of the creative industries. The place branding strategy in this respect reflects awareness of the Cultural Movement in concert with the development of creative tourism.

However, some academics argue that although creativity is increasingly promoted as being a fundamental driver of regional economic activities in the development of tourism products/programmes,[24] most of this discourse has focused on metropolitan areas in urban development perspectives in the more advanced countries. Thus, there is a need to broaden this initiative and assess the application in other geographical settings. The traditional architectures and buildings are playing an essential role in creative tourism because they are a product/programme within the creative economy. In this report, traditional cultural accommodation facilities are viewed as being an essential part of the creative economy that is particularly suited to territorial assets-based tourism development both in urban and rural contexts.[25]

Defining the concept of traditional cultural accommodation

As discussed, territorial assets such as traditional cultural accommodations can contribute to the development of creative tourism both in urban and rural contexts. In particular, traditional cultural accommodations pay close attention to a domain of tourism frequently called 'sacred landscapes': i.e., prestigious buildings such as palaces, castles, monuments and chateaux have been preserved by individuals who own them or by the communities in which they reside.[26] As such, the traditional accommodation facility is created based on aesthetic and historical qualities, and in this context traditional culture can be defined as grand and aesthetically worthy of adoration[27]. Additionally, historical landmarks are frequently converted into valuable accommodations as evidenced by the boom of paradores in Spain and pousadas in Portugal where monasteries and castles are refurbished and offered as luxury hotel facilities.[28]

22 Evans, G. (2001), *Cultural Planning: An Urban Renaissance?,* Routledge, London.

Evans, G. and Foord, J. (2008), 'Cultural mapping and sustainable communities: Planning for the arts revisited', *Cultural Trends,* 17(2), pp. 65–96.

23 Florida, R. (2003), T*he rise of the creative class: How it's transforming work, leisure, community, and everyday life,* Basic Books, New York.

Florida, R. (2008), *Who's Your City? Why the Place You Choose to Live is the Most Important Choice You Will Ever Make,* Basic Books, London.

Shyllit, R. and Spencer, G. M. (2011), *Water, rocks and trees … Building upon our rich resources: The creative economy in Muskoka,* available online at www.creativemuskoka.ca.

24 Kovacs, J. F. (2010), 'Cultural plan implementation and outcomes in Ontario, Canada', *Cultural Trends,* 19(3), pp. 209–224.

25 Lee, A. H. and Wall, G. (2014), 'Food clusters, rural development and a creative economy', *Journal of Rural and Community Development,* 9 (4), pp. 1–22.

26 Xie, P. (2015), *Industrial Heritage Tourism,* Channel View Publications, Bristol, United Kingdom.

27 Smith, L.; Shackel, P. A. and Campbell, G. (2011), *Heritage, labour, and the working classes,* Routledge, London.

28 Xie, P (2015), *Industrial Heritage Tourism. Channel View Publications,* Bristol, United Kingdom.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

In this sense, traditional cultural accommodation tends to provide an authentic cultural experience for tourists seeking aesthetically arranged rooms and facilities with traditional architectural structures. Hence, it is geared towards those sophisticated cultural tourists who are interested in learning about the tangible and intangible heritage of a country while experiencing the traditional way of life and people. Thus, evidently, it is emphasized on the meaning of 'culture': i.e., the anthropological notion of culture as a way of life; Latin definition of culture as 'the cultivation of 'mind'; and aesthetic definition of culture as 'art'[29]. Therefore, and according to KCTI, in this study 'traditional cultural accommodation' could be understood as:

> "Accommodation facilities, which are built based upon traditional property with old-fashioned architectural arrangements that provide country's traditional cultural experiences to the interests of tourists."

In the creative economy, traditional cultural accommodations have a great potential that directly contributes to the hospitality and tourism industry by harnessing distinctive cultural attributes of a nation's traditional architectures and buildings. The facilities of traditional cultural accommodations form a significant part of a country's territorial assets that appear attractively to travellers, professional entrepreneurs, and local community. In addition, the accommodation's hospitality service in a traditional manner creates considerable added value by attracting various visitors to unique local cultural experiences. The tangible and intangible spheres of traditional cultural accommodations have contributed to the development of value co-creation in creative tourism by differentiating/specializing themselves from westernized modern-style lodging facilities as well as by encouraging tourist participations.

Structure of the study

This report provides case studies of the three selected countries in the traditional accommodation sector as a process of territorial assets-based tourism products/programmes development. This study has five chapters. The introductory chapter gives an overview of the traditional cultural accommodations in the perspective of creative tourism. Also, it defines relevant concepts and interrelated themes of territorial assets-based regional development in the traditional accommodation sector.

Chapter 1 provides the case study of the Republic of Korea and discusses how the traditional accommodation sector is created as tourism products/programmes in the geographical context by specializing and differentiating itself from other lodging facilities. Along with the analysis of the traditional accommodation sector, it summarizes the region's economic, cultural and environmental indicators. The chapter also describes the background information of the modern-style lodging facilities and recent tourism trend in relation to the development process of the traditional cultural accommodation sector in the Republic of Korea. It analyzes the value co-creation of the traditional accommodations in the cultural and economic spheres by clarifying types and characteristics of the facilities. The analysis is presented based upon the findings of empirical data/information collected in the case study sites. The chapter concludes by reviewing relevant national/provincial

29 Williams, R. (1961), *The Long Revolution,* Penguin, London.
Williams, R. (1976), *Keywords: A Vocabulary of Culture and Society,* Fontana, London.

governments' policies and makes recommendations by providing relevant practical applications based upon the result of the study.

Chapter 2 deals with the Japan's unique type of traditional cultural accommodation facilities called Ryokan. It highlights the distinctive Japanese hospitality service culture as the main attractiveness of Ryokan facilities by paying great attention to its global expansion. The chapter also provides in-depth analysis of the current status of the accommodation sector and the different development strategies of the selected case accommodations in Japan.

The main topic of chapter 3 is culture-themed hotels that have recently emerged in China. This chapter elaborates on the creative development process of unique Chinese tourism focused on the establishment of the lodging industry to promote national economy. In-depth analysis of the selected cases lodging facilities is provided and the emphasis is given to the cultural tourism accommodation sector with the specific concept of themed hotels.

The conclusions chapter summarizes the findings of the studies demonstrated in each chapter. It makes concluding remarks with significant practical implications, including challenges and opportunities identified in each case study in the creation of the traditional cultural accommodation sector. Overall, in spite of the exploratory nature of the study, this report offers great insights into the development process of the traditional cultural accommodation sector in the geographical context of North-East Asia. Consequently, it will be useful to facilitate important channels of communication about creativity and tourism between the academic and professional communities around the world on the products/programmes development and implementation practices of the territorial assets-based creative tourism.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Chapter 1

Hanokstay and Templestay in the Republic of Korea

In the Republic of Korea the accommodation sector in the hospitality and tourism industry is experiencing the significant change in its history. New forms of accommodations combined with Korea's characteristically unique culture have been evolving adding to the existing modern style of accommodations such as western-style hotels and condominiums. It is a recent trend that such traditional cultural accommodations are emerging as a new form of tourism product/programme. It is also highly valued by both domestic and inbound tourists as tangible and intangible cultural heritage. Given the recent popularity and the potential for growth, many communities where the geographical areas are well defined and perceived as cultural places, the traditional accommodation sector has great possibilities of improving the living conditions for the community by developing the territorial assets as a unique tourism product.

This chapter presents the study of the Republic of Korea's traditional cultural accommodation sector. It identifies the types of the accommodation sector, and several cases of successful accommodation businesses are provided according to the organization of each type as cultural tourism products. Relevant government policies for tourism product development and strategies for promotion will also be discussed. To conclude the chapter, recommendations on enhancing the attractiveness of the traditional cultural accommodation sector focused on marketing/branding activities will be provided.

1.1 Overview of the Republic of Korea's accommodation sector

According to Tourism Promotion Act, the accommodation sector in the Republic of Korea can be classified broadly such as hotels and resort condominiums. Hotels include tourist hotels, floating tourist hotels, family hotels, Korean traditional hotels and hostels. The growth of the tourist hotels (modern style of hotels) have been striking. Over the past 30 years, a number of tourist hotels has been increasing consistently by 5% on average every year, according to the Ministry of Culture, Sports and Tourism (MCST)[1], and comprised over three quarters of the total tourist accommodations by 2008 (table 1.1). Statistical evidence shows that business activities in the accommodation sector in the Republic of Korea are primarily focused on the operation of the typical modern style hotels although the establishment of new accommodation products has been increasing.

1 Ministry of Culture, Sports and Tourism (MCST) (n.d.), *Gwangwang-donghyange gwanhan yeoncha-bogoseo* [Annual report on tourism trends], Ministry of Culture, Sports and Tourism, Seoul.

Table 1.1 **Republic of Korea's tourist accommodation and traditional cultural accommodation, 2008–2013**

Accommodation type	2008	2009	2010	2011	2012	2013
Tourist accommodation (Total)	**815**	**838**	**861**	**893**	**963**	**1,099**
Tourist hotels	610	621	630	644	680	740
Floating	-	-	-	-	-	
Family hotels	44	52	55	58	70	87
Korean traditional hotels	1	1	2	3	6	6
Hostels	-	-	-	6	28	75
Condominiums	160	164	174	182	180	192
Hanok experience business	-	10	320	444	608	668
Templestay	100	100	109	118	109	110

Source: Ministry of Culture, Sports and Tourism.

Evidently, the result of this study suggests that development of other types of accommodations is increasing. In particular, traditional cultural accommodations have received remarkable attention in the Republic of Korea. Among others, five Korean traditional hotels have been established during the last six years. Albeit in small numbers, the Korean traditional hotels attained satisfactory results with respect to generation of revenue and sales. In 2013, tourist consumption of the Korean traditional hotels increased by 19% when compared to the previous year.[2] There were twofold increases in the traditional hotel rooms sold during the same period. Contrary to the negative growth in sales of the modern style tourist hotels, the figures of Korean traditional hotels presented here indicated significant improvement.

In line with this situation, lodging facilities have diversified in addition to the widespread modern-style tourist accommodations. Traditional old houses such as reasonable Hanok-style buildings started being officially registered as experiential accommodations in 2009. In 2012 the economic activities in the traditional Hanok-style accommodation sector was 60 times bigger than that of the beginning year. Moreover, the Templestay programme as new cultural accommodation product has been developed to meet the growing tourist demand: (i.e. having experienced Korean Buddhist culture while staying at various temples). It is interesting to note that these accommodations have provided not only as lodging facilities for tourists but also as a place for experiencing Korean traditional intangible and tangible culture.

2 Ministry of Culture, Sports and Tourism (2014b), *Gukmin yeohang siltae josa* [Korean National Tourism Survey], Ministry of Culture, Sports and Tourism, Seoul.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.1.1 Recent tourism trend

Recently, in tourism development soft factors, such as creative cultural assets, are important attractions for tourists.[3] It is a trend that cultural tourism is leading the global market. The growing interest in both tangible and intangible cultural heritage has attracted a great number of visitors to tourist destinations for unique experiences. It is suggested that many inbound tourists tend to visit the Republic of Korea in order to experience Korean lifestyle, history, people and Korean cuisine, arts and religious activities.

Such tourists' desires are bringing their attention to specialized traditional accommodations. For tourists an international airport may be a place to get the first impression of a country, but various accommodations tend to be the first location in which they can have the genuine feelings, experiences and memories of the host country's different culture. A traditional cultural accommodation with its unique architecture can be a special service offered with differentiated facilities. It offers tourists an anthropological approach to a country that gives them a great learning opportunity by experiencing a way of living and doing things in the host country.[4] This trend in the tourism market has created the possibilities of in the Republic of Korea's traditional cultural accommodation sector to develop new cultural products for meeting the needs and wants of domestic and inbound tourists.

Korean traditional cultural accommodations are generally built with the style of old-fashioned Hanok – the Korean traditional style houses – based on the combination of the locality of cultural characteristics and traditional lodging facilities. These houses reflect Korea's traditional ways of living and the distinctive national consciousness. Tourists' novel experiences gained at such cultural accommodations can be an important factor that could attract them as a tourist destination. As a result, this trend plays a significant role in introducing the unique Korean traditional culture at the global level with differentiated and diversified accommodation products/programmes.

As stated, traditional cultural accommodations are recently becoming popular in the Republic of Korea. The fact that a range of television programmes showcasing the Korean traditional house experience has promoted public interests, resulting a number of domestic tourists are doubled in the case of specific regions that could offer such accommodation facility services. Many regions where they offer Korean traditional accommodation facility services have become an iconic tourism place for international tourists to experience Korean culture. For instance, Hanok villages in various regions have been widely recognized as a must-see tourism attraction among Hollywood celebrities where they visit to experience the Korean traditional beauty and sentiment. As another example, Buddhist Templestay programmes have also been used to accommodate spiritually minded tourists who want to experience Korea's religious culture.

Further, the global issues in the growth of 'green' market and sustainability are drawing more attention to Hanok-style facility services. Hanok is equipped with a structure of Korean traditional architecture, concerning the sustainability of green housing practices: the use of natural resources for the construction of a building (such as traditionally used woods, stones, and papers, and so

3 The Organization for Economic Co-operation and Development (2009), *The impact of culture on tourism,* OECD, Paris.

4 Caspo, J. (2012), 'The role and importance of cultural tourism in modern tourism industry, in M. Kasimoglu and H. Aydin (Ed.), *Strategies for Tourism Industry - Micro and Macro Perspectives,* Intech.

Picon, A. (2013), 'Architecture, innovation and tradition', *Architectural Design,* 83(1), pp. 128–33. doi: 10.1002/ad.1535.

on). Such environmentally friendly housing experiences are also known for having health benefits from the natural materials used to build the old-fashioned traditional houses. An investigation has proved that the construction and structure of Hanok-style houses helps reduce respiratory disease.[5] Therefore, Korean traditional houses are emerging, as they can be a foundation of practical eco-friendly tourist accommodations for the 21st century.

1.2 Values of the Republic of Korea's traditional cultural accommodations

Traditional cultural accommodations have become an invaluable cultural asset in the Republic of Korea. For a long period, many of the Korean tangible and intangible cultural heritages was ruined and damaged during the Japanese rule period and the Korean War including historically marked architectures. Hence, conservation and rehabilitation of cultural properties have been a difficult task for Korean governments. In this sense, the remaining traditional houses can be a living legacy for new generations; by having them passed down to develop as a great tourism product/programme with their unique history.

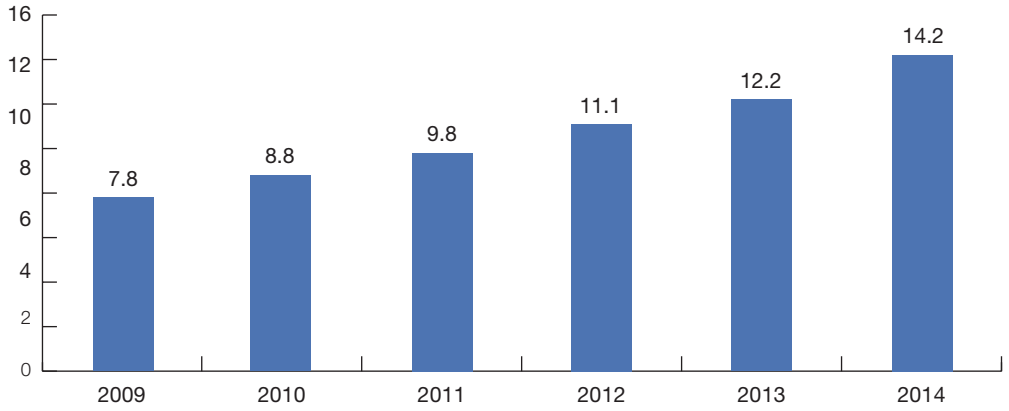
Traditional architectures can play a crucial role as anthropological materials that ascertain historical evidence as well as a way of life of the host country. Family traditions and enshrined heritage in the old-fashioned houses are customarily handed down to for the Korean descendants. Thus, some of the traditional cultural accommodations, especially historical buildings, have been protected and preserved by laws. It is a sensible way of upholding Korean traditions and culture through the indications of the old-fashioned way of lifestyle, but not being preserved as a museum piece.

In addition, newly constructed accommodations with the form of traditional cultural architecture provide a fresh outlook of a synthesis: i.e., connection between the classical form and the modern style of Korean architecture. This effort enables to maintain and inherit Korean indigenous style of architectures, absorbing the traditional and modern lifestyle. This suggests that the great possibilities of diversification and differentiation of tourism products based on traditional houses will allow the accommodation sector to lead the future trend of the tourism market. In this way, the accommodation sector may become historical evidence in creative tourism in the years to come.

5 *Aesthetics and science of pottery, the world admiring creative masterpieces,* Asia Economy, published on 20 June 2013 (online), available at: www.asiae.co.kr (26-11-2015).

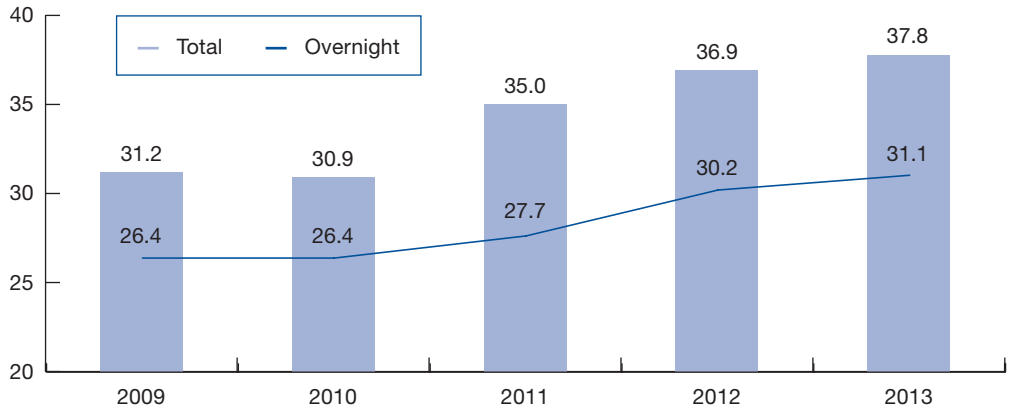
http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Figure 1.1 **Inbound tourists and visitors to the Republic of Korea, 2009–2014 (million)**



Source: Ministry of Culture, Sports and Tourism.

Figure 1.2 **Domestic tourists in the Republic of Korea, 2009–2013 (million)**



Source: Ministry of Culture, Sports and Tourism.

In light of the size of tourism market in the Republic of Korea, traditional cultural accommodations have a great potential for growth. Since 2008, the number of inbound tourists to the Republic of Korea has shown a significant increase by approximately 10% every year, reaching up over 14 million in 2014 (figure 1.1). In addition to the international tourist market, 82% of domestic tourists have experienced the overnight travel in 2013.[6] The increased number of overnight travellers has continued to grow in the domestic market since 2011 when the change of reduced working hours for individual workers in work places happened. It has been applied to all industries by the reduced working hours from 6 days to 5 days per week (figure 1.1).

The fact is that the accommodation sector, as a result of the reduced working hours, has a large market share in the Korean hospitality and tourism industry. According to the international visitor survey conducted in 2014[7], accommodation was the second highest travel expenditure (25%)

6 Ministry of Culture, Sports and Tourism (MCST) (2014a), *Chulipguk gwangwang tonggye* [Immigration Tourism Statistics Survey].

7 Ibid.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

among independent travellers, followed by shopping in 2013. Inbound tourists with full-packaged and organized group tours as well as *air-tel tour*[8] also paid second most expenses (37%) to the travel agencies and it includes the accommodation as well. Similarly, the result of Korean national tourism survey showed that domestic overnight tourists spent third largest expenses on accommodation (19.4%) followed by food/beverage and transport expenses.

Despite the increase of the inbound tourism market in the Republic of Korea, supply of lodging facilities is unable to catch up in the intensifying tourism market demand nationally and internationally. As forecasted by the MCST, there will be a shortage of about 5,000 accommodation rooms in the city of Seoul alone in the year of 2015.[9] A lack of lodging facilities can restrict a number of tourist choices differentiation/specialization of services. Under this circumstance, the traditional cultural accommodation can be an invaluable tourism resource in the Republic of Korea. It has become a great storytelling source a word-of-mouth marketing tool by both domestic and inbound tourists that will attract even more tourists to the Republic of Korea in the future. A country's traditional culture can be critical in differentiating the destination as tourism attraction.

The development of the Korean traditional cultural accommodation sector is expected to vitalize the economic conditions of many local communities. A number of traditional cultural accommodations are located particularly in small towns and rural areas where many historical cultural assets are still well maintained. These regions tend to be ignored by the policy makers and programme developers. However, nurturing the traditional accommodation sector in the rural area can stimulate cultural asset-based tourism development as well as improvement of the physical infrastructure considerably, which will eventually boost the local economy. Traditional cultural accommodations have brought together various synergetic effects on economic, cultural and environmental well-being of many communities. In addition, with the growing interest in cultural tourism, it has become a novel attraction to international tourists as one of the unique cultural tourism products in the Republic of Korea.

1.3 Types of accommodation: Hanok and Temple

Each country has its own representative style of traditional architectures: i.e., cottages for United Kingdom, *Gîtes* for France, and ranch houses for the United States of America to name a few examples. In the Republic of Korea, the iconic traditional architecture can be of Hanok. The Korean traditional form of houses is constructed in the style of Hanok, ranging from low cost housing to high cost palaces and this also includes Buddhist religious temples.

1.3.1 Hanok accommodations

Hanok can be described as a traditional house built with unique Korean-style architectures. It consists of a wooden structure, the unique tiled roof called Giwa, and the stone-block construction. Most Hanok style houses are located with beautiful natural surroundings that are aligned with the *Besanimsu* principle.

8 A tour package combining flight ticket and a type of accommodation.

9 Ministry of Culture, Sports and Tourism (2012), *Gwangwang-sukbak-siseol sugeup-bunseok yeongu* [Analysis of supply and demand of tourist accommodations].

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Besanimsu principle explains that an ideal house is located between a river in the front of the house and a mountain in the back of the house. Hanok's heating and cooling systems are closely associated with natural environment. For instance, Ondol is built with a unique Korean heating system that is equipped with a rock-based bedroom against severely cold winters; Daechong is built as a wide front-side hall (a cool wooden-floor system built to overcome the difficulties of hot summer months without having placed technological supplements such as air conditioner).

Hanok architectures are comprised with several separate spaces: *Sarangchae* (an outer quarter for men), *Anchae* (an inner quarter for women), *Sadang* (an ancestral shrine), *Jeongja* (an open space of pavilion), *Jangdokdae* (a jar stand), *Madang* (a yard), *Numaru* (a wooden balcony) and kitchen. Stand-alone buildings for different genders reflect the Republic of Korea's unique traditional culture, as it has been a strict gender-based Confucian society. Uniquely old-fashioned style furniture and paper-pasted windows add to the traditional feel of Hanok architectures.

Hanok style accommodations can be classified into three themes based on its nature of history and service levels: Gotaek and/or Jongtaek, Hanok-style guesthouse, and Korean traditional hotel. The accommodation's history, sizes, room rates, and locations can vary as they are highly diversified and differentiated from place to place.

Gotaek and Jongtaek (Korean traditional old house)

Gotaek and Jongtaek properties are Hanok style private houses that have been designated as cultural heritage by the Korean government. They are historically valued as many of such houses have lasted for more than 50 years. This is important when considering the fact that the Korean War had totally uprooted millions of Korean traditional houses and heritage buildings. While Gotaek puts emphasis on its temporal aspect of the old and long-established houses, Jongtaek connotes its historical aspect as being a Head House in the representation of Korean noble families. Both are considered monumental works with significant cultural and historical value by the Cultural Properties Protection Law.

Gotaek and Jongtaek can be found in a traditional folk village as an individual private property. This type of traditional houses is located in historical folk villages such as Andong Hahoe Village, Gyeongju Yandong Village, and Asan Oeam Village although some of them can be found in different regions. The relevant local governments have attempted to conserve, maintain, and promote the traditional old houses within their specified and well-defined regions.

Traditional houses can be registered as historical landmarks, treasures, important folklore materials and so on. According to Cultural Heritage Administration, 184 houses have been selected as cultural property by the national government. Among them, 82 houses are located in the Gyeongsang Province (e.g., Gyeongsang *(buk-do)*), followed by the Jeolla Province (Jeolla nam-do) with 34 houses; they are located in the southern part of the Republic of Korea.[10] Including the cultural properties owned by cities or provincial governments, more than 700 houses have been registered so far as cultural property in the Republic of Korea.

10 Cultural Heritage Administration (2014), *Juyo-eopmu tonggye-jaryojip* [Major business statistics], Seoul.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Some of the old houses have been renovated with the support of the MCST. Applications have been received from the owners of the properties, and the housing capacities are reviewed for renovation to become a traditional accommodation facility. The remodelled houses being aligned with traditional décor and architecture have been utilized as guest accommodation that takes pride as being a unique product in the tourism market.

In addition, Korea Tourism Organization (KTO) has developed and provided a Hanokstay Certification Program. This certification indicates a credential for high-quality performance as traditional cultural accommodation in terms of kindness, customer service, convenience, stability, cleanliness, and traditional experience. It assures that a certified Hanok house should offer tourists the satisfactory level of experiences backed by improving the physical infrastructure of the facilities to enhance domestic and foreign promotions.

The certified traditional accommodations are listed and promoted on the Hanokstay website[11].

In August 2014, a total number of 75 houses have been certified as Gotaek or Jongtaek and advertised on the Hanokstay website. Approximately 75% of the houses (55 houses) are located in the Gyeongsang Province (Gyeong *(buk-do)* and Gyeongnam-do). The region is a historically well-defined landscape and many of the cultural properties are located in the region (Nosogjeong Jongtaek, Hyangdan, and Goiheon Gotaek). This is followed by the Chungcheong Province (Chung *(buk-do)* and Chungnam-do) with 9 Gotaek and Jongtaek houses. The remainders are found in the Jeolla Province (Jeon *(buk-do)* and Jeonnam-do) and Gangwon Province. The following table shows the number of Gotaek and Jongtaek houses registered as Hanokstay accommodation facility.

Table 1.2 **List of Jongtaek and Gotaek houses**

Type	Region	Location	House name	Number of rooms	Minimum prices (KRW)	Cultural property
Jongtaek	Chungnam	Nonsan	Baek Il-hun Jongtaek	5	50,000	Yes
	Kyungbuk	Andong	Nosogjeong Jongtaek	8	150,000	Yes
			Nongam Jongtaek	17	40,000	No
			Dongam Jongtaek	8	50,000	Yes
			Jirye Artist Colony	14	60,000	No
			Hakbong Jongtaek	8	100,000	Yes
		Gyeongju	Hayangdan	15	60,000	Yes
		Seongju	Sawoodang Jongtaek	7	100,000	Yes
		Yeongyang	Seokgye Jongtaek	3	40,000	Yes
Gotaek	Daegu	Jung-gu	Gooam Seonwon	6	44,000	No
	Gyeonggi	Yeoncheon	Joseon Wangga	17	176,000	No
		Yongin	Songdam Gotaek	2	250,000	No

11 Hanokstay website: Hanok.visitkorea.or.kr/.

Type	Region	Location	House name	Number of rooms	Minimum prices (KRW)	Cultural property
Gotaek	Gangwon	Chuncheon	Chuncheon Gotaek	4	100,000	No
		Gangneung	Gangreung Seonkyojang	32	70,000	Yes
		Youngwol	Woogoojeong	3	40,000	Yes
			Jokyeon-dang	10	70,000	Yes
	Chungbuk	Boeun	Seonbyungguk Gaok	4	60,000	Yes
		Cheongsong	Juwangsan Seongcheon-daek	4	60,000	Yes
		Danyang	Danchon Seowon Gotaek	12	80,000	No
		Okcheon	Chunchu Traditional Folk Museum	13	60,000	No
	Chungnam	Cheongyang	Bangkiok Gotaek	6	60,000	Yes
		Geochang	Chungsindang Donggye Gotaek	6	80,000	Yes
		Hongseong	Sawoon Gotaek	7	30,000	Yes
		Nonsan	Myungjae Gotaek	7	150,000	Yes
	Gyeongbuk	Andong	Gudam-jeongsa	9	60,000	No
			Geumpo Gotaek	3	50,000	No
			Mokjae Gotaek	5	50,000	No
			Bukchon-daek	13	200,000	Yes
			Suae-dang	8	70,000	Yes
			Andong Gotaek Yisangroo	13	50,000	Yes
			Yangso-dang	5	50,000	Yes
			Kyungdang Jongtaek	5	70,000	No
			Chiam Gotaek	10	120,000	Yes
			Muldori	3	50,000	No
			Beonnam Gotaek	4	100,000	No
			Sugok Gotaek	5	50,000	Yes
			Andong Gunja Village Hujo-dang	7	90,000	Yes
			Uiseokjae	3	50,000	No
			Jeongjae Gotaek	7	80,000	Yes
		Bonghwa	Gwonjinsa-daek	5	50,000	Yes
			Namho Gotaek	9	50,000	Yes
			Mansan Gotaek	12	30,000	Yes
		Cheongdo	Soeonam Seowon	6	60,000	Yes
		Cheongsong	Songsogojang	13	50,000	Yes
			Songjeong Gotaek	6	70,000	Yes
			Chalbanggong Jongtaek	5	60,000	Yes

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Type	Region	Location	House name	Number of rooms	Minimum prices (KRW)	Cultural property
Gotaek	Gyeongbuk	Cheongsong	Byukjeoljeong	2	200,000	No
			Sayang Seonwon	4	50,000	No
			Sedeoksa	5	70,000	No
			Changsil Gotaek	5	50,000	No
			Pyeongsan-sinssi Pansagongpa Jongtaek	5	100,000	Yes
		Goryeong	Jangsu-motgoldaek	1	50,000	No
		Gunwi	Namcheon Gotaek	7	60,000	Yes
		Gyeongsan	Spaces of a beautiful life	1	140,000	No
		Gyeongju	Chunguidang	5	100,000	Yes
			Dokrak-dang	4	40,000	Yes
			General Kim Ho-jang's Gotaek	5	50,000	Yes
		Sangju	Ohjak-dang	6	60,000	Yes
			Songang Jeongsa	2	50,000	No
		Uiseong	Sowoo-dang	9	200,000	Yes
		Yecheon	Saguidang Gotaek	4	50,000	Yes
		Yeongcheon	Gwiae Gotaek	4	60,000	Yes
		Yeongdeok	Sambyuck-dang	5	150,000	Yes
		Yeongju	Goiheon Gotaek	7	50,000	Yes
		Yeongyang	Byungam Gotaek	5	40,000	No
	Gyeongnam	Geochang	Wonhak Goga	7	120,000	Yes
		Goseong	Hakdong Choi Young-duk Goga	7	40,000	Yes
		Hamyang	Myeongga-won	2	200,000	No
			Arumjigi Hamyang-Hanok	2	400,000	No
			Umyeongri Jeongssi-goga	5	100,000	Yes
		Sancheong	Sancheong-yulsoowon	3	90,000	No
	Jeonbuk	Jeongup	Anjinsa Gotaek	3	100,000	No
	Jeonnam	Boseong	Boseong Yeogwan (Inn)	7	80,000	Yes
		Damyang	Gotaek Hanokeseo	15	50,000	No
		Mokpo	Mokpo 1935	4	150,000	No

Sources: KTO data and Hanokstay website (www.hanokstay.or.kr).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Hanok-style guesthouse

In recent years, several Hanok-style houses not listed as national cultural heritage have been commercialized as tourism product/programme. Many newly built houses have also been designed as a simplified version of Hanok to be used as a guesthouse to attract tourists. A Hanok-style guesthouse possessing Korea's traditional beauty can be described as a locally-oriented and relatively small lodging establishment that offers basic services at a level of bed-and-breakfast (B&B) businesses.

The Hanok-style guesthouse has limited temporal and historical values that Gotaek and Jongtaek possess. However, the Hanok-style guesthouse offers convenient services and tourists can experience a Korean way of living at reasonable prices as a traditional accommodation. Many of the Hanok-style guesthouses have been improved with combination of the modern style of accommodation facilities including western-style toilet facilities although some of them still retain a traditional Korean style of toilet facilities.

Hanok-style guesthouses can also be certified as a Hanok-stay accommodation facility. Registration for Hanok experience business is a prerequisite to be certified and become a member of Hanok-stay guesthouses provided by Tourism Promotion Act. In 2013, a total number of 668 accommodations have been registered as Hanok experience business – an increase of 10% compared to the previous year (table 1.3).

Regionally, the Gyeongsang Province (*buk-do)* and Jeolla Province (nam-do) comprised 72% of all Hanokstay facility members. Nearly a quarter of the business members obtained Hanok-stay certification, and about half of them (38 houses) is located in the Gyeonsang Province *(buk-do)* and Jeonlla Province (*buk-do)* (36 houses). Interestingly, Seoul, the capital city of the Republic of Korea, had 21 certified Hanok guesthouses, but it has no Gotaek and Jongtaek houses.

Table 1.3 **Number of Hanok experience business houses and Hanok-style guesthouses**

City	Hanok experience business house	Hanok-stay certified guesthouse	Region	Hanok experience business house	Hanok-stay certified guesthouse
Seoul	68	21	Gangwon	20	5
Busan	-	-	Chungbuk	18	2
Daegu	7	-	Chungnam	18	6
Incheon	3	3	Jeonbuk	65	36
Gwangju	1	-	Jeonnam	203	32
Daejeon	-	-	Gyeongbuk	202	38
Ulsan	1	1	Gyeongnam	47	9
Sejong	-	-	Jeju	-	-
Gyeonggi	15	6	Total	668	159

Sources: Ministry of Culture, Sports and Tourism and Hanokstay website (www.Hanokstay.or.kr).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Registered Hanok experience business houses, including Gotaek and Jongtaek offer various traditional and cultural experience programmes. Visitors can enjoy activities such as putting on Hanbok (traditional Korean clothing, outfits, attires), and participating in traditional wedding ceremony or tea ceremony. They can also enjoy learning about Korean cuisine; making Korean dishes such as *Kimchi, Bibimbap* (combination of rice and a variety of vegetables) and traditional liquor. In addition, they can have a variety learning opportunities about traditional arts by attending cultural activity programmes (making masks or fans, drawing folk paintings, and playing traditional musical instruments and so on). Hence, it is true that Hanok-style accommodations provide a wide range of unique cultural experiences and they are not simply being lodging facilities.

Korean traditional hotels

Korean traditional hotels can be better described as an establishment that provides board-lodging services equipped with Korean indigenous-style facilities. When compared to the Hanok-style accommodations, Korean traditional hotels are luxuriously built facilities for commercial purpose only. They are built with certain limitation of structure for capacity (e.g., rooms and restaurants). The traditional concept of harmony is applied for such establishments and thus, each unique facility makes tourists get a genuine feeling about Korean culture and tradition through the ambience of the hotels.

Korean traditional hotels should be registered under Traditional Hotel Business by enforcement regulation of Tourism Promotion Law. The standard of the registration encompasses the following conditions. The building exterior must take a form of Hanok and contain modern-style baths or showers that makes satisfied for users. In addition, services for tourists should be arranged in a systematic manner, and the hotels should have a right to use the facility or possess the property.

The oldest Korean traditional hotel is the SEAES Hotel and Resort with 26 bedrooms, which is located in Jungmun Tourist Complex in Jeju Island. By the end of the year 2013, there are six Korean traditional hotels with 231 bedrooms offered as accommodation facilities in the Republic of Korea (table 1.4).

Table 1.4 **List of Korean traditional hotels**

Region	Hotel	Registration date	Number of rooms
Jeju	The SEAES Hotel and Resort	July 1991	26
Incheon	Eulwang Tourism Hotel	May 2004 (February 2005)	44
Kyungbuk	Ragung, Shilla Millennium Park	July 2010	16
Jeonnam	Hanok Hotel Young San Jae	October 2011	21
	Jirisan Family Hotel	October 2003	124
	Hanok Hotel O Dong Jae	April 2012	32
Total	**6 Hotels**		**263**

Source: Ministry of Culture, Sports and Tourism (2013).

Both Korean traditional old houses and Hanok-style guesthouses focused on cultural experiences have been offered in traditionally built facilities. However, Korean traditional hotels are specialized to offer hospitality services to travellers without compromising Korean traditional culture. They provide high-end outstanding spa facilities, for example. Despite higher room rates, the hotels are becoming popular among tourists who enjoy the customized hospitality services that can be provided at the first-class luxurious hotel. For example, Yeosu Hanok hotel called O Dong Jae was fully booked beforehand for the period of the 2012 Yeosu Expo. The growing popularity of Korean culture has made such Hanok accommodation get the great attention from many domestic and inbound tourists.

1.3.2 Templestay lodging facility

Korean history tells that Buddhist religion was introduced in the Republic of Korea through the exchange of cultural trade with China in the 4th century, and it was developed in a distinctive way that is combined with Shamanistic elements as well as local religious rituals. However, Korean Buddhist teaching has a great influence in a holistic way to Korean traditional culture, encompassing meditation, chanting, and studying Buddhist sutras. Korean traditional temples are built with unique structure for the purpose of enshrinement of the statue of Buddha, as well as monks' asceticism, and Buddhists' edification.

Templestay refers to a specialized cultural experience programme incorporating Korean Buddhist way of living and doing things as an accommodation facility designed mainly for tourism purpose. Templestay participants can attend various religious activity programmes to experience the Buddhist culture such as monk's pious lifestyle while staying at various temples for a short or long term period. Because Buddhist teaching is planted deeply in its cultural root in Korean tradition, Templestay programmes encourage tourists to explore monastic life and enjoy Korean culture in an authentic religious way.

Templestay programmes have to offer a variety of religious activities to participate in *Chamseon* (meditation), *Yebu* (ceremonial service with devotional chanting), and *Balwoo Gongyang* (communal Buddhist meal service). In addition to this basic programme, seven different types of programmes are being offered for the following purposes: relaxation, Buddhist cultural experience, ecological experience, traditional cultural experience, practicing asceticism, temple-life, and special events. Tourists can choose programmes depending on their needs and wants while using the Templestay facilities.

Templestay programmes were initiated as a solution to a lack of insufficient accommodation facilities when the Republic of Korea hosted the big international event of the 2002 World Cup. The combination of the government's financial support and private sectors' efforts has made it possible for upgrading, the programme and product development, resulting great improvement both in quality and quantity. The Templestay programmes have started with 33 temples in 2003, and 110 temples were participated in 2013 (table 1.5). Especially, the region of Youngnam, the Gyeongsang Province (Gyeongnam-do and Gyeong *(buk-do)*) including the city of Busan stood out in the number of temples operating Templestay experience programmes.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Table 1.5 **Number of Templestay programmes in the Republic of Korea**

Region	Templestay	Region	Templestay
Seoul	9	Chungbuk	4
Busan	3	Chungnam	8
Incheon	1	Jeonbuk	7
Daegu	2	Jeonnam	15
Gwangju	2	Gyeongbuk	16
Gyeonggi	18	Gyeongnam	10
Gangwon	12	Jeju	3
Total			**110**

Source: Ministry of Culture, Sports and Tourism.

Table 1.6 **Number and increase of tourists joining Templestay programmes, 2008–2013**

Category	Local		Foreigners		Total	
	Number of tourists	Increase (%)	Number of tourists	Increase (%)	Number of tourists	Increase (%)
2008	92,694	36.0	20,106	48.9	112,800	38.1
2009	121,494	31.1	19,399	-3.5	140,893	24.9
2010	152,909	25.9	20,054	3.4	172,963	22.8
2011	187,937	22.9	24,550	22.4	212,487	22.9
2012	146,056	-22.3	23,752	-3.3	169,808	-20.1
2013	164,853	12.9	21,743	-8.5	186,596	9.9

Source: Ministry of Culture, Sports and Tourism.

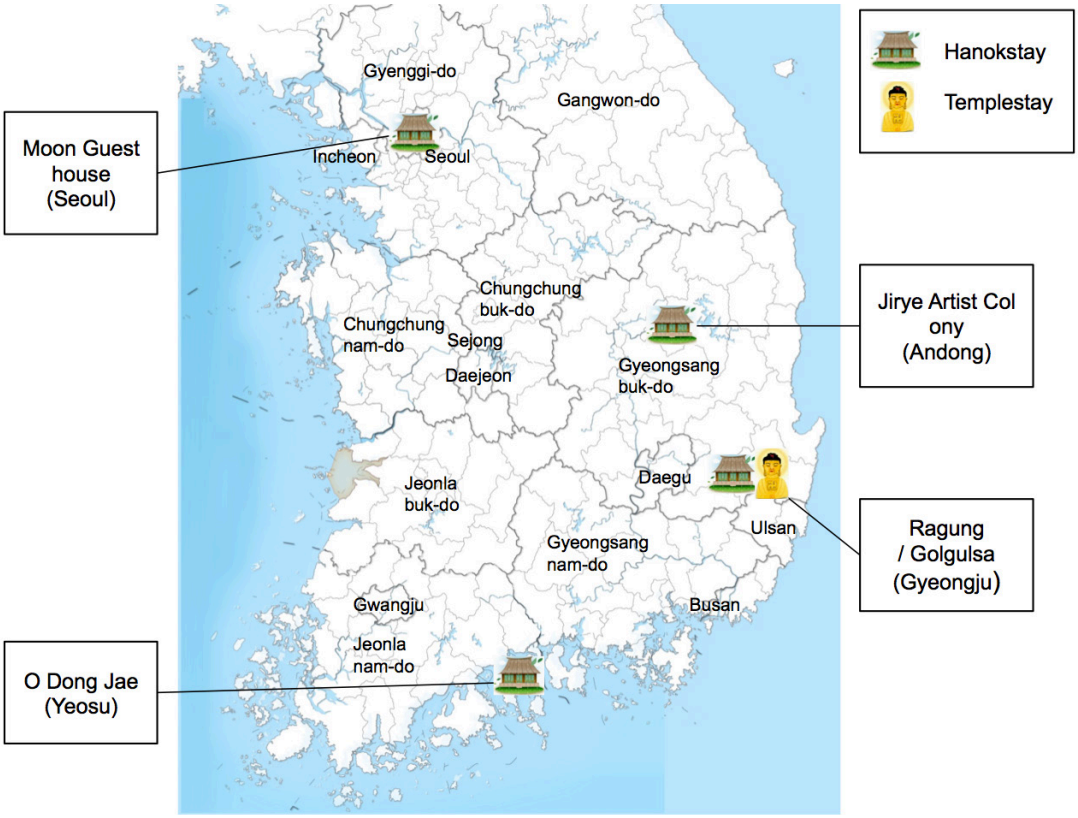
The total number of local and international tourists for the Templestay experience was far bigger than it was expected: 200,000 visitors experienced the various Templestay programmes in 2011 alone although it dropped slightly as 187,000 arrivals were recorded in 2013 (table 1.6). Despite the negative growth in 2012, the average annual growth rate was about 9% for the past 6 years.

As indicated, Templestay programmes are booming as a creative tourism product, appealing to many international tourists. In 2009, the OECD report had introduced the Republic of Korea's Templestay programmes. In the section of Impact of Culture on Tourism, it stated that the Templestay programme is one of the most outstanding amalgams of culture and tourism.[12] Recent tourism trends both in domestic and international markets, such as the awareness of individual's well-being have increased the market demand for health related tourism programmes. As a result, meditation, one of the most important religious activities for tourist experience has contributed to the dramatically increasing popularity of Templestay programmes.

12 Organization for Economic Co-operation and Development (2009), *The impact of culture on tourism,* OECD, Paris.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Figure 1.3 **Map of case accommodations location in the Republic of Korea**



Source: Debbi B.H. Lee.

1.4 Case studies

1.4.1 Jirye Artist Colony, Andong

Background



Jirye Artist Colony in Andong (courtesy of Jirye Artist Colony).

Jirye Artist Colony is located in the city of Andong in the Gyengsang Province *(buk-do)*. The city of Andong is the heart of the province where it represents the long history of Korean Confucius teachings. Emerged from Chinese cultural influence, Confucian philosophy had been the ruling principle particularly in the Joseon Dynasty. Confucian philosophy had been a social order, harmony and the worship for Korean ancestors. Confucian legacies had been affected all the spheres of life of Koreans including moral and legal systems. Hence, it is attractive to many tourists as the city of Andong maintains the Confucian culture in the strictly traditional way. In

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

addition to the Confucian tradition, the city has many historic and cultural attractions to offer, such as Andong Hahoe Village and Dosan Academy and these historic and cultural attractions are surrounded by the charming natural landscape.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Features and trends

In its long history, the Republic of Korea has been dubbed as 'The Land of the Morning Calm' by foreigners. Jirye Artist Colony is a place where tourists can practise the sheltered feelings of retreatment. It is located nearby Lake Imha where it is also encompassed by many hill-like mountains. The village has more than 360-years-old mansions that have antique patina. With its stunning beauty and idleness of the natural landscape, Jirye Artist Colony is located in the most beautifully maintained cultural place in the city of Andong.

Originally built in 1663 by Bang-geol Kim, a civil service worker in Joseon Dynasty, Jirye Artist Colony is remained as homes for his descendants and family members. It has been registered as cultural property by the provincial government, Gyeonsang *(buk-do)*. In addition, the current property, which has 14 rooms, has become a resting place or working place for many artists including tourists as a traditional cultural accommodation facility. The current property owners and their assistants are responsible for managing the accommodation operations.

In 2004 another government's project for the traditional Hanok experience accommodation was launched and it was the year of beginning to systematically develop the traditional cultural accommodation sector with other old-fashioned Hanok-style houses. This project has been supported financially by the governments through a variety of funding programmes: it includes the promotion of renovating facilities and marketing activities for well-organized and managed houses.

As a result, some of the facilities have become champions and could lead the traditional accommodation sector as a driving force for cultural tourism markets that engage continued growth of the hospitality and tourism industry in the Republic of Korea. For example, the Gyeongsang Province (e.g., Gyeongsang *(buk-do)*) has been lively in this development. Statistical evidence indicated that the number of individuals who experienced Hanok accommodation facilities was merely 27,500 persons in the beginning of the year of 2004. In 2010 the markedly increased number showed that more than 100,000 individuals enjoyed the experience programmes. Indeed, the figures reveal that Gotaek and Jongtaek, which was considered as a target for preservation purposes only in the past, has become the core of the cultural tourism product/programme. It is one of the most significant regional tourism resources.

The number of visitors to Jirye Artist Colony steadily rose by about 11% every year from 2004, reaching to its highest increase in 2009. In recent years, however, the numbers showed that it has been continued to decline as it received 3,000 visitors in 2013. The reason for this can be that more competitors have been entered the market and they offer the similar services, which are the result of meeting the equilibrium between the tourism market supply and demand.

Nevertheless, as indicated, a high percentage of repeat customers imply that Jirye Artist Colony has created considerable trust and customer loyalty. Consequently, it has a competitive advantage in the market. Moreover, receiving a relatively higher percentage of inbound tourists demonstrated

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

that the property is perceived as an attractive cultural accommodation facility in the international market. They made up over 10% of total arrivals among domestic and inbound tourists, which were higher than the average rate of other Hanok-style facilities in the same region. Jirye Artist Colony is the only Korean Hanok-style house that has been featured in the Michelin Guide. Also, it has been reported in the Wall Street Journal, which represents its great success of the business in this area.

Differentiated/specialized as a tourism product/programme: cultural experience

Jirye Artist Colony has strong points of differences in terms of offering the genuinely traditional cultural programmes and environmental-friendly activities. In particular, a memorial service for ancestors is a magnificent experience for the visitors offered by the Colony (figure 1.4). Korean culture is strongly influenced by the Confucian values of respect and reverence: i.e., holding ancestral rites for those deceased parents are regarded as one of the pillar duties representing family traditions. Visitors who want to see this unique traditional ceremony can check the schedules for specific commemorative rites on the website before booking the facility.



The experience of a traditional service for ancestors (courtesy of Jirye Artist Colony).

Jirye Artist Colony with the peaceful natural landscape is a place to offer foraging activities. For instance, as a seasonal activity, tourists can collect acorn and mushrooms on the walkway in the vicinity. They can choose programmes to participate in such activities depending on their preferences and availabilities. Food making programmes such as traditionally pressed sweets in making Korean rice cakes are also offered for group tourists. Several old-fashioned reading materials such as poetry books that the village owners have kept as well as guidebooks about the city of Andong are available to all visitors.

Despite being located in the geographically isolated area where it makes difficult for many tourists to travel, Jirye Artist Colony stands out alone in the region and makes itself, a good source of a traditional culture-based tourism product/programme. The competitive advantage of the factor conditions, which the property has, enables to offer differentiated services with nature-oriented programmes that tourists can experience in such an isolated rural area. It also pays great attention to local slow food items that match up with the features of the traditional facilities. The systematic operation of the facility provides a distinctive opportunity for visitors from all over the world to encounter the unique Korean traditional culture.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.4.2 Moon Guesthouse, Seoul

Background



Moon Guesthouse in Seoul (courtesy of Moon Guesthouse).

Moon Guesthouse is a representative Hanok-style guesthouse located in the city of Seoul, which has become one of the must-visit attractions for international tourists. The 600-year-old city of Seoul is the capital of the Republic of Korea since Joseon Dynasty. Seoul has a wide range of attractions to offer including the several palaces where kings of Joseon Dynasty had lived. The palaces have received a great attention from international tourists. Seoul has a variety of lodging facilities to accommodate international tourists. However, because of the Korean War, many cultural heritage buildings have been damaged and uprooted severely. Also, the city's rapid growth and expansion has caused the extinction of old-fashioned traditional architectures, buildings and houses (e.g., Gotaek and Jongtaek). Thus, some of the reserved traditional houses and buildings have been remodelled with the combination of the traditional and modern style of Korean architectures.

Features and trends

Moon Guesthouse has 40 years of its history. The property owner has lived in the house since 1974. The house has been renovated for tourism business purpose and opened its doors for tourists in September 2011. The house had been built formerly for the birth of a noble person, which was located in the Unhyeongung Palace where it was a residence of King Gojong (26th king of the Joseon Dynasty). It is adjacent to Insa-dong, one of the best-known traditional cultural towns in the city of Seoul. The Moon Guesthouse is located in the Bukchon Hanok Village that is closely situated with the major four palaces (Gyeongbokgung, Changdeokgung, Changgyeonggung, and Deoksugung).

Convenient accessibility to plenty of neighbouring tourist attractions can be a competitive advantage of the Moon Guesthouse. This factor allows the property to attract a large number of visitors. In the beginning year the performance of the traditional accommodation business achieved its goal much higher than its expectation. In 2013 the total number of tourist arrivals was 45% higher than its expectation. With this upward trend, the number of arrivals was expected to reach over 1,000 visitors by the end of the year 2014. In particular, inbound tourists were very important factors of the successful business performance. Approximately 70% of the total number of arrivals was inbound tourism, which is remarkably distinctive in comparison to other accommodation businesses that heavily rely on domestic tourists. Many business-related international tour groups also use this lodging facility to experience unique Korean traditional culture by participating in various tourism programmes that offer hands-on activities.

Differentiated/specialized as a tourism product/programme: cultural experience

Moon Guesthouse served as a traditional cultural accommodation facility only in recent years and the systematic managerial approach has been the result of offering multiplicity of the experience programmes, which are attractive to many international tourists. The yards and floors built in the Moon Guesthouse are utilized mainly for guests' experience and relaxation. The house owner has great knowledge about marketing and branding. With its provision of various hands-on activities, the owner of the property also provides great deal of learning opportunities about the architectural characteristics as well as the structure of the Korean traditional houses by providing on-site lectures.



Hanbok wearing experience (courtesy of Moon Guesthouse).

In addition, Moon Guesthouse offers other cultural learning activities such as Korean traditional arts and cuisine. The property owner was a teacher and as a result, he is able to perform and instruct calligraphy to a small group of visitors. Experts in various fields are invited to teach on-site classes offered in the property: i.e., traditional musical instruments and *Pansori* (Korean musical and storytelling performances). The guesthouse has collected and displayed approximately 100 pieces of Hanbok (traditional Korean costumes and attires) for tourists so that they can participate in the Hanbok experience activities. This effort has also met the domestic tourists' desires. There are other activity programmes offered on site such as watching the process of tea ceremony, learning about Korean etiquettes, drawing orchid on fans, and so on.

In the case of food making experience programmes, assistants are hired to support three teaching staff in order to improve the quality of services and participants' satisfaction. The Korean signature foods (e.g., *Kimchi* and *Bibimbap)* making experiences are the most popular programme. For example, in 2012, a group of students from University of Stuttgart in Germany had visited the guesthouse to participate in the hand-on cultural experience programme, making one of the Korean staple items, called Red Pepper Paste in a traditional way. They got the programme's information by checking the guesthouse website. Also, other customized experience programmes can be organized and offered according to the guesthouse visitors' wants and needs.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.4.3 Ragung, Gyeongju

Background



Ragung in Gyeongju (courtesy of Ragung).

Ragung, a Korean traditional resort and spa, is a subsidiary facility of the Shilla Millennium. Ragung Gyeongju is located in the city of Gyeonghu in the Gyengsang Province *(buk-do),* which was the capital city of the ancient era of Shilla Monarchy, where many of its resplendent culture still exist in the city. In the Republic of Korea, the city of Gyeongju is named as open-air museum being steeped in its long history, which had been lasted for about 1000 years, involving many unique cultural heritage sites. Bulguk Temple, one of many venerable temples, and Seokguram Grotto, an ancient Korean Buddhist statue are two must-see religious attractions among many other things for both domestic and international visitors that the city of Gyeongju has to offer. As it is one of the best-known tourist destinations, a massive tourism and entertainment complex including shopping facilities such as Bomun Lake Resort has been constructed for tourists' convenience. There is the only 'edutainment theme park' offered in the country where tourists can experience the history and culture of the ancient Shilla Dynasty (Shilla Millennium in Gyeongju).

Features and trends

Ragung means "Shilla Palace". It is built with a combination of the old-fashioned traditional architecture as well as a contemporary feel, fulfilling the needs of tourists who want to stay at a kind of an authentic Korean traditional luxury hotel. For example, the classical Hanok-style and environmental-friendly materials such as *Hanji* (handmade traditional Korean paper from mulberry trees) and woods as well as Giwa and Daechong were used for effective ventilation of the house.

Ragung has a unique architectural structure with a total of 16 separate suites interlocking with one another, which are connected by long corridors. Each suite consists of a bedroom (traditional *ondol* room) including a bathroom, living room, and an outdoor hot tub. In particular, the outdoor spa is situated in a square courtyard surrounded by the suite's bedrooms and a garden. Hot-spring water of the spa comes from 600 m deep underground, and it is said that it works well for the treatment of troubled skins and arthritis. A Korean traditional garden is tastefully laid out with a little pond and bench in the backyard of Ragung.

In addition, every room has both the vintage style of traditional wardrobes and tables as well as the modern-style furniture for TV set, air conditions, bidets, and refrigerators. Interestingly, employees working for the facility have been offered authentic uniforms that are made by applying the old-fashioned costume style of the ancient Shilla Era. Ragung can be a good example of modernization of the traditional culture as an innovative and creative tourism product/programme. It has acquired reputation as a Korean traditional well-being hotel although it may also has some



Royal Suite Hanok of Ragung (courtesy of Ragung).

of its shortcomings (discomfort and inconvenience), reflecting the old-fashioned traditional feature of the facility services.

Since the opening of its doors in March 2007, the total number of Ragung guests was continued to increase by 15% until the year of 2011. However, it has been decreased to 6–7% in recent years. In 2013, the number of the arrivals was slightly more than 5,000 persons and it was fully booked in the peak season. With its high percentage of the repeat rate, about 40% of the repeat guests felt the high degree of satisfaction about the facility. Family and couple units among others are the main factor that increased the revisit rate of the hotel as these facilities create happy customers with high-quality services. On average, Ragung makes up 14% of the total sales from the Shilla Millenium Park, which can be complementary for the facility.

In recognition of the hotel's innovative remodelling Ragung was awarded the grand prize for the completion part of the Korea Wood Design Award in 2007 as well as for the professional part of the Korean Architecture Award in 2008. It was also named as the best accommodation in the year of 2010 by the Korea Tourism Awards. This hotel has differentiated itself from other old-fashioned traditional Hanok houses in terms of its business purpose by providing the modern style luxurious hotel services.

Differentiated/specialized as a tourism product/programme: cultural experience

The location of Ragung can be a competitive advantage of the facility. Ragung is adjacent to but separate from the Shilla Millennium Park; this situation can fulfil the visitors' purpose of travel. As mentioned previously, the units for families and couples provide places for relaxation while being away from the hectic city life. Also, free admission to the park can be another competitive advantage of the facility including a variety of cultural programmes. The history of the Shilla Dynasty era and the locational advantage has to offer many of folk tales of the traditional crafts. They are well maintained and presented throughout the province that is in accordance with the facility.

In addition, there are other tourist attractions in the millennium theme park such as the Garam Waterfall Park, Traditional Story Park, Foot Spa, and so on. Above all, Emile Polis, the restored aristocrat village, called *Shillabang,* is a magnificent place. The village vividly depicts the lifestyle of that era with diverse wooden houses in different sizes and characteristics, depending on the born-rank system and appliances. This place is also famous for tourists who enjoy Korean TV dramas (Korean soap opera) as it offers the open set of Queen Seondeok, as an example, a historical TV drama that had created huge international Korean soup opera fans. A large number of tourists also visit the Millenium theme park only, without staying at the Ragung facility, to participate in the above mentioned experience programmes for edutainment.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.4.4 O Dong Jae, Yeosu

Background



O Dong Jae in Yeosu (courtesy of O Dong Jae).

Ragung facility introduces a new concept of the palace-style luxurious accommodation, offering a fascinating mix of old and new style services. O Dong Jae can be well described as a newly built Korean traditional hotel in Yeosu to maximize the strengths that the Korean traditional Hanok house can offer. Yeosu, where O Dong Jae is located, is a symbolic city as the Republic of Korea's gateway to the world through the fidelity with Admiral Yi Sun-shin, a national hero in the era of the Joseon Dynasty.

Moreover, the beautiful cultural and physical landscapes as well as the all year round mild climate are the competitive advantage of the location. This factor condition including the scenic harbour situated in the city stimulates the regional development as one of the four most scenic harbour cities in the world. Such factor conditions played a significant role in the operation of the successful event of the Yeosu EXPO 2012. This global event helped greatly the city of Yeosu become the world famous tourist destination, for which diverse development projects and numerous investments have been put in place that made available for the expansion of the physical infrastructure in the tourism market.

Features and trends

Despite having the quaint beauty of its old-fashioned facility, O Dong Jae emphasizes on the exquisiteness of a traditional Hanok house on its operation, adding the high quality service and utter privacy. The main building including 6 Hanok houses and 32 guest rooms in 3 different types stands alone on the slope of a hill where it commands waters off from Odongdo Island with the site for the World's Fair. The hotel is managed and operated by Jeonnam Development Corporation along with Hanok Hotel Younsanjae located in the town of Youngam.

Tourists can choose a separate house or a townhouse-style dwelling. Both Korean traditional-style beds and western-style beds are available with wireless Internet access and satellite TV channels. Each room is furnished including a hair dryer, telephone, air-conditioner, and refrigerator. Such modern services and separate spaces for a washbasin, shower room, and toilet facility elevate service qualities for users. A clear view of outside of the house, which can see in spacious Daechong (a traditional living room) and roomy *Numaru* (wooden balcony), is an attractive architectural character that offers unique practical space layout of such buildings. An attractive open ceiling showing rafters widens the interior space. However, in light of the hotel's location on seashore, the combination of glasses and window papers are utilized for the outside and inside of doors respectively in order to protect the rooms that are depending on the weather conditions, which can cause damages of the building.

O Dong Jae opened its doors in April 2012, a month before the Yeosu EXPO 2012 took place. More than 12,000 visitors stayed at O Dong Jae in that year. During the Expo, many VIPs from all over the world stayed at the hotel, which was a great opportunity for the hotel to promote Korean traditional cultural accommodation facilities. In the following year, it rose to 23,487 visitor arrivals, a 40% increase based on the monthly average. It is leading the trend of the traditional cultural accommodation sector in the city by receiving almost 2,000 visitors per month in 2014.

However, the majority of the arrivals are domestic tourists. The number of international visitors to O Dong Jae has been decreased dramatically after the big event of the Yeosu Expo was ended; the figures showed that it received only one or two international tourists per month. Nevertheless, the city of Yeosu has a full potential to develop tourism products for international tourists although it tends to have less recognition as a tourism destination among the international tourists. This phenomenon has been a serious disadvantage for O Dong Jae that should be solved for future growth in the tourism market.

Differentiated/specialized as a tourism product/programme: cultural experience



Traditional wedding ceremony at O Dong Jae (courtesy of O Dong Jae).

A spacious site, O Dong Jae with a fabulous backdrop of the sea is differentiated the facility itself from other Hanok hotels. This facility is utilized as an ideal outdoor leisure place to operate cultural experience programmes such as a calligraphy class, a traditional rice cake making class, and a tea ceremony class. It also offers a real wedding venue for couples that want to have a traditional wedding ceremony. Royal family wedding ceremonies are demonstrated for tourists as a part of cultural experience programmes. Family banquets including a birthday party or a barbeque party are also available at the outdoor banquet hall.

O Dong Jae is a typical Korean traditional cultural accommodation facility and it shows a great potential for future growth. It was selected as the Star of Korean Tourism at the 2014 Korea Tourism Awards ceremony in recognition of the best accommodation facility offering the traditional cultural experience. The hotel's other facilities, such as the restaurant, business room, and the outdoor wedding hall, are the main factor that will increase the future business opportunities. In addition, O Dong Jae will, in turn, contribute to the improvement of the image of the city of Yeosu as a whole, which will stimulate the revitalization of the local economy.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.4.5 Golgulsa, Gyeongju

Background

The site of Golgulsa, located in amid Hamwol Mountain in Gyeongju, is a place where the 5th century Buddhists had worshiped before Amitabha Buddha, a carved stone Buddha, which is currently designated as the cultural treasure number. The 581 in the Republic of Korea. The temple was burnt out by fire in the mid-18th century. In 1990 Grand Master Seol plan started re-constructing the temple and re-established the site in the present form. Golgulsa is one of the internationally well-known temples where numerous worshipers have come to visit for prayer. It has played a significant role of the successful cultural programmes of the Templestay accommodation for domestic and inbound tourists.

Features and trends



Golgulsa Templestay (courtesy of Golgulsa).

Golgulsa is the Buddhist temple and it has been the birth of the Templestay cultural programme as a facility of the traditional accommodation in the Republic of Korea. Templestay programmes naturally began at Golgulsa from 1992 when foreigners came to visit the temple as it was famous by the 'word of mouth' story-telling about the Korean Buddhist martial art (Sunmudo). Korean history tells that Sunmudo can be one of the Buddhist monks' psychosomatic disciplines that carry on the legacy of monk soldiers' patriotic spirits. Some tourists are attracted to Sunmudo and visit the temple simply because of the Sunmudo performance. Golgulsa has operated a number of Sunmudo training centres including 19 domestic and 11 international branches; there are more than 2,000 experts and 20,000 trainees around the world.

Since the government started to support Templestay business in 2004, Golgulsa Templestay has doubled in size over the past ten years. In spite of having some variations from year to year, the number of Templestay visitors grew steadily and it had over 6,000 arrivals in 2013. In particular, the composition of the international visitors was about a quarter of the total number of the arrivals and the record showed a threefold increase over the inception of the Templestay business. The number of arrivals also indicated that Golgulsa received the greatest number of foreigners among the Templestay businesses in the year of 2013.

The Golgulsa Templestay is being spotlighted as an alternative cultural experience programme in the accommodation sector. The Templestay including the unique Sunmudo programme has been extended to provide activities for tourists by offering them various learning opportunities about the Korean religious martial art while staying at the temple. It also offers a programme that can experience the atmosphere of Templestay without staying overnight at the temple. This programme has organized as an educational programme to offer students in various levels for school field trip purpose (primary and secondary schools, and universities).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

As Golgulsa has become the best practice of its kind of business, it has also been institutionalized as a centre for employment training for government offices, as well as educational organizations. For instance, in 2011, the Sunmudo Hwarang Alternative School for Youth was established, and Devas Guardians Performance Group has started to attract many young individuals to train Sunmudo martial art.

Golgulsa Templestay has become an iconic platform of the cultural products by overcoming the characteristics of temples: many people may have a perception of temples - a simple and boring facility. Thus, it has received outstanding performance awards from the provincial and central governments as well as from the head office of the temple.

Table 1.7 **Daily schedule of Golgulsa Templestay, Monday to Saturday**

Time	Schedule	Time	Schedule
4:00 am	Wake up	2:00 pm	Sitting meditation or archery
4:30 am	Morning chanting	3:00 pm	Community work
5:00 am	Sitting meditation, walking meditation	5:30 pm	Dinner
6:30 am	Breakfast	6:10 pm	Orientation on Buddhism, chanting and meditation
8:30 am	Sunmudo training	6:30 pm	Evening chanting
10:00 am	108 bows, and/or mountain walking and teatime	7:00 pm	Sunmudo training
11:00 am	Sunmudo demonstration	10:00 pm	Lights out
11:50 am	Lunch		

Source: Golgulsa.

Differentiated/specialized as a tourism product/programme: cultural experience

Golgulsa Templestay is running all year round and opens its doors to individuals and groups to offer various religious cultural programmes. Individuals can choose the length of stay including programmes that allow participations only for a couple of hours to experience a way of temple life. Golgulsa has a wide range of differentiated programmes to offer a unique taste of temple life through yebul (chanting), meditation, *balwoo gongyang* (a special Buddhist Dharma Meal practice), bowings, tea making, and community work. Table 1.7 shows a sample of a daily schedule of the Golgulsa Templestay programmes.

Each programme of the Golgulsa Templestay has been organized with various themes based on differentiated cultural experiences such as mental and physical healing and training as an example. The long-term training programme offered at the temple pays attention to a disciplined practice of Sunmudo with the traditional meditation. Golgulsa is not the only temple that offers the programme, but it is also the international headquarters of Sunmudo martial art.

Sunmudo training can be a competitive advantage that Golgulsa's unique experience programme created. It has been signified and differentiated from other Templestay programmes offered in various locations in the Republic of Korea. Sunmudo refers to a way of doing the meditative Korean martial art, encompassing mind and body training (i.e., peaceful practice of meditation

and powerful movements of the martial art). In Sunmudo training, trainees can learn how to condition their bodies and calm their minds by practising some physical activities: Seon movement is the combination of Sunmudo and Seon dance (i.e., the Seon movement is an exceptional expression of Korean traditional culture; this performance takes place almost every day at Golgulsa).



Sunmudo training at Golgulsa (courtesy of Golgulsa).

The Golgulsa Templestay Program costs currently KRW 50,000 (approximately USD 50) per person per night, which is affordable for a wide range of people. Special discounts can be provided for a long-term stay. The Templestay venue is a Buddhist temple and the real religious facility that was not built for the purpose of accommodation services for visitors. Thus, limited services are offered as an accommodation facility. For example, visitors cannot choose a separate individual room and an individual toilet facility, and they should bring their own toiletries and towels with them. Despite this kind of inconvenience, the Templestay programme offered at Golgulsa can be a unique cultural experience for visitors who are conscious about individual well-being.

1.5 Relevant policies

Korean traditional cultural accommodation is a programme that offers lodging facility services to provide visitors the Korean traditional taste of the local's lifestyle. The lodging facilities are organized and categorized by the types of traditional architectural characteristics of the houses (e.g., Hanokstay and Templestay).

Hanokstay and Templestay are designed to provide the unique Korean traditional cultural and Buddhist religious experiences and it is focused on the development of tourism products/programmes. Thus, a large number of stakeholders are involved in this project and local and provincial governments play the essential role in the creation of tourism policies in the development of the traditional cultural accommodation sector. With heavy involvement of the various governments, private and public sectors are coming together strategically to collaborate in partnership and to promote the creatively established new accommodation sector.

1.5.1 Hanokstay

Hanokstay as a traditional accommodation service programme embodies three different types of Korean traditional housing and it is tied into the government's regulations and policies. According to the Tourism Promotion Act, the traditional accommodation business is largely divided into two categories: hotel business and tourist convenience facility business. The traditional Korean housing experience business such as Hanokstay belongs to the latter (table 1.8).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Table 1.8 **Hanokstay-related legislations**

Relevant law	Relevant articles
Tourism Promotion Act	Article 3 (Categories of Tourism Businesses). 7. Tourist convenience facility business: The business of carrying out any project, or operating any facility, deemed capable of contributing to the promotion of tourism, except the tourism businesses defined under subparagraphs 1 through 6.
Enforcement of Decree of the Tourism Promotion Act	Article 2 (Categories of Tourism Businesses). 6. Subcategories of tourist convenience facility businesses. (J) Traditional Korean housing experiencing business: A business operating facilities suitable for experiencing lodging in traditional Korean housing (refers to buildings keeping intrinsic traditional beauty from among buildings whose main structures are made of wood and Korean-style tiles are used, and their annexed facilities) to provide tourists with such facilities.
	Article 2 (Categories of Tourism Businesses) 2. Subcategories of hotel businesses. (c) Korean traditional hotel business: A business operating facilities suitable for accommodation of tourists in a building of traditional Korean-style or ancillary facilities along with such accommodation to provide tourists with such facilities.

Source: Ministry of Government Legislation.

Tourism Promotion Act defines traditional Korean housing experience business as the business activity that offers suitable facilities and services for tourists at traditional Hanok-style houses. Accommodations registered as traditional Korean housing experience business should be equipped with more than one kind of traditional-style facilities to offer Korean cultural experiences. For instance, amenities such as baths or showers are basic facilities for the traditional-style accommodations.

Both Gotaek/Jongtaek and Hanok-style guesthouses are good examples of the traditional Korean housing experience business. The major difference between these two types is of cultural value. Most Gotaek or Jongtaek houses are designated as cultural properties and protected by restricted regulations to preserve and sustain the old-fashioned Korean-style houses (Cultural Properties Protection Law and Preservation of Traditional Buildings Act). In contrast, Korean traditional hotels are registered as Korean traditional hotel business and this is not included in the modern-style hotel business. This categorization puts emphasis on a general function of the accommodation for Korean traditional hotels.

Under these regulations, government agencies have placed the relevant systems for Hanok-style accommodations. Since 2004, MCST has promoted several projects to support the operation of Hanok houses as traditional experience accommodation facilities. Through these projects, the physical infrastructure for Hanok houses has been provided and it made great improvement of both quality and quantity of the Hanok-style houses.

In the beginning of this new accommodation development many old-fashioned Hanok houses have been remodelled and equipped with necessary amenities to offer lodging and eating facility services. In addition, in 2006 various experience programmes (e.g., unique cultural activities and training programmes) have been created and added to the Hanok accommodation facility services. In the final stage of the tourism product development noble accommodations have been

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

established with special Hanok houses (Gotaek and Jongtaek). For this particular development pilot projects were conducted in 2011 with several houses of Gotaek and Jongtaek. Consequently, these traditional houses of Gotaek and Jongtaek have been transformed into a luxurious traditional accommodation facility to offer the Republic of Korea's cultural experiences.

Another project has been implemented by KTO concerning the construction and operation of the management system. This project is launched to back up the abovementioned project established with the prestigious traditional houses of Gotaek and Jongtaek in the perspective of systematic support and promotion. To create the systematic management system, a range of contents regarding Hanok houses experience programmes were created. In addition, relevant database was established based on storytelling approach. This process allowed vitalizing the Hanok experience programmes. Network construction and collaboration with related organizations and research institutes made possibilities of the systematic approach to monitor the newly developed accommodation facilities as well as creation of the manuals, implementation of the satisfaction survey.

This creative process as necessary has enhanced promotion and marketing activities for Hanok accommodations. As a result, booking sites, familiarization of tour support, development of relevant tour programmes, and introduction of incentive schemes were created as marketing tools. This is certainly an innovative systematic approach to effective marketing campaign for traditional cultural accommodations.

In order to create the innovative management system, MCST was the major organization that initiated the policy development in dealing with the utilization of the implementation process as a foundation of the traditional cultural accommodations. KTO was another major organization primarily responsible for marketing and public relations of Hanok accommodations. As an example, the renewed website of Hanokstay programmes, which run by KTO, is a useful online marketing and branding channel. The Hanokstay website offers a variety of products/programmes from introduction of Hanok, to advanced information on Hanok-style accommodation facilities, as well as tourists' review programmes with their experiences of the various facilities. It is written in four languages (Korean, English, Chinese and Japanese).

Local governments have also attempted to manage and promote traditional houses in their regions (e.g., Hanok Preservation Support Act). In particular, the Gyengsang Province (Gyengsang *(buk-do)*) is the most active region to take initiatives and nurture the traditional Korean houses in the province as tourism resources. The provincial government has momentum to carry out the development plan on Hanok Villages as a tourism destination.

For example, Andong Gunja Village was a project of recreating cultural and traditional village. This project was able to develop the entire village as a whole based on the territorial asset the region has and it has become one of the beautifully managed tourism destinations in the province. As the great effort taken by the government, this project was able to create many tourism related jobs and income generation for the host community. This traditional cultural landscape is situated with the internationally renowned Andong Hahoe Village that has the sisterhood relationship with Gassho-zukuri Village, the Japanese community developed in the village. Andong Hahoe Village had been designated as a UNESCO World Heritage Site. To assist traditional Hanok-style accommodation business operators, a training programme has been implemented by the act of traditional Korean housing experience business at the government's own tourism academy.

In summary, the Korean governments (central and provincial governments) are committed to supporting the establishment of traditional Hanokstay businesses by creating legislations and providing financial support through various funding programmes. Yet, there are some drawbacks in policy development: that is, the abstract notion or concept of traditional Korean housing experience business. The systematic standardization of the business tends to be blurred with its fuzzy wording in terms of the scope of the region in particular. However, it is obvious that such government policies and legislations have facilitated improvement of the Hanokstay programmes including the physical infrastructure, as well as the implementation of strategic marketing activities.

1.5.2 Templestay

The legislation for Templestay created laws that are divided into financial and operational aspects (table 1.9). First, the Templestay Program is financially supported by the Tourism Promotion Act and the Tourism Promotion and Development Fund Act. The purpose of the former is to contribute tourism promotion by creating a favourable environment to the tourism industry, developing tourism resources, thereby promoting the industry. The latter has more specific objectives of securing funding sources to achieve the effective development of domestic and international tourism markets. Based on these Acts, tourism promotion and development funds are used for Templestay business at a national level.

Table 1.9 **Templestay-related legislation structure**

Category		Relevant legislation	Note
Finance	Higher law	Tourism Promotion Act.	To ensure funding for projects.
	Law relating to fund	Tourism Promotion and Development Fund Act.	
Operation/ management	Higher law	National Land Planning and Utilisation Act.	Related to development and ownership.
	Law relating to Individual activity	– Preservation of Traditional Buddhist Temples Act; – Forest Law; – Management of Mountainous Districts Act; – Cultural Properties Protection Law; – Natural Environment Conservation Act; – Building Act; – Natural Parks Act; and – Urban Park and Open Space Act.	Related to temple registration, construction, change of land shape and quality, etc.
	Law relating to temple expropriation	– Food Sanitation Act; and – Fire Services Act.	For visitors' security related food and lodging service.

Source: Cultural Corps of Korean Buddhism.

A direct regulation of management and operation of the Templestay programmes is created by the Preservation of Traditional Buddhist Temples Act, which aims to legally preserve the culturally valued Buddhist resources. Under this act, MCST is responsible for the permission and registration of the Buddhist assets. The contents of Templestay business are not strongly influenced by the

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

act, but it usually affects issues on acquisition of lands, construction and alteration of the style and quality; this includes restaurant facility management in the Templestay operations.

A range of stakeholders are involved in Templestay operations (the central government including MCST and KTO: city/province/district governments, Cultural Corps of Korean Buddhism (CCKB), Templestay-operating temples, and cultural tourism interpreters, and so on). Since 2004, the central government has provided continuous financial support to develop the Templestay business mainly for the maintenance and construction of accommodation and training facilities. The government support funding programmes have brought high public interests in the Templestay business.

Strong support by local government is also essential for Templestay business development. Many of the local governments have supported Templestay business in their own regions. In the case of Chungcheong Province (e.g., Chungcheong nam-do), the provincial government enacted new regulations on tourism promotion to provide its own funding programmes for Templestay operations in 2008. Significant amount of financial aids was provided for major temples in the province to construct convenient accommodation facilities. It has brought together the vitalization of Templestay business and the revival of the tourism industry that could encourage the regional economic activities.

In addition, Jogye Order, the representative order of Korean Buddhist Teaching with its 1200 years of history, plays a vital role in the Templestay programme development. The organization formed CCKB in 2004 in order to nurture human resources to reserve the traditional Buddhist culture and to develop a variety of the cultural programmes based on the Korean Buddhist cultural resources. The Templestay team in CCKB is responsible for Templestay management and marketing activities. It also operates Templestay website[13] for online promotion, which offers useful information, such as booking services, introduction of Korean temples, and various reading materials including latest news and events. The accessibility of the English version of the website has been improved for international tourists.

CCKB actively extended its financial assistance nationwide for Templestay operations through the tourism promotion and development fund programme supported by the governments. However, controversial arguments made by other religious people about favouring a specific religion seem to be affecting the recent reduction of the financial support provided by the governments. For Buddhist temples that are involved in the traditional cultural accommodation facility development, such circumstance has created the necessary climate of a different approach to the Templestay business (self-directed growth of the programmes).

However, it is true that innovative systems are insufficient and more funding programmes are needed to support the Templestay business in terms of legalization and institutionalization of the programmes as tourism industry. In spite of having such difficulties, the case study of the Templestay programmes indicate that it is a great success in the current process and the result has been achieved through the collaboration among the various stakeholders participated in the business (e.g., balanced partnership between public and private sectors).

13 Templestay website: www.Templestay.com (Korean) / eng.Templestay.com (English)

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

1.6 Implications and recommendations

Each case study has highlighted the success and challenges of the Republic of Korea's traditional cultural accommodation sector in repositioning the Korean cultural experience programmes. Relevant policies have been implemented to support the tourism business that is focused on engaging the development of the traditional accommodation sector. However, the traditional cultural accommodation sector is still in its infancy. Thus, it is in the transition period that the expansion of the diversification and differentiation of the cultural experience programmes is necessary as a tourism product/programme. The following is recommendations made based on the analysis of each case study.

1.6.1 Development of distinctive cultural experience programmes

The Korean traditional cultural accommodation sector is differentiated from typical types of accommodations in regard to the traditional exterior and cultural experience programmes. Each facility of the Korean traditional cultural accommodations has operated the diversified cultural programmes by using the strengths of the signature characteristics of each facility. To name a few, Jirye Artist Colony and O Dong Jae make the best use of their surroundings and cultural and physical landscapes to provide territorial asset-based tourism programmes (e.g., Korean traditional wedding performance). The colony also has a special programme of the memorial service experience upon its unique characteristics of a time-honoured and prestigious family.

Successful traditional accommodation businesses can strategically develop cultural programmes by the selection of and concentration on the diversification of their strengths as well as opportunities in terms of product development and marketing. Golgulsa offers a unique Templestay programme specializing in Sunmudo trainings; Moon Guesthouse has numerous programmes covering differentiated contents that can stimulate the interests of its main target market of the international tourists. On the other hand, Ragung is devoted to the function of a luxurious accommodation facility and it is connected to the Shilla Millennium Park, a specialized theme park that provides the ancient Korean cultural experience with free entrance fees.

Distinctive cultural experiences organized with various themes are the main service of the Korean traditional cultural accommodation programmes that attract high value markets. Thus, the unique cultural experience programmes as tourism product should be developed, as it is the competitive advantage of the traditional cultural accommodation business.

1.6.2 Human capital and training programme

For practitioners in the traditional cultural accommodation business it is necessary to deal with a number of issues such as the implementation process of hospitality services and systematic management that requires a pool of human capital and training programmes. In most cases, the traditional cultural accommodation facilities are small and medium-sized businesses that challenge the economic activities with a shortage of skilled human capital.

Above all, the majority of traditional old houses have been operated in the perspective of a family owned small, medium-sized business that the fragmented tourism and hospitality business tends

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

to lack the systematic management approach. Also, it is true that the tourism and hospitality business operators have insufficient budgets for marketing activities, which are very important process in achieving their business goals. Many of the current operators have great challenges to overcome the difficulties in managing the small sized, family-owned business. Many self-produced cultural experience programmes are likely to fail in keeping and promoting the specialty of the authentic Korean traditional culture, as they usually do not have sufficient human, organizational, financial and technological resources to support their businesses in a professional manner.

In the long-run employee training and human capital development will be a high priority to cope with the great challenges that the Korean traditional cultural accommodation business are currently facing in their entrepreneurial activities. The ultimate goal of the hospitality and tourism business is to provide guest satisfaction, which is a critical factor for the successful traditional cultural accommodation business. Thus, education and training programmes with respect to high-quality hospitality services is essential. More specifically, pooling of skilled human capital is necessary to offer a high standard of guest services.

1.6.3 Improvement of physical infrastructure and facilities

The Korean traditional cultural accommodation programmes are drawing considerable attention from both domestic and inbound tourists. However, it is necessary to improve the physical infrastructure that will allow establishing additional facilities, which can provide better services for tourists. In particular, many visitors have found the traditional accommodation facilities uncomfortable, especially with the use of an old-fashioned outside toilet facilities and bathrooms. Although traditional cultural accommodations are built in an old-fashioned housing style, the necessary facilities within the property should be comfortable to use for tourists.

Typical modern-style hotels have attempted to extend their business operations by adding the luxurious facilities of restaurants, business centre and conference rooms. The Korean traditional hotels tend to focus their business on the current position and provide simple lodging facilities with small meeting rooms. However, small-sized meeting facilities offered in the Korean traditional hotels can limit the number and types of customers with the prevention of the added value creation. In this sense, the improvement of additional facilities may help greatly to generate more revenue and profits.

The extended facilities should meet the purpose of the accommodation business. Some legal barriers challenge the refurbishment of the physical infrastructure and this situation should be taken into a serious consideration by regulators in the offices of the various governments. For example, Gotaek/Jongtaek which is registered as a cultural asset, is subject to legal penalties by the Cultural Properties Protection Law in case of the facility upgrading without having permissions. Protection of environmental conditions as well as preservation of the characteristics of the old-fashioned traditional houses is a key factor to consider in the improvement of the physical infrastructure.

1.6.4 Stakeholder collaboration

Stakeholder collaboration in any kind of economic development is necessary. To develop high quality cultural experience programmes, skilled human resources are required. The development of traditional cultural accommodation programmes brings together stakeholders who engage the hospitality and tourism business. The stakeholder collaboration can be established by networking with a good partnership between private and public sectors. Central and local governments, tourism associations and tourism organisations, employees, tourism training centres, travellers, and host communities are stakeholders who are involved in the business and they should come together to collaborate and develop policies, for staff training programmes, marketing and operational activities. The Hanokstay website is a good example of partnership between the government and Hanokstay member accommodations in the marketing aspect.

Traditional accommodation operations that do not have the ability to develop their own cultural experience programmes may actively have to cooperate with local culture centres and traditional art institutions. Such organizations are able to offer specialized cultural experience programmes, which, in turn, contribute to a high level of guest satisfaction that is necessary in the tourism business. O Dong Jae can be a good example in the creation of the cultural training programmes upon Korean traditional cuisine and it is offered in collaboration with local community centres.

Although several training courses related to the Hanok experience business have been offered by governments, they seem to be insufficient to meet the need of various skilled human resources. These programmemes should be developed by both public and private sectors collaboratively with secured funding programmes and expertise. School of hospitality and tourism management programmes at universities and community colleges can also develop such professional curriculums to offer courses related to the traditional cultural accommodation sector.

Although the Korean government has provided considerable financial support through funding programmes, the traditional cultural accommodation sector still needs consistent and reliable support to succeed in the long-term perspective. Templestay programmes can be a successful case in this regard that the governments and individual religious organizations (Jogye Order of Buddhism in the Republic of Korea) bring together various stakeholders and they get involved effectively in developing unique cultural programmes as tourism product. However, old-fashioned inconvenient accommodation facilities and insufficient physical infrastructure are the remaining barriers to attracting tourists. These facilities require financial aids from governments that will allow the operations to improve the quality of services to meet the tourists' needs. Special houses and venues that are registered as cultural properties are strictly governed by laws for refurbishment and renovation of the facilities. In this regard, reduction of regulations or prompt procedures for relevant issues should be established for provision of better services.

The Republic of Korea's old-fashioned traditional architectures have been rediscovered recently in the perspective of the tangible and intangible cultural assets. However, it is still in the early stage of commercialization as tourism product. There are a number of establishments of Korean traditional cultural accommodations with creative experience programmes. Specialized programmes, skilled human resources, and attractive facilities are key factors to promote the cultural accommodation sector. In this regard, collaboration among stakeholders is necessary to be successful, as it will

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

help to offer high-quality cultural experiences and differentiated services. In this way, Korean traditional cultural accommodation sector will become one of the major tourist attractions that provide unique Korean culture that can enhance the Republic of Korea's competitive advantages of the tourism industry in the global market.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Chapter 2

Ryokan, traditional cultural accommodation: Japanese living culture and service mind



An example of Ryokan: Yoshi Ryokan in Okayama Prefecture (courtesy of Yoshi Ryokan).

The Japan's lodging industry has an interesting indication that is uncommon and rare to find in other regions of North-East Asia. The lodging industry is generally classified as hotels and Ryokan: the former (the western-style accommodation) was introduced after the Meiji Period (明治時代)[1] and the latter was constructed with unique Japanese style of traditional architectures. These two types of accommodations have been offered largely in the hospitality and tourism industry as established lodging facilities over time.

According to the Ministry of Health, Labour and Welfare,[2] the lodging industry in Japan is facing a crisis as the economic performance in the accommodation sector has been stagnated particularly in the hotel businesses. As a result, this has been the cause of decrease in a number of Ryokan facilities. Under this circumstance, the traditional cultural accommodation sector within the lodging industry has become an integral part of the new business strategy in the development of national tourism policies to promote inbound tourism. In particular, Ryokan, where international tourists are likely to stay, has started to pay attention to uniquely Japanese hospitality and service culture called *Omotenashi* (おもてなし)[3].

Since 2012 this distinctive Japanese hospitality culture has played a significant role in the process of economic globalisation of the Japanese traditional cultural accommodation sector. For instance, a specifically planned Ryokan in a traditional concept will be opened its doors in 2016 for the 2020 Tokyo Olympics. This Ryokan will be established along with a number of global modern luxurious hotels to attract international visitors, which will promote the lodging industry by generating added value to the Japanese traditional cultural accommodation sector.

1 The Meiji Period is a Japanese era which extended from 8 September, 1868 through 30 July, 1912.

2 Ministry of Health, Labour and Welfare (2014), *Esei gyousei houkokurei* [Reports of Welfare Administration], Ministry of Health, Labor and Welfare of Japan, Tokyo.

3 *Omotenashi* is an essentially similar concept to western hospitality, presenting the Japanese unique service culture. In general, it requires service provider's attitude of practicing service one step ahead with heart and soul. *Omotenashi* that puts emphasis on service attitude (形; *katachi)* and mind (心; *kokoro)* is considered as being moved by anticipating needs and offering service in advance as the best service. Simple but sedulous services will be Omotenashi.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Luxurious global brand hotel chains also have initiated some changes in their operational strategies. For example, the branding efforts of hotels and Ryokan have continued to expand their facilities to Kyoto, a region of famous traditional Japanese culture. In this regard, traditional cultural accommodation in Japan will be analysed in relation to:

- Types of Japanese traditional cultural accommodation;
- Historical transitions and overall trend;
- Attention has been paid to Ryokan facilities;
- Service process: creation of service experience via customer interaction;
- Case study;
- Global extension of Japanese service culture through accommodation; and
- The direction of the Japanese government policy.

2.1 Types of Japanese traditional cultural accommodation

The law on Ryokan was enacted in 1948 (the 23 years of Showa Period)[4] and it is currently under the jurisdiction of the Ministry of Health, Labour, and Welfare. The law aims at sound development of Ryokan facilities rather than securing the operation of Ryokan facilities. In terms of Ryokan business, the purpose of the law enforcement is to stimulate the improvement of services to meet guest's high demand, maintain the health and safety of the public, and contribute to the enhancement of the quality of the life of the people.

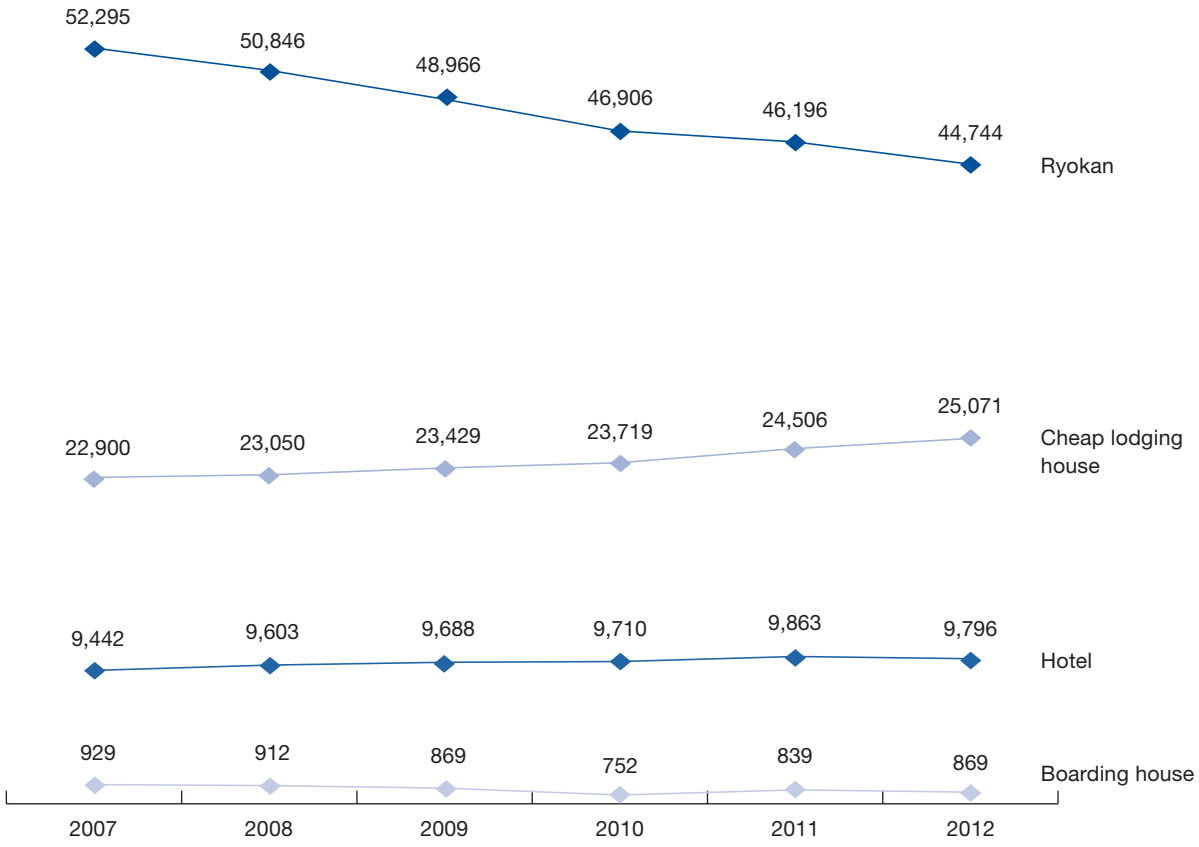
According to the Ryokan Business Law, the lodging business in Japan requires a permission from the prefectural government (都道府県; todofuken). It is divided into the following four types (figure 2.1):

- Hotel (ホテル営業): western-style accommodation having more than ten rooms one of which is at least 9 m^2.
- Ryokan (旅館営業): Japanese-style accommodation having more than 5 rooms one of which is at least 7 m^2.
- Cheap lodging house (簡易宿所営業): accommodation with common spaces for tourists.
- Boarding house (下宿営業): accommodation that requires room charges for over a month.

Each type of businesses has its own detailed criteria, and Ryokan in this chapter refers to accommodation corresponding to Ryokan business.

4 Showa Period is the period of Japanese history corresponding to the reign of the Showa Emperor, from 25 December, 1926, through 7 January, 1989.

Figure 2.1 **Japanese accommodation, 2007-2012**



Source: Ministry of Health, Labour and Welfare of Japan (2014).

Among these four categories of accommodation, there is no legal provision for the number of rooms in the operation of cheap lodging houses and boarding houses. The accommodation sector in Japan has been effectively developed on the basis of Ryokan and hotels. Nonetheless, the lack of clear criteria on Ryokan and hotels makes it difficult to identify distinction between them (table 2.1). Although the facilities can be classified by their names or trademarks, many cases have no connection between the business type of accommodation and their name. That is, accommodation called 'hotel' can be classified into Ryokan business. In addition, a new type of lodging facilities is emerging. Such flexible situations (irrespective of legal standards) should be taken into consideration in promoting and developing the accommodation sector.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Table 2.1 **Legal standard of Ryokan and hotel**

Law		Hotel and Ryokan Management Law (enforcement in 1948)	Act on Development of Hotels for Inbound Tourists (in 1949, execution of revision in April, 1993)
Hotel	Facility Structure	Conducting business in the main facility that has the western-style structure and equipment.	– The surrounding and construction of hotels should be satisfactory; and – The facilities should have structure and equipment in western style.
	Number of rooms	More than ten rooms.	More than 15 rooms (In Tokyo, Osaka, Kyoto, Nagoya, Yokohama, Kobe, more than 30 rooms) should be equipped in a hotel-style structure, which should cover over ½ of the total number of rooms.
	Area of room floor	- Japanese style: over 7 m^2 - Western style: over 9 m^2	A floor area of a room and additional facilities including bathroom and toilet is over 9 m^2 for a single and 13 m^2 for the rest. Without rooms, pipe shaft and duct space are excluded in floor area, which is measured from the line of over 20 cm of wall thickness, or 10 cm from the inside of column type. The western style garden accommodates less than two individuals.
Ryokan	Facility structure	Business in the main facility with the Japanese-style structure and equipment	Excellent environments, construction, exterior, and gardens provide pleasures to inbound tourists.
	Number of rooms	More than five rooms.	More than 10 rooms should be equipped in a Ryokan-style structure, which should cover over ⅓ of the total number of rooms.
	Area of room floor	- Japanese style: over 7 m2 - Western style: over 9 m2	There is a Japanese floor mat, called tatami room, and a floor area of a room should be over 6.5 m^2 for a single and over 10 m^2 for the rest (the area excludes tokonoma[1] and closet).

1) Tokonoma (床の間 *toko-no-ma)* is a Japanese term generally referring to a built-in recessed space in a Japanese-style reception room, in which items for artistic appreciation are displayed.

Source: Sakuko (1983).

Thus, this report provides comparisons between hotels and Ryokan in the perspective of customers, regardless of the types and ambiguity of the legal classification (table 2.2). Hotels and Ryokan are divided by architecture styles, a number of rooms, services, a type of bathrooms, meal offerings, management style, and so on.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Table 2.2 **Comparisons between hotels and Ryokan from a customer point of view**

	Hotel (western style)	Ryokan (Japanese style)
Architecture style/ exterior	Western style.	Japanese traditional architecture (requiring more staff and costs for maintenance).
Fee	Room rate.	A night stay including breakfast and dinner (the structure of room rate is not clear, including meal offering.
Food	Customer choice.	Unknown menu items (before experiencing them).
Type of room	Western style (bed-based).	Japanese traditional *tatami* (座敷).
Human service	Hospitality has a masculine image (Tuxedo). Places: front, restaurant.	Main service providers are *okami* and *nakai* wearing kimono, the Japanese traditional garment. Places: front (tea service), rooms (meal offering at room), banquet halls.
Service offer style	All services such as check-in/out at reception, meal offering (restaurant or room service) are provided by customer's intention. Staff's roles are separate.	In general, one *nakai* is responsible for the whole process of service, from check-in to check-out for a guest, and all services are standardized.
Type of bathroom	En suite.	Public spa and open air-bath.
Meal offer	Restaurant.	Dinner is offered in a separate private dining room or in a communal dining area (a special price including overnight-stay and two meals).
Number of persons	A person base, single/double/triple room.	Two people per room, which can accommodate 4-5 people.
Executive/service manager	GM has an overall responsibility of hotel management in the back office and does not stay at hotel in general.	*Okami* provides leadership along with hospitality in the front office while residing in Ryokan.

Source: Kang (2013).

The hospitality services offered by hotels have a gentlemanly image, established by General Manager (GM) and bellboy (standing in a classic suit uniform at reception). However, Ryokan's services are symbolized by a female owner of Ryokan, named *okami* (女将), and waitress, called *nakai* (仲居) wearing the traditional Japanese kimono. This demonstrates the different images between a man-centred hotel and a woman-centred Ryokan. Contrary to hotel GMs, many owners of Ryokan seem to reside in their lodging houses. It gives an advantage to Ryokan in that its owner can deal with problems occurred in the facility swiftly. Indeed, many *okami* can quickly handle uncomfortable services as well as emergency situations and troubles that the customers can have in the facilities.

Who is *okami* exactly? The historian Kasaya[5] revealed that the term of *okami* stems from Ietozi (家刀自), which refers to a female in Medieval Japan. She took full responsibilities for opening and closing the front door of her house. This characteristic of the Japanese family role, which has been passed down from the pre-Medieval times, is ingrained into the organization of Ryokan;

5 Kasaya, K. (1999), *'Ie'no gainen to sono hikaku-shi-teki Kosatsu* [Concept of family and its study from comparative historical point of view], *Kuge to Buke; 'ie' no hikaku burmei-shi- teki Kosatsu*,Shibunkaku SHuppan.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

the concept of 'home (家)' is of paramount importance in Ryokan. According to lexical definition, *okami* is a generic term of a female owner of Ryokan, a high-class Japanese-style restaurant (*yotei;* 料亭), and a general restaurant.

2.2 Historical transitions and overall trend

The origin of Japanese Ryokan goes along with a history of travel –movements. Ryokan's meal service has become more common since Edo Genroku Period (元禄時代， the last half of the 17th century). Some scholars argue that Ryokan has originated from *honjin* (本陣). *Waki-honjin* (脇本陣) was created in the era of *Tokugawa Iemitsu* (徳川家光); one of the top three generals in Edo Period (江戸時代[6]).

However, others claim that the frame of Ryokan and the hospitality service has been established in Meiji Period. It is difficult to identify in which era the prototype of the current general Ryokan was developed. Given the historical situation, however, the concept of *okami*, which is a big part of human services in Ryokan, seems to be formed in Meiji Period.

The historical transition of Japanese accommodation dates back to huseya (布施屋) in Nara Period (奈良時代)[7]. The lack of transport facilities and traffic networks at that time left travellers to sleep out, thereby endangering their lives. In such poor surroundings, many travellers were dead from starvation on the roadside. Hence, Japanese Buddhist monks built huseya, a kind of a Japanese accommodation facility for the working classes, in order to save travellers' lives. Huseya is the oldest accommodation facility in Japan, involving social services which were entrusted to temples and shrines in the sense of charity work.

As many royal families and aristocrats made a pilgrimage in Heinan Period (平安時代)[8], manor houses and temples were used for accommodation. Lodging facilities in temples were opened for believers and worshipers and have continued to be available as accommodation, now called *shukubo* (宿坊)[9]. This is evident in the case of a 1200-year-old shukubo located in Mount Koya. Many *okami* considered *shukubo* as the root of the current *Omotenashi* sprit of Japanese traditional Ryokan. *Omotenashi* spirit of *shukubo* may be passed down by Ryokan's *okami*. After that, in Kamakura Period (鎌倉時代)[10], *kichinyado* (木賃宿) emerged. Its name was taken from the characteristic of the lodging facility that charged only for firewood without meals.

A village with lodging facilities began to be developed in Muromachi Period (室町時代)[11]. The concept of *oshin* (御師; monk) who guided and accommodated travellers and worshippers was created. They were emerged in certain temples in Kumano region (熊野) and *shukubo* (宿坊)

6 The Edo Period (江戸時代, *Edo jidai),* or Tokugawa Period (徳川時代, *Tokugawa jidai)*, is the period between 1603 and 1868 in the history of Japan, when Japanese society was under the rule of the Tokusawa shogunate and the country's 300 regional Daimyo.

7 The Nara Period (奈良時代, *Nara jidai)* covers the years from AD 710 to 794 in the history of Japan.

8 The Heian Period (平安時代, *Heian jidai)* is the last division of classical Japanese history, running from 794 to 1185 A.D.

9 http://www.shukubo.net/

10 The Kamakura Period (鎌倉時代, *Kamakura jidai,* 1185–1333) is a period of Japanese history that marks the governance by the Kamakura shogunate, officially established in 1192 AD in Kamakura, by the first shogun Minamotono Yoritomo.

11 The Muromachi Period (室町時代, *Muromachi jidai),* also known as the Muromachi Era, the Ashikaga Era, or the Ashikaga Period, is a division of Japanese history running from approximately 1337 to 1573.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

in Mount Koya. *Oshin* residing in gek (外宮) in *Isejingu* (伊勢神宮; Ise Grand Shrine) is a very important figure for people's travel. He played a significant role as a tour conductor of today.

In Edo Period, the improvement of the transport infrastructure facilitated a form of accommodation zones in a variety of areas based on *Gokaido* (五街道, Five Routes). There were a number of *hatago* (旅籠), *honjin,* and *waki-honjin,* which provided not only accommodation but also meal services. Although the interregional movement of people was not officially allowed except for pilgrimages, *toji* (湯治, hot spring cure) and sightseeing were relatively free. The ordinary folks thus had a more prosperous leisure life. In addition, *Ise mairi* (伊勢参り; a pilgrimage to Ise Shrine) and travel for the purpose of trade became more active. In other words, Edo Period was the time of the travel boom for the general public. From this period, *hatago* was transformed into commercial accommodation.

After the late Edo Period was ended, people started enjoying and travelling a wide range of purposes, and the movement of travellers subsequently caused an emergence of diverse types of lodgings. For instance, a flourishing commerce led to the creation of lodging facilities for merchants and tourists. *Chaya ryotei* (茶屋料亭), the facility where the function of accommodation was added to *chaya* (茶屋) and it was built for eating, singing, and dancing. *Chaya ryotei* was also used for *shojin otoshi* (精進落[12], entertainment to get back to normal upon completion of practicing asceticism) in the case that people visited shrines for worship. Such facilities with features of eating, accommodating, bathing, and entertaining, which were similar to today's Ryokan, had been emerged in Edo Period.

In Meiji Period, the development of infrastructure like trains brought about a remarkable change of travel patterns after Meiji Ishin (明治維新; Meiji Restoration, 1868). This can be seen in *Ekimae* Ryokan (駅前旅館). Travel typologies began to be diversified according to the purpose of travel ranging from worship and entertainment to holidays and recreations. As a result, while hatago went down, *honjin* was advanced into luxury Ryokan. Onsenryokan (温泉旅館) and *toji* Ryokan (湯治旅館) built for the purpose of *toji* were developed near hot springs across the country. The origin of today's Ryokan was established in this period.

In Showa Period (昭和時代)[13], reorganization of international tourist hotels created large Ryokan in the major hot spring regions. Many Onsenryokan, *onsen* tourist Ryokan, and tourist Ryokan were constructed near hot springs and travel destinations all over the nation in this period. Combined with increasing national income, improvement of leisure, and diverse value system, Ryokan business thrived in the 1980s. Since 1980 the number of Ryokan establishments has been increased and the increase of Ryokan rooms was peaked by 1987. However, the fluctuations of the Ryokan facilities had started in 1992. Since then, the decline of the number of Ryokan establishments continued in contrast to the increase of hotel facilities.

As table 2.3 indicated, commercial lodging facilities formed in Edo Period was transformed into Ryokan in Meiji Period as being integrated with the function of accommodation (eating, accommodating, bathing, and entertaining). The advancement of the transportation system in Meiji Period and the travel industry's needs for Ryokan commercialization required the new business model of Ryokan, consequently producing the present type of service.

12 Shojin Otoshi originally refers to shifting from maigre meals back to normal meals after the completion of *chuin.*

13 The Showa Period (昭和時代, *Shōwa jidai),* or *Shōwa Era,* is the period of Japanese history corresponding to the reign of the Shōwa Emperor, Hirohito, from 25 December 1926 to 7 January 1989.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

On the other hand, the Japanese hotel industry has a different history and development process from Ryokan. The first hotel in Japan opened in 1853 when *kurohune* (western vessels) visited Japan's shore and the period of seclusion was concurrently ended. In 1867, Tsukiji Hotel was firstly built for international visitors in Tsukiji district in Edo Period, and many diplomats and foreigners who worked for *bakufu*[14] stayed at the hotel. Afterward, classic hotels – Oriental Hotel (1870), Nikko Kanaya Hotel (1873), Imperial Hotel (1890), Marunouchi Hotel (1924), Hotel New Grand (1927), Kawana Hotel (1928) were launched. However, the defeat of Japan in World War II (1952) left only Imperial Hotel and Nikkatsu Hotel in Tokyo by 1955.

Table 2.3 **Historical transition and features of Ryokan**

History of accommodations	Contents
Nara Period Huseya (布施屋)	Huseya, the oldest free accommodations for the commonalty, was provided as a kind of social service that temples or shrines should conduct.
Kamakura Period Kichinyado (木賃宿)	Shukubo, located in Mout Mount Koya, Kumano, was important lodging facilities for people's travel, where Oshin resided in its gek in Isejingu.
Edo Period Hatago (旅籠), Honjin (本陣), Waki-honjin (脇本陣)	Commercial accommodations began to develop from this period.
Meiji Period Ekimae Ryokan (駅前旅館; station Ryokan), Onsenryokan (温泉旅館; spa Ryokan)	The Meiji Period is the time when the prototype of today's Ryokan was created. Honjin became a luxury Ryokan instead of hatago (Ekimae Ryokan), and Onsenryokan was separated for the purpose of spa therapy.
Shōwa Period Postwar Japan (戦後)	Onsenryokan, tourist Ryokan, large Ryokan.

Source: Kang (2013).

The development project of Japanese hotels started when the 1964 Tokyo Olympics stirred up a construction boom in Tokyo. Hotel Okura (1963) and Hotel Hilton Tokyo (1963; currently, Capitol Hotel Tokyo) – a Japan's first hotel built with the aid of foreign capital, were opened for the Olympics. In this period, the growth of Japanese manufacturing exports led the attraction of more foreign buyers coming to Japan for business. They utilized hotels as a place for sleeping, a business talk, and dining, which affected an upsurge in hotel openings. Business guests became a driving force for advancement of the Japanese hotels.

The 1970 World's Fair in Osaka drew 64 million people over 183 days and the majority of them were domestic tourists. There was a boom in the construction business in Kansai (関西)[15]. During this period, higher national disposable income encouraged many individuals to travel more, which eventually accelerated the growth of the hotel industry. In terms of policy, increased free time for leisure (a five-day workweek) and the liberalization of overseas travels were ultimately connected to the public's frequent use of hotels, even for other individual and group events/purposes such as wedding.

14 The term *Bakufu* means the Japan's feudal government.

15 The region includes the prefectures of Osaka, Kyoto, Shiga, Nara, Hyogo, and Wakayama.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

It can be said that the prosperous era of Japan's hotel industry was between 1970 and 1980. Major factors that promoted hotel constructions were an expansion of domestic flights to other provinces and the maintenance of highway networks by car distribution. City and business hotels were constructed around the provincial capitals, flourishing along with a construction boom in local cities in the 1980s.

The Japan's hotel industry had not been much interested in global hotel brand investments, which was internationally regarded as an aberration. It was not until the end of the bubble economy in the late 1990s that global hotel brands were launched in Japan. Imperial Hotel, Okura, and New Otani, which were named *Gosanke* (御三家)[16], led the industry at first, but the Westin Tokyo, Park Hyatt Tokyo, and Four Seasons Tokyo, called *Sin-gosanke* (新御三家), came into the spotlight later. In the year 2000, high priced luxury hotels called *Sinsin-gosanke* (新新御三家), including Mandarin Oriental Tokyo, the Ritz-Carlton Tokyo, and the Peninsula Tokyo, created great sensation in the hotel industry in Japan.

Japan's hotels seem to grow rapidly in a relatively short period of time as it has about 100-year history. Contrary to the hotel industry, historical and cultural position of Ryokan has developed with a long history of travel.

2.2.1 Overall trend

According to official statistics, there were 44,744 Ryokan with 740,977 rooms and 9,796 hotels with 814,984 rooms in 2012 (table 2.4). The scale of Ryokan as a whole was the largest in 1980 with 944,063 rooms in 83,226 establishments. As for the number of rooms, the year of 1987 was the peak season with 1,027,536 rooms in 78,727 establishments. In the late 1980s, the number of Ryokan facilities continued to drop along with the Japanese bubble collapse, going down to 740,977 rooms in 44,000 establishments, which were decreased by 37,000 areas compared with the peak season. Despite the declining numbers, more than 40,000 Ryokan facilities, which are equivalent to the number of convenience stores throughout Japan, have been currently operated.

16 *Gosanke* is a generic term, meaning 'the big three' of the most influential and famous figure in a certain area.

Table 2.4 **Number and size of Ryokan and hotels, 1990–2012**

Year	Ryokan			Hotel		
	Establishment	Room	Market size (JPY 1,000)	Establishment	Room	Market size (JPY 1,000)
1990	75,952	1,014,765	3,202	5,374	397,346	933
1991	74,889	1,015,959	3,502	5,837	422,211	986
1992	73,899	1,018,221	3,155	6,231	452,625	1,063
1993	73,033	1,010,702	3,152	6,633	485,658	1,012
1994	72,325	1,004,790	3,011	6,923	515,207	967
1995	71,556	1,002,652	2,831	7,174	537,401	990
1996	70,393	1,002,024	2,804	7,412	556,748	1,014
1997	68,982	982,228	2,605	7,769	582,564	1,056
1998	67,891	978,575	2,446	7,944	595,839	1,021
1999	66,766	974,036	2,324	8,110	612,581	1,000
2000	64,831	967,645	2,208	8,220	622,175	1,025
2001	63,388	949,959	2,142	8,363	637,850	1,016
2002	61,583	934,377	2,071	8,518	649,220	1,018
2003	59,754	898,407	2,019	8,686	664,460	1,013
2004	58,003	870,851	1,979	8,811	681,025	1,023
2005	55,567	850,071	1,970	8,990	698,378	1,041
2006	54,070	843,193	1,911	9,165	721,903	1,072
2007	52,259	821,870	1,873	9,427	765,482	1,093
2008	50,846	807,697	1,761	9,603	780,505	1,038
2009	48,966	791,907	1,585	9,688	798,070	976
2010	46,906	764,316	1,457	9,629	802,060	976
2011	46,196	761,498	1,425	9,863	814,355	949
2012	44,744	740,977	1,399	9,796	814,984	979

Source: Ministry of Health, Labour and Welfare of Japan (2014).

The number of available Ryokan rooms has not been considerably reduced in comparison with that of Ryokan establishments. There are several factors behind this gap; small-sized Ryokan facilities have been amalgamated into large-sized ones, and some decaying Ryokan facilities have been operated by different managements as absorbed or bought by prosperous Ryokan in the region.

The accommodation sector in Japan is a JPY 8 trillion industry, equal to one-third of the foodservice industry (JPY 24 trillion). Hotels and Ryokan account for approximately JPY 1 trillion and 2 trillion respectively of the size of the entire lodging industry. In comparison of the ratio of establishments including rooms between Ryokan facilities and hotels, Ryokan highlights an operation on a limited scale while hotels tend to benefit the economies of scale. Small-sized luxurious Ryokan has

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

approximately 25 independent rooms and it is built with the traditional Japanese style (数奇屋; *Sukiya*)[17] that has been spotlighted as providing a high quality service.

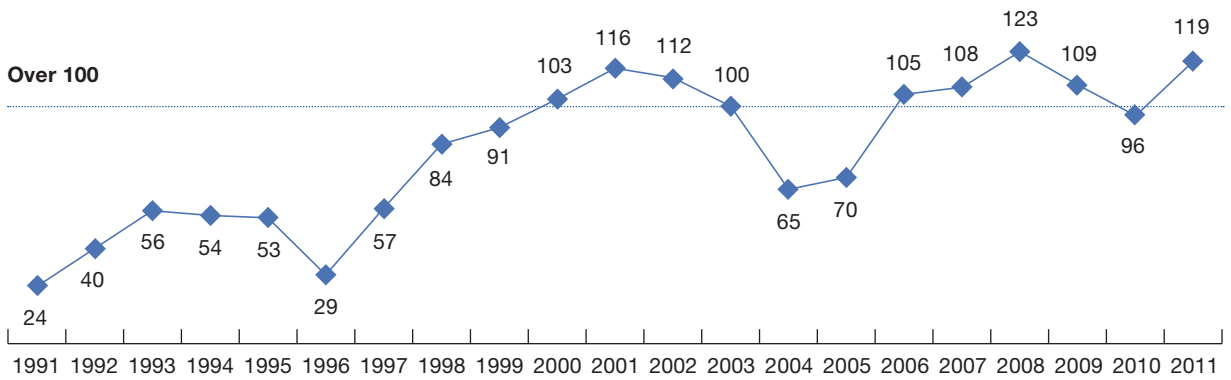
Some new resort-style Ryokan facilities are also successful by offering minimum services. Large Ryokan facilities with over 100 rooms are pursuing a scale merit adhere to their management style of family business. These varied cases reveal the polarization of Ryokan's management system.

Hotel management has been undergoing many changes. With the popularity of the international small luxury hotel brands in the late 1990s, hotels that deliver high touch service, as opposed to the existing large city hotels, are likely trying to find ways to differentiate themselves based on clues gained from Ryokan services. In other words, hotels and Ryokan have a tendency as they pursue a collaborative style of services. For instance, foreign brand hotels have been getting a spotlight since the year of 2000 and they are mostly small-sized luxurious hotels that have actively introduced Ryokan's customized services. At the same time, the Ryokan business has adopted the standardization of the operation systems offered in the western hotel chains, which can benefit the economy of scale.

2.2.2 Business environment of accommodation

Under the changing management systems, the trend of the Japan's travel market can be summarized as follows: group tours are reducing, and travelling expenses for business, club and social gatherings, incentives, and education are not expected to be high. These phenomena require changes of the existing business model in the operation of large Ryokan facilities that are targeting group travellers. Furthermore, the recent long-term depression of the domestic economy has hit the travel and tourism market that is being detrimental and difficult to Ryokan business. The evidence of the bankruptcy of Ryokan and hotel businesses is clearly seen in figure 2.2, which underlines the severe business environment. In the late 1980s, the failures of Ryokan and hotels increased remarkably, and more than 1,000 Ryokan and hotels went out of the business every year in the 2000s.

Figure 2.2 **Bankruptcy of hotel/Ryokan, 1991–2011**



Sources: Ministry of Land, Infrastructure, Transport and Tourism of Japan (2012) and Teikoku Databank (2012).

17 *Sukiya-zukuri* is a type of Japanese residential architecture based on the style of a Japanese tea ceremony building.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

According to a survey conducted in 2004, the bankruptcy rate in the recession was reached up to 65.6%, including Ryokan in its 30 years of business experiences, resulting 43.8% of the total failures. Even so, more than 100 years of shinise Ryokan[18] business had made up to 8.8% of the whole bankruptcy rate. It demonstrates that during the economic recession, the competition among lodging facilities was fierce, and the business environment is far more severe for Ryokan and hotel providers. There is no clear resolution for the present crisis of the particular accommodation sector.

Another significant problem of Ryokan business involves the training system of successors. The increase of annual bankruptcies includes problems related to takeovers adding to administrative issues resulting in the closure of Ryokan business. This poor leadership issues indicate that a suitable successor manager and relevant training programmes should be put in place in the business strategy.

In addition, the rapidly changing business environment, and short-lived fads brought a considerable investment on the renewal of facilities in order to meet the market needs and wants. In many cases, the businesses ended up being bankrupt because of the serious situation faced by the need of markets before recouping the financial payback. Many local issues are also directly connected to Ryokan management. For instance, Onsenryokan is not a separate entity as it is part of a spa town that should be coexisted with other Ryokan facilities in the same region. Accordingly, a famous spa town is expected to invigorate its whole village. Regardless of the popularity of the region, the existence of a renowned Ryokan can revive the local economy. A region having spa Ryokan facilities tends to depend solely on the tourism industry without having other industries that can also generate income. Hence, Onsenryokan plays a significant role in the creation of jobs in the district. In this situation, Ryokan business depression has magnified the importance of business regeneration as a new business strategy.

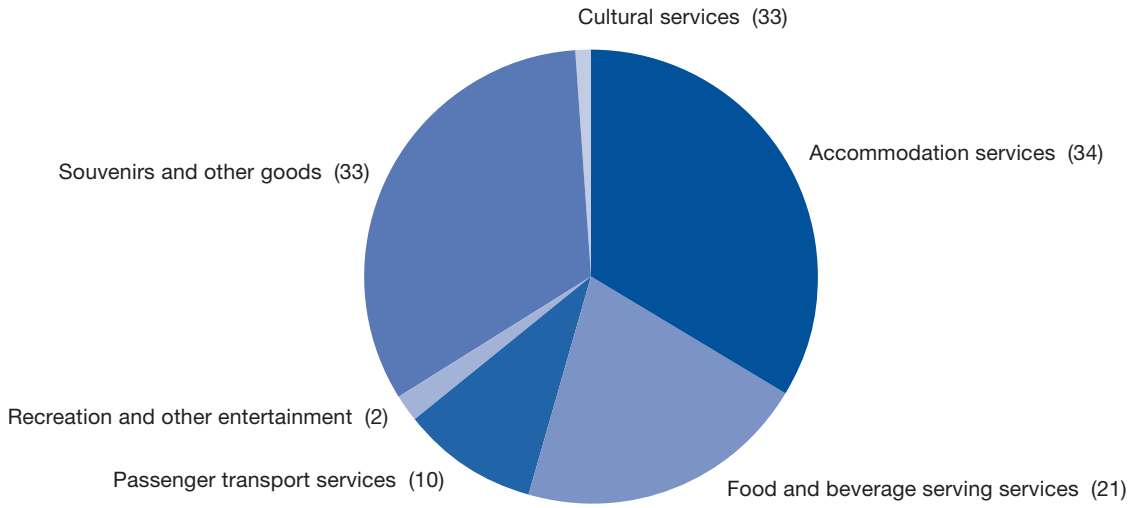
There is no distinction between corporation and family-owned business in Ryokan management. Many Ryokans are still run by a family, not by corporate management, which can be connected to the Ryokan's personality and service differentiation to some extent. Furthermore, while some of the large Ryokan with more than 100 rooms are owned and operated by a family, small Ryokans with only 50 rooms are more systematically managed like a corporation. Even though one *okami* could be enough to take responsibilities for the facility that has less than 25 rooms, the separation between ownership and management is needed for a larger sized Ryokans.

It is no exaggeration to say that Ryokan business is closely associated with travel agencies from the period of high economic growth to the collapse of the bubble economy. It was a travel agency that commercialized the combination of board and lodging facilities. When group tours dominated the industry, the capacity of sales of travel agency forced Ryokans to be responsible for rooms and board for business group tours, and Ryokans started to become popular as an entertainment venue. With rising group sales in this period, there was a growing movement to invest in Ryokan facilities for business enlargement.

18 Shinise (老舗) *Ryokan* refers to a retail store/company which runs a business taken over from ancestors. *Shinise* has a difference in period according to a regional business organization. The Tokyo Chambers of Commerce and Industry defines it as an over 100-year company, but the Kyoto Chambers of Commerce and Industry does it as an over 200-year company. In general, it is called as a company with more than 100 years' history. It is not limited only in service industry and continues to create deep-rooted values in the region for long time. The lodging industry held the fourth rank in the number of over 100-year companies by industry with 467 companies.

However, the collapse of the bubble economy decreased group and even individual travellers, and Ryokan's excessive investments imposed a burden on management resources. Nowadays, tourist demand at the individual and small-scale group level as well as poor sales including heavy debts has negative impacts on Ryokan management that resulted many Ryokans putting in a difficult situation.

Figure 2.3 **Travel expenditure of inbound tourists in Japan, 2013 (%)**



Source: Japan Tourism Agency (2014).

2.3 Why much attention has been paid to Ryokan

In 2013, the lodging expenses of international visitors to Japan had the largest portion of the travel expenditure with JPY 476.3 billion covering 33.6% of the total expenditure (figure 2.3).

At the end of the World War II period, Japan undertook an initiative in relation to the promotion of inbound tourism to earn foreign currency. During the rapid economic growth period, the government concentrated on the outbound market to deal with trade conflict. After that period, low birthrate and rapidly ageing populations with the long recession of the domestic economy re-launched a new tourism policy[19] targeting the inbound market.

In line with the national policy focused on inbound tourism, Ryokans still contribute to the introduction of Japanese culture to the world. It is also expected to play an influential role in the inbound tourism strategy as a critical part of tourism resources. Under this circumstance, ironically, Ryokans seem to suffer from financial depression and a shortage of talented workers.

19 A meeting of the Council of Related Ministers for the Realization of Japan as a Country Built on Tourism was held under the Koizumi Administration in 2003, and then the Tourism Nation Promotion Basic Plan was enacted. In 2008, the Japan Tourism Agency was established as an overseas agency of the Ministry of Land, Infrastructure, Transportation and Tourism. These actions represent that tourism in Japan has turned out to be recognized as the 21st century major national business.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

In the 18th century the commercialized Japanese traditional facilities can be considered as a home that offers the basic needs for business travellers including visitors (e.g., shelter, food and clothing). It was a period that people were not free to move around and travel activities had many risk factors. Lodgings in this situation served as a shelter for people being away from their home. Gradually, the lodging facilities have emphasized their economic activities on the business aspect of pleasing and satisfying travellers: i.e., the essential business strategy that is focused on deep understanding of customers to impress them by offering unique Japanese hospitality services.

In recent years, the inherited traditional hospitality services offered in the operation of Ryokan facilities have been the core of the business strategy in the accommodation sector. Although the tourism industry in Japan was a big business with enormous travel expenditure (JPY 22.4 trillion in 2011), the size of the market was dwindling every year:

- 2006: JPY 30.1 trillion;
- 2007: JPY 28.2 trillion;
- 2008: JPY 27.8 trillion;
- 2009: JPY 25.3 trillion;
- 2010: JPY 23.4 trillion;
- 2011: JPY 22.4 trillion; and
- 2012: JPY 22.5 trillion.

It is forecasted that a shrinking population and a trend of the domestic tourism market, which are occupied 90% of the entire travel expenditure, make it difficult to produce a dramatic recovery.

In addition, seasonality in tourism and the industry environment, which is vulnerable to external situations, have a number of causes that cannot be dealt with by the managerial efforts, according to the Japan Association of Travel Agents in 2004. Such challenges lead to the drawbacks of the lodging industry. Low labour productivity against concentration phenomenon and insufficient staff training would be prominent questions as well.

The results of many surveys conducted with international visitors by the Japan National Tourism Organization (JNTO)[20] indicate that Japanese hospitality and services are highly rated in the context of the travel and tourism industry. The traditional Japanese service culture would be the main contributor to the survey results. Herein, consideration for others and high-context service are highly respected.

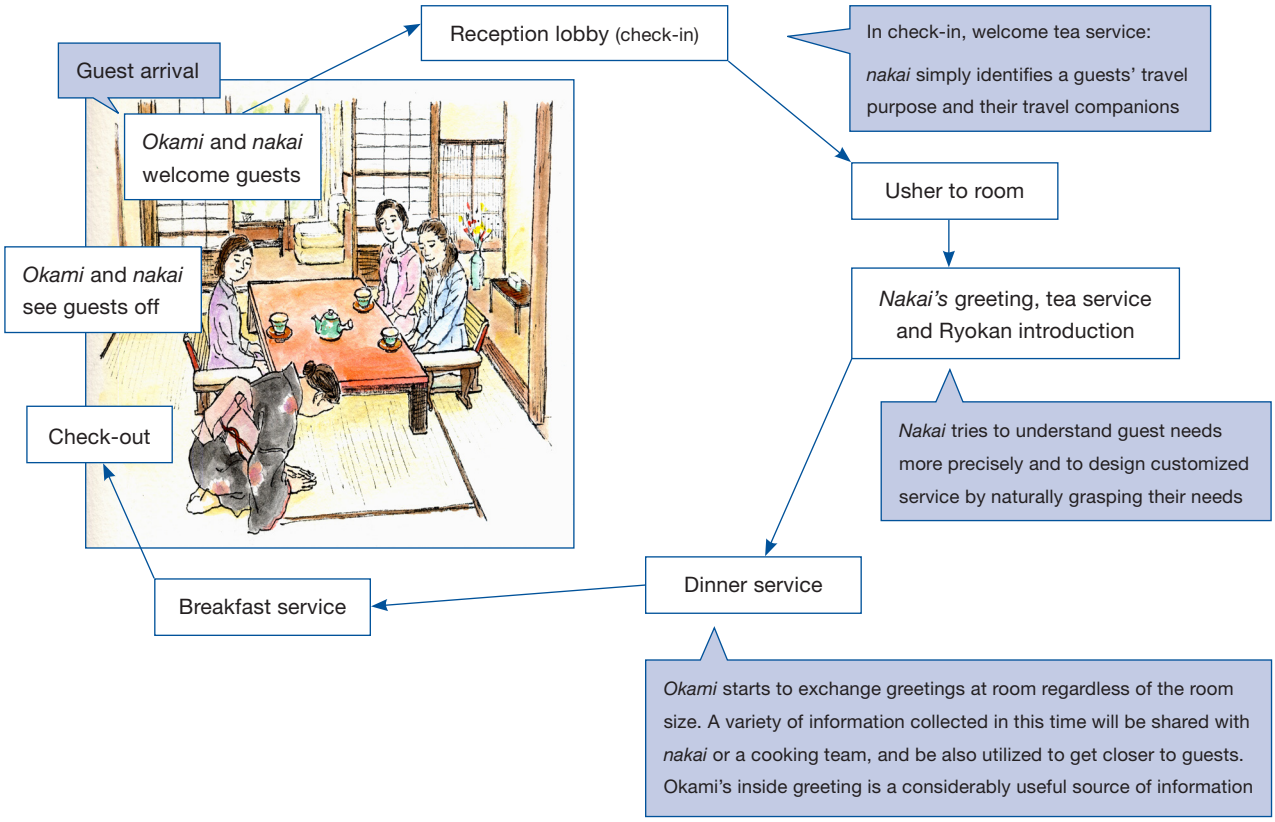
When it comes to customer satisfaction, an understanding of customer value should be a top priority. In many cases, customers' wants are not clarified despite the offered service is meeting their tastes. In this regard, Ryokan services should be consistently delivered to a wide range of guests and be flexible and responsive to the changing customer needs. In terms of customer interaction, their needs and wants can be perceived from the non-verbal and verbal communications. Therefore, the future of the business depends on the effective collection and utilization of customer information. This fundamental principle is demonstrated in the traditional Ryokan services.

20 Japan National Tourism Organization (2008), *HoNichi Gaikkyaku Zittaityousa 2006-2007* [Survey on satisfaction for foreigners visiting Japan 2006-2007].

2.4 Service process: creation of service experience via customer interaction

As described in figure 2.4, traditional Ryokan services are provided in the process of dealing with customers.

Figure 2.4 **Service process of Ryokan**



Source: Sungsook Kang.

When guests arrive at Ryokans, *okami* and *nakai* come out to greet and guide them to a lobby of the facility. While serving a cup of tea to welcome them in the lobby, the check-in procedure is usually provided. In many cases, customers want to look around the lobby area while having the tea services. At the end of this procedure, guests are escorted to their rooms by a *nakai*. A *nakai* in charge of the duties gives official greetings offering tea and snacks in the room and introduces the facility providing *yukata* for guests. In the meanwhile, dinner and breakfast time can be set for customers. At the end of the procedure, guests can change their clothes, have a bath, and take a rest from the fatigues of their journey. If dinner is served in the guest room, *okami* visits guests during the mealtime.

Even in large Ryokans with over 200 rooms, *okami* tries to greet all of the guests they have in the facility. The moment of the greeting procedures helps her ensure the management process of providing excellent services in relation to customer's needs such as room cleaning, table setting, and guest tastes. This procedure allows the facility to improve its room service. If there is a lack

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

of services, she will contact room or kitchen staff to take actions to solve the problem. To *okami*, room greetings mean a time to judge their operational services as well. After having dinner, many guests tend to enjoy a spa bath; during that time, the bedding is neatly prepared. Recently, a number of Ryokans give a choice of room types between bed and floor. Also, in the morning, while guests take a shower at *onsen,* making new clean bed and tea service are offered, as well as breakfast that should be ready in time.

This is a service procedure that most Ryokans follow. The specified service procedures enable employees to provide standardized services. A *nakai* in Ryokan facilities has a multi-tasking ability, and many hotels have adopted this flexible operation system to cope with a variety of tasks beyond staff duties. However, in order to raise customer satisfaction, Ryokans should not only have a long history of cultural background but also effectively facilitate human resources, which require *nakai's* high level of services.

The provision of enhanced Ryokan services is attributed to a customer profiling system, which is different from hotels. Hotels tend to provide free time without interrupting guests after their baggage is delivered by the porter; in contrast, Ryokans seem to pay attention to guests' movement and attitude cared by such staff as *okami* and *nakai*. During this procedure, guests' delicate tastes and preferences can be obtained and accumulated for better customer service. The personal information would be saved in a customer profiling system, which is differentiated from hotel services.

A lexical definition of *nakai* is female staff receiving guests at Ryokan and *ryotei; nakai* is a legendary figure who provides a genuine hospitality service at Ryokan. In prestigious Ryokans, *o-okami* (大女将; senior *okami*), *okami*, and *waka-okami* (若女将; proprietress-to-be of a Ryokan)[21] can succeed Ryokan business as connected with each other, and so does *nakai*.

In Kyoto, for example, since *nakai* has her own regular customers and specific rooms that she is in charge of, Ryokans can naturally accumulate information about customers. New employees are nurtured in accordance with the data and experiences. Fresh *nakai* is taught and trained to become a new professional *nakai*, who will educate a newly hired *nakai* under her again. Thus, all *nakais* are interconnected from fresh *nakai*, to senior *nakai*, as well as to expert *nakai*.

This service process possesses a rich point of contact for customers and a philosophy of a variety of customer service. A famous Kagaya Ryokan's philosophy of customer service can be felt from its motto: "Don't say 'No' to your customers". On the other hand, Hiragiya Ryokan gives careful attention to compliments, not complaints. Rather than a small number of customers' grievance, the Ryokan tends to place more emphasis on the value of a majority of customers who highly regard its service. Herein, customer value can be identified related to Ryokan service. Value is not generated simply from a business model but lies in the service provided to customers.

21 *O-okami* (senior 大女将): a current *okami's* mother or mother-in law in *Ryokan.* After retirement, she becomes a transitory *okami* when her customer visits. (She cannot avoid the role of *okami* unless she dies or announces her retirement).

Okami (女将): a main *okami* in *Ryokan.* Most decisions related to *Ryokan* management are made by *okami.*

Waka-okami (若女将; proprietress-to-be of a *Ryokan):* a next-generation *okami* learning about *okami* as a daughter or daughter-in-law.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Japan is considered to be a high context culture and it provides services after being assessed by guests' mood and gesture. A high context culture has a high-level sharing tendency in the context. It is the culture in which people can sense the other's mood or facial expression without making an effort and having skills to convey. A context, which is mentioned above, means linguistic common knowledge, experience, value, logic, and palatability as a base of communication: i.e., the circumstances surrounding an event. Within the high context culture, people are unwittingly interacted; however, a low context culture is different in that an individual's mind should be logically conveyed and understood. Examples of high context countries include Japan, the Republic of Korea, China, and the Arab nations, and low context countries are Switzerland, Germany, and the United States of America[22].

The workplaces of the hospitality industry in Japan put a premium on attention, care, and consideration. In terms of high quality customer service, it is most important to deliver a high standard of service by assessing customer wants and it can be identified from their speech and behaviour. Services in high cultures can be illustrated by small-sized luxurious (high price) Ryokans in which people-oriented services are not only born in inference of customers' needs from their speech and behaviour (a high context service) but formed in an integral architecture that is intricately mingled with tradition, culture and custom. However, can the hitherto Japanese service be understood and highly rated by international tourists who are from a low context country or lack a good understanding of different cultures? Their understanding of the Japanese service culture seems to remain as a great task in the Japanese lodging industry.

2.5 Case studies

This report examines four case studies of Ryokan facilities (figure 2.5) that demonstrate the overall characteristics of Ryokans in Japan, thereby enabling to better understand the type of Ryokan services as a whole. Each case study introduces the feature of accommodation facilities that is focused on business strategies.

22 Hall, E. T. (1976), *Beyond culture,* Garden City, Anchor Press, New York.

Figure 2.5 **Map of case accommodation locations in Japan**



Source: Debbi B. H. Lee

2.5.1 Kagaya (加賀屋) Ryokan[23]

Background

Kagaya Ryokan, located in Wakura-cho, Nanao-shi, Ishikawa-ken, started as a small Ryokan facility with 12 rooms in Meiji 39 (明治39年). Kagaya Ryokan in large-scale Wakura Onsen, which had 232 rooms in 2012, has kept placing first on the list of overall service excellence for 32 straight years. A total of 600 employees have worked for this Ryokan, and the number of visitor arrivals is 220,000 per year. The Ryokan has become the iconic place as the majority of the guests staying at the Ryokan tend to choose the specific destination simply because of the expected Ryokan experience. This phenomenon can be seen in the increased number of domestic and inbound tourists. For example, in each year approximately 10,000 Taiwanese tourists have visited Japan for the Ryokan experience. This has impacts on the surplus of the 4 of 55 regional airports only, and this includes Toyama Airport where it is located nearby the Kagaya Ryokan.

23 www.kagaya.co.jp/ (Japan) / jp.kagaya.com.tw/ (Taiwan Province of China).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Oda (小田), the chairman of Kagaya Ryokan, has emphasized on internal efficiency and external effectiveness that it is a different optimization approach to internal and external parts of the organization: i.e., the top priority of the front office should be an effective delivery of service for enhanced customer satisfaction (external effectiveness); back office seeks an efficient management system for short-term outcomes and sustainable value (internal efficiency). It is regarded as a balanced business strategy between the front and back-houses. In visible places of Ryokans satisfactory human services through *Omotenashi* can lead to effective customer satisfaction, the systemization of the invisible parts enables to attain management efficiency. Compatibility of such aspects can bring high-quality Ryokan businesses. These made Kagaya Ryokan have the immovable position as top of Japanese hotels and Ryokans in thirty years of its business.

Kagaya Ryokan has introduced an automatic system to transport food for the first time in the world. The system of carrying food items that has been cooked by a chief chef to pantry in an automatic control is innovatively designed. The idea came from when the chairman Oda, saw a *nakai* using stairs to deliver the food items to guests. It was a time-consuming process of carrying and serving untidy food items. He thus devised the way to reduce the risk of inelegant food services as well as for *nakais* to devote more time and human energy on guests. This development is deemed as an innovation in the Japan's lodging industry in that a large-scale Ryokans put an effort to achieve individual service excellence and to constantly challenge them. The automatic food delivery system has been installed in all Ryokans over a certain size in Japan.

Characteristics

It is reported that *okami's* greetings in rooms during the dinnertime began from Kagaya Ryokan. The *okami*-based customer service tradition has been passed down from previous generations. *Okami* can never say the word 'No' to guests, and this custom has become a legendry service characteristic of Kagaya Ryokan. The current *okami* has 25 years' *okami* experiences in some 43 years of her marriage. She went through strict teachings from the previous *okami* that *okami's* personality also becomes a distinctive product of Ryokans: *Okami* is a person in charge of handing the quality of the Ryokan service.

Ryokan service encompasses three main elements – people, facility, and Ryokan. Of these, investment on exterior and cooking facilities enables to maintain some degree of quality; however, human services are a separate matter. Staff education and training is diverse ranging from 40 years' experienced veterans to new recruits. Such various staff and *okami* considered as the mother figure, are working under a business strategy which is found in the relationship created and developed in a family. The business strategy is based on the concept of a 'home', and the charismatic personality of *okami* is indispensable.

At the front gate of the Ryokan, three to four employees are standing back to back. It seems like a system to watch guests and all of the movement from all sides so as to quickly notice and act for any movements. In addition, a *nakai* is exclusively responsible for service from checking-in to checking-out and pays careful attention to guest behaviour at all times. During an overnight stay, guests receive eight to nine times of tea services. The hidden purpose of this service is to communicate with guests at frequent contact points. This sharing time with guests allows collecting the information on the level of guest satisfaction that can identify which services are appropriate for each customer's circumstances. In this way prompt services can be provided.



Okami and *nakai* at Kagaya Ryokan (courtesy of Kagaya Ryokan).

Okami at Kagaya Ryokan points out that her fundamental role is to grasp market change and customer needs more swiftly. Running a Ryokan business for over 100 years requires the customer's constant support, not simply taking over a family business. In the process of carrying out the business from one generation to another, turning points should be examined; this review is to provide the fine-tuning business strategy that is essential for a youthful sense of *Waka-okami* who will carry on the family business.

Strategy

In 2012, the expansion of the Japanese traditional service to the Taiwanese market received great attention from the public, as it was the first attempt to enter the global market. Radium Kagaya (日勝生加賀屋), launched its business in Taiwan Province of China and offered the Japanese style of *Omotenashi.* A local developer constructed the facility building (14 stories and 90 rooms) and the management company, Kagaya Ryokan, partly invested. This way business risk can be minimized by the provision of leadership supplied by the management system, as the new facility has permission to use the trademark of Kagaya Ryokan.

Kagaya Ryokan has engaged in customer needs and staff training without having heavy facility investment that is required the high demand for finance. However, the Japanese operational policy has been adopted for the presentation of the Japanese sentiments because it is not easy to operate the facility that gives great discretionary power to room clerks. For example, the exact reproduction of the Japanese service, such as a *nakai* on *kimono* and traditional Japanese dishes should be offered.

The Ryokan's Taiwanese market entry has been achieved against a backdrop of Taiwanese constant support. More non-stop flights put in place between Taiwan Province of China and Ishikawa-ken airports made easier for Taiwanese visitors travel frequently this region. As part of its global strategy, Kagaya Ryokan planned to arrange a chartered plane, which has brought about the rising share of Taiwanese tourists up to 4% of all visitors.[24] With the deleterious effect of the Fukushima incident on Japan's inbound tourism, the Ryokan's expansion of its overseas business with a traditional Japanese Ryokan service will continue to penetrate the Kagaya Ryokan's brand internationally.

The Japanese-style service received a favourable evaluation and placed as number one by 'The 2013 Luxurious Spa Lodging Facility Top 10' ranking competition in Taiwan Province of China. The majority of guests are Taiwanese at present with the increased number of tourists from Hong Kong, China. Kagaya Ryokan's ambitious challenge has begun to make fruitful outcomes

24 toyokeizai.net

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

particularly in the Taiwanese market. The opportunities and challenges gained by the entrance to the Taiwanese market allowed the company to expand, the Japanese *Omotenashi* spirit as it has planned to implement its global business strategy in the area of Yanbian, China, as part of the Cool Japan policy[25].

2.5.2 Hiragiya (柊家) Ryokan[26]

Background



Guest room at Hiragiya Ryokan (courtesy of Hiragiya Ryokan).

Hiragiya Ryokan had been established in 1818 (the first year of Moonjung). Hiragiya Ryokan has operated its business as *shinise* Ryokan for 192 years. In the beginning the founder of the Ryokan had started freight operations to transport seafood items, coming up from logistically Wakasa Province (currently, Fukui). Later the business had started providing accommodations along with seafood sales. The second generation of the founder who had worked for his sword making operation created the Ryokan business that had become their full-time job. This has been passed down to the sixth-generation, going through tremendous changes from the Edo Era, Meiji Era, and World War II.

The Ryokan is established in Fuyachodori, the centre of Kyoto where three prestigious Ryokans are located. As one of the representatives, Hiragiya Ryokan is a two-story wooden structure built in *Sukiya-zukuri,* a type of the Japanese residential architectural style. It is composed of 21 rooms in an old building, 6 rooms in a new building, and 1 Japanese-style modern bedroom. Given the number of employees per room, 60 workers are enough to offer satisfactory customer service.

The service at Hiragiya Ryokan involves a symbolic space created by the entire Japanese mind, people, culture, and history, which are reflected in the village, where the Ryokan is built. The accommodation facility can be considered as a total space of the Japanese *wa* ('harmony' in English) culture, in which the life of Japanese traditional culture can be experienced.

Kyoto is famous for Ryokan that has been regarded as a typical image of Japan in terms of tourism. Ryokans in Kyoto make a lot of effort to express the beauty of the Japanese lifestyle for attracting international travellers. As a result, residents in Kyoto can take pride harnessing their home destination. This can also devote the preservation efforts to their own cultural backgrounds and lifestyle.

25 Ministry of Economy, Trade and Industry (2012), *Cool Japan Strategy* (online), available at: www.meti.go.jp (27-11-2015).

26 www.hiiragiya.co.jp.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Characteristics



Hiragiya Ryokan inside (courtesy of Hiragiya Ryokan).

The Hiragiya Ryokan's service spirit can be seen from the frame of the front doors in its facilities. The phrase, "as if they are coming home (来客如帰; raisyayoki)" has become the business motto, reflecting the *Omotenashi* spirit that has been passed down to for three generations. The true spirit of *Omotenashi* makes guests feel relaxed without interruption: i.e., as if a house owner felt the same way that came back home from being away for a long trip. Such a brand impression enables to entertain guests and maintain its reputation as a beloved Ryokan in Kyoto for many years.

Hiragiya Ryokan gives a long-standing classical impression of the core Ryokan services based on the style of cooking, bath facilities, and rooms. It has a singularity in terms of the spatial composition and design, reflecting times and history. Each of the rooms was designed differently with the Japanese traditional architecture from the late Edo Era to Showa Period. The atmosphere of the ancient capital of Japan is delivered to guests through room facilities. In en-suite room representing the late Edo Period, the Kyoto-themed stained glass work of Murase Kae (村瀬可衣) is displayed with lacquered windows in the bath. Also, one of the rooms offers a bathroom that has a stained glass window, showing Sanchi Ogawa's (小川三知) work in Meiji Period.

Thus, guests can enjoy the space in the room and appreciate the special work of visual arts. Bath construction also follows an old method of using fans to maintain the unique and friendly touch feeling and fragrance, which is differentiated from the modern method. In terms of serving dishes, the Japanese style of tableware, which is well-matched and balanced with food and seasonal ingredients, creates relaxed atmosphere for guests so that they can experience the taste of unique Japanese cuisine.

The *okami* at Hiragiya Ryokan has been inherited by daughters of the property and passed down to sixth generations. While the *nakai* of Hiragiya Ryokan has worked there for 50 years starting before the war, and the *okami* has acquired her role naturally as a married woman. *O-okami* (the current *okami's* mother) started to work as an *okami* being taught by a *nakai* of the time when the existing *okami* was in high school. The present incumbent also acquired skills to become an *okami* through training and programmes by a *nakai* in charge of *o-okami* education. Training for *okami* is not a specific type of vocational education but it is learned by her daily life.

O-o-okami has made headlines as she won the 2014 Medal with Yellow Ribbon, which is awarded for artisans, who engage in a specific business for long years and became a role model. The first recipient of this medal in the hospitality sector was the *nakai* at Hiragiya Ryokan. This represents the attitude of the Ryokan, regarding the hospitality customer service.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Employee training and education in the past was focused on how to fulfill decency and manners at Ryokans that were learnt from home, but the recent poor home discipline requires a basic training and education. Common courtesies, a way of serving tea, and a good posture when entering rooms have been mineralized for thorough instruction. This training programme is necessary because the westernization of the Japanese culture and lifestyle makes the traditional Ryokan life an unusual circumstance, which has impacted on Ryokan businesses. In particular, the *nakai* education is important out of *okami's* roles since service failures of hospitality employees are one of the leading causes of the deterioration in the high quality customer service.

Ryokan business is traditionally associated with the framework of 'home', but *nakai's* roles and tasks have substantially changed. While eating and sleeping in Ryokans, in times past, a *nakai* frequently carried out a variety of tasks as one of the family members living with an *okami*. Unfortunately, Ryokans served a function of the employment of women placed in the inferior social position. It is reported that although *nakais* have low labour productivity recently, current Ryokans have a different point of view toward this. *Nakais* engaged themselves in their practices of employment regardless of their privacy and time, and Ryokans management also considered them as their family being involved in their private life. In addition, they shared their concerns and worked on many problems together. However, in recent years, Ryokan employees tend to see *nakais* as one of the professions. Thus, there have been many changes in the way of working at Ryokan facilities as *nakais*. In other words, Ryokans have become a professional workplace for them in recent years.

The enhancement of service value has seen in *shinise,* a long-established store that provides highly specialized service through its utilization and judgment based on information inferred from guests' unintentional behaviour and attitude. In other words, customer information is observed, collected, and selectively used for information intelligence, thereby elevating service values. The Ryokan can offer a high standard service as *shinise* because more than a half of the guests are regular customers who acknowledge the value of the hospitality service that the Ryokan has offered.

Service would start from the moment when a customer makes a booking call. In Hiragiya Ryokan, the pre-service process including guest arrivals is thoroughly investigated in advance. At least five times of preliminary opinions tend to be sought to provide services that satisfy guests for an overnight stay. It aims to prepare good services ahead to cater customer demands. For example, customers' preferred food ingredients or food intolerance are preliminarily identified, and the Ryokan is equipped with for such guests depending on their stay purposes.

Hiragiya Ryokan underlines Japanese culture that is in tune with nature, which teaches many Japanese cultural things. Uniqueness of the natural attractions is different as all of the elements are depending on natural settings, and the beauty of physical landscapes has been created over a long period of time. An effort to resemble nature may be the root of the Japanese spiritual culture. Japanese Ryokans are enfolded in nature. With almost 200 years of its history, Hiragiya Ryokan has come to develop an era of its business over time.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Each room appears in different guises in different eras as a result of the long history of the Ryokan business. The room of Edo Era, where Yasunari Kawabata (川端 康成)[27] often stayed, has a high ceiling. The entire interior of rooms is changed in summer. Furthermore, guests usually have great expectations for a Japanese garden. Under a concept of wa, *ikeban* (Japanese style of floral arrangement) has been made in each door and room differently, and a green garden tends to express a sense of the specific season. Hence, there are many flowers in a Japanese garden. Such restrained beauty, reflecting the Japanese culture requires much effort.

After visiting Hiragiya Ryokan in 1930, Chaplin (Sir Charles Spencer "Charlie" Chaplin) said that while European hotels carry out an order exactly, the service of Hiragiya Ryokan is to read customers' mind in advance in order to serve them well. Chaplin's grandchildren stay at the Ryokan untill today.

Strategy

What must be seen as paramount in a newly changing world? Hiragiya Ryokan sets a high value on the location of Kyoto.

A common idea of *shinise okami* is that service is substantially difficult to measure because of its invisibility. Thus, it is said that only Ryokan that considers customers as the centre of service can be inherited for hundreds and thousands years.

The service of Hiragiya Ryokan is to help customers to have an experience and feel the Japanese traditional culture. As seen in the name of the Ryokan, the concept of 'home' (家) is strongly emphasized compared to other accommodation facilities (宿; yado). The business strategy is in line with the significance of the concept of a home but not a lodging facility. The tradition of the Ryokan has been put in place in the process of the service innovation based on pre-identified customer needs.

2.5.3 Kurokawa Onsen (Spa)[28]

Background

Kurokawa Onsen, located in Kumamoto-ken (熊本県) on the island of Kyushu region is a famous hot spring site surrounded by beautiful nature in Aso-gun with the greatest caldera. It was a small spa, which was not even included in maps several decades ago. Recently, it has grown rapidly as a famous spa place with receiving more than one million visitors per year. Statistics by the

27 Yasunari Kawabata (川端 康成,) was a Japanese novelist and short story writer whose spare, lyrical, subtly-shaded prose works won him the Nobel Prize for Literature in 1968, the first Japanese author to receive the award. His works are "The Dancing Girl of Izu, The Scarlet Gang of Asakusa, Snow Country, etc.

28 www.kurokawaonsen.or.jp/.



Kurokawa Onsen (courtesy of Kurokawa Onsenryokan Association).

Ministry of the Environment[29] and the report of Nippon Onsen Research Institute[30] show that there were 3,159 sites of hot springs[31] in Japan in 2013.

The history of the Japanese hot springs reached back to a process of the change from cures to sightseeing.[32] In the 1960, the period of high economic growth, group tourists became the mainstream due to the diffusion of mass regional tourism, leading to the progress of large-scale and deluxe Ryokans. As a result, representative spa sites such as Atami (熱海), Ito (伊東) and Beppu (別府) have been transformed into spa tourist destinations. As a symbolic presence, Beppu-shi Suginoi Hotel (杉乃井ホテル) emerged as the largest spa place in Japan with 548 rooms (accommodating 2,420 tourists).

In the late 1980s, secluded hot springs or healing places gained popularity as small-scale spas, which were disregarded in the high economic growth period. Since then, Kurokawa Onsen has begun to be known nationally and internationally. In particular, the onsen turned out to be successful in the vitalization of hot springs with the concept of 'one Ryokan' by utilizing the spa resources in the whole village. This case study focuses on the background information and successful development of the business as a traditional accommodation in the region.

With a long history established in Edo Period, Kurokawa Onsen was composed of 4 places of hot springs for cure (場; *toji)* at that time. The opening of Yamanami highway in 1964, crossing between the Kumamoto (熊本) and Oita (大分) regions brought a great attention to the Kurokawa area near Senomotokougen (瀬の本高原), increasing the number of Ryokan facilities, thereby attracting many tourists to some 14 places although it has remained as a temporary phenomenon.

As each Ryokan in Kurokawa is small-sized businesses, the owners had an inside knowledge of the operations. They have 'empathy' with the opinion that Ryokans throughout the region should form a symbiotic relationship in collaboration rather than harsh competition. Thus, they started a business by organizing the association of Kurokawa Onsenryokan. The village has been improved, and each Ryokan's signboard was replaced as a unified one under the Kurokawa Onsenryokan brand. Okami Association, founded in 1988, developed over ten kinds of natural resources by taking advantage of the region's rich hot spring spa waters. Except for two places, because of landform, these resources were utilized for open-air baths in harmony with nature, which drew media attention very significantly.

29 Ministry of the Environment (2015),*Onsen riyou zyoukyou* [Onsen utilization status].

30 Nippon Onsen Research Institute (2013), *Nihon onsen deta* [Data on hot spring in Kapan], available online at: www.onsen-r.co.jp/ (30-11-2015).

31 Hot springs (温泉地) refer to sites with accommodation; one facility is considered as one hot spring site. It excludes a spa facility without accommodation. Since 2010, the number of hot springs has decreased.

32 Ura, T. (2010),' The case study of Kurokawa Onsen at Kumamoto Prefecture: the concept of single hot spring area recognized as one accommodation', *Japan Institute of Tourism Research,* 22(1), pp. 12-16.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222



Bathing stamp (courtesy of Kurokawa Onsenryokan Association).

Bathing stamp (温泉手形) *onnsenn tegata* is a typical service system for a symbiotic development through the concept that each Ryokan constitutes the complete Ryokan facilities in Kurokawa. It is a season pass costing JPY 1,200 a coupon for 3 spas within the Ryokan. This system allowed Kurokawa to be united as one Ryokan. From selling approximately 6,000 tickets in the first year, it was a smash hit: 21 million tickets were sold out and it was propped by the effect of mass communication in 2003. These achievements were a great contribution to the creation of a better business environment through the development of a variety of business strategies by strengthening the financial capacity to inject funds at nearly JPY 40 million into the association. The training programmes for the employees to improve hospitality services are executed.

In 2006, the title of Kurokawa Onsen was registered as a local brand. In 2007, the Ryokan made a great achievement, surpassing the sales of 2 million bathing passes and being awarded two stars of Michelin Green Guide[33] in the following year, when each Ryokan was replaced with the third generation. In 2010, it enjoyed the continuous popularity, having 300,322 visitors arrived in the facility.

This case study is focused on the overall business environment of the association of entire Kurokawa Onsen rather than one Ryokan individually. It also includes the perspective of Okyakuya (御客屋) Ryokan[34], the oldest Ryokan within the association of Kurokawa Onsen.

Characteristics

The region of Kurokawa was inhabited by 2,401 people in 224 households in August 2012. Among them, approximately 100 people were employed and worked for Ryokans and hotels in the region. This number accounted for around 9% of the inhabitants of Minamioguni town (南小国町). The majority of the Kurokawa residents have engaged in the tourism industry. An agriculture-based production is the key industry and the region has only as ten farms at present.

There are currently 28 Ryokans and hotels in Kurokawa Onsen and 21 lodging facilities are located in the central district of the region, called Kawabatadoori (川端通り). Kawabatadoori has many tourist facilities in a considerably small space including a 500m long walk way, which takes about 15 minutes. Ryokan in Kurokawa Onsen are generally small; most Ryokans have some 20 rooms, accommodating approximately 60 individuals. The onsen has 500 rooms in the aggregate facility, which is equivalent to the size of a large hotel.

33 The Michelin Green Guides review and rate attractions other than restaurants. They include background information and an alphabetical section describing points of interest. Like the Red Guides, they use a three-star system for recommending sights ranging from “worth a trip” to “worth a detour”, and “interesting”.

34 www.okyakuya.jp/.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

The number of tourist arrivals to Kurokawa Onsen has been recorded since 1989. Before the year of 1989, it was assumed that the *onsen* had received 50,000 – 80,000 tourist arrivals each year. The estimated figure in 2001 was 396,000; and after that period, in 2003, it began to contract as being affected by the rejection of lepers' staying at the Ryokan as well as the suspension of bathing pass sales for tourists who did not have meals within the Ryokan in 2004. In 2011, the number of overnight residents staying at the Ryokan was 396,000; and guests enjoying spa only were approximately 1,190,000 respectively.

The main agent of the *onsen's* operation is Kurokawa Onsen*ryokan* Association, and it consists of 28 Ryokans and hotels. A president and five directors of the Ryokan are elected every other year to manage the association. Operating expenses were JPY 16 million in 1986 and it grew by 20-fold JPY 326 million with an increase in tourists' arrivals in 2002. Most revenues are covered by earnings from bathing stamp *(onsen tegata),* which accounted for 61% in 2012. Direct union fees are approximately JPY30 to 50,000 per month and it is based on the size of the lodging facility.

Most Ryokans in Kurokawa are small family owned companies. The managers who set up the Ryokans in 1960s are called as the first generation; the second generation is their successors who followed the management model in the late 1970s.

Since the primary industry was the agriculture-based production for the first generation management in Ogunimachi (小国町), the Kurokawa region, which had small population, depended on tourism was considered less important in the town. In this situation, the whole village was united to produce a member of town council. They attempted to make a strategic relationship not just for a financial assistance. The first generation of managements felt a strong sense of accomplishment despite a lack of funds and infrastructure. They made a lot of achievements including the establishment of Ryokan association, the inducement of hotel buildings, and the arrangement of roads and open-air baths. This solidity of community development was able to establish the foundation of the systematic management for the second and third generation.

A shift of generations has started gradually in 1975, when young people of the second generations who had moved into the city, returning to their home town. After returning from cities, some of the second generations, who graduated from universities in Tokyo (東京) or Fukuoka (福岡), were committed to changing the village for the future of Kurokawa. Above all, innovative reforms of Ryokans began with the owner who had been a photographer as a central figure of the village. In 1986, the association reorganized its structure. Under the vision of 'the most famous hot spring resort in Japan', the department of general affairs and the department of environment were set up: the latter consisted three sections – signboard, environment, and planning and advertising. The section of signboard created and installed an identical signboard as removing jumbled signs; the environment section and the planning advertising section were responsible for the improvement of spa landscapes and spa pass sales respectively. Each section made a monthly budget report.

The previous *okami* of Kurokawa Onsen stated that regional revitalization requires a certain type of talented individuals such as an upright person, an outsider, and a young person. In the case of Kurokawa Onsen, an upright person and an outsider referred to Mr. Goto who planted trees around the Ryokan; and Mr. Ogasawara (小笠原; a son-in-law who handed over Kurokawa Ryokan) who did his best for the reestablishment of the association respectively. Lastly, the young men were the second generation of young management at that time who was the main protagonist of the revival of local economy and the Ryokan.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Strategy

As discussed in the characteristics of Kurokawa Onsen, the management strategy for the entire body, but not individual Ryokan enables to maintain a close relationship between Ryokans, thereby creating a 'one Ryokan' concept, which allowed the growing economic performance. In addition to this, the active promotion of the Japanese *Omotenashi* spirit will be needed for international tourists to accept and understand the traditional culture.

2.5.4 Sawanoya (澤の屋) Ryokan[35]

Background



Sawanoya Ryokan (courtesy of Sawanoya Ryokan).

Sawanoya Ryokan located in the heart of Tokyo (Yanaka, Taido-ku) has remained due to no damages caused by the Great Kanto Earthquake as well as wars. In the region diverse villages and temples were constructed in Edo Period. The Ryokan was designated as one of 'The Top 100 Historical Sites of Beautiful Japan' with Ueno Park and Kaneiji Temple in 2007. It is a famous attraction among international tourists; and so far, approximately 150,000 foreign guests have visited the Ryokan.

Starting with eight rooms in 1949, the Ryokan was crowded with a number of guests every day including business travellers, school excursions, newly married couples, and petitioners coming from rural areas. In 1968, the wooden-based facility was reconstructed to a three-story ferro-concrete building with 24 rooms and the rooms were easily occupied. Regardless of the owner's ability, the Ryokan used to regularly receive business travellers from contracted companies as well as school trip students through travel agencies.

However, the uptrend of such facilities was turned into downtrend in the year of 1970 when the Osaka Expo event was hold. It was also externally affected by the second explosion of the Japanese hotel industry. With the economic growth as well as the improvement of the standard living, Ryokans were forced off the core urban center where the western-style hotels started building many lodging facilities. Small-scale Ryokans with a low price, thus, had difficulties in the operation of the management, as they could not compete with the large hotel chains. As a result, the owner of Sawanoya Ryokan had to work for neighbouring large hotels on a part-time basis for a living.

35 www.sawanoya.com.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Although the occupancy rate of small Ryokans was needed to reach at least 60% to make profits in those days, only less than a half of the rooms in Sawanoya Ryokan were occupied in 1981. Under this tough business environment, ironically, however, Ryokans offered for foreigners in a similar scale tended to be fully booked. Despite the hesitation to join the Japanese Inn Group, due to his poor English, the owner of Ryokan ended up being involved in the group to attract more international tourists. Although only 230 foreigners (5.5% of the total visitors) stayed at the Ryokan in 1982, in the first year after becoming a member of the group- 3,178 inbound tourists (accounting for 60% of the total arrivals) visited the Ryokan in the following year. The occupancy rate was jumped dramatically up to 80%.

In a world without having the Internet access, pamphlets and tour guides can solely be a travel source. In this circumstance, Mr. Yajima who formed the Japanese Inn Group sent out 70,000 pamphlets to tourist information centers as well as foreign embassies to Japan that are produced on a small budget. This effort is very important as information about the traditional Japanese Ryokans was very useful for embassies to Japan because they had informed only about the luxurious Ryokans and hotels in the past.

For international tourists misunderstanding of the Japanese manners and rules was another problem that is related to the small-sized Ryokan business. Understanding different culture is a more serious task than the expected language barrier. Such a problem was solved through illustrations and instructions for the international visitors to improve the awareness of different culture and tradition.

Characteristics



Room in Sawanoya Ryokan (courtesy of Sawanoya Ryokan).

Despite the temporary drop affected by the Great East Japan earthquake in 2011, the tourist number in Sawanoya Ryokan has nearly recovered (table 2.5). Since 1989, the entire occupancy rate has been over 80% on average, and the rate for international tourists has been more than 90% since 1984, except for a temporary blip in 2011. The major international tourists visiting the Ryokan are coming from France, the United States of America, Australia, England, and Germany: it accounted for almost 90% of the total number of arrivals. There have not been many changes made in the annual rankings by country. The majority tourists are Foreign Individual Tourists (FIT), most of them (99%) who are likely to make reservations by e-mail or phone-booking.

Table 2.5 **Occupancy rate and number of guests, 1982–2013**

Year	Number of foreigners	Number of Japanese guests	Occupancy rate (%)	Year	Number of foreigners	Number of Japanese guests	Occupancy rate (%)
1982	230	3,964	64.8	1998	5,701	873	92.9
1983	3,158	2,297	82.2	1999	5,641	973	94.0
1984	4,154	2,009	90.7	2000	5,387	923	93.4
1985	4,578	1,958	91.2	2001	5,249	1,077	92.9
1986	4,396	1,839	90.1	2002	5,282	1,290	95.1
1987	4,446	1,649	88.4	2003	5,009	1,290	92.5
1988	4,519	1,438	87.2	2004	5,554	815	93.4
1989	5,314	1,254	92.1	2005	5,418	821	93.1
1990	5,697	1,093	93.3	2006	5,418	952	92.6
1991	6,177	761	94.8	2007	5,484	974	91.3
1992	6,429	576	94.7	2008	6,306	542	95.4
1993	6,127	820	95.1	2009	6,335	636	95.2
1994	5,741	1,008	93.8	2010	6,179	671	94.1
1995	5,064	1,005	88.0	2011	3,917	1,157	75.1
1996	5,264	896	92.0	2012	5,624	850	85.8
1997	5,315	1,024	92.6	2013	5,959	794	94.3

Source: Sawanoya Ryokan.

The surveyed 203 international tourists in 2013 indicated that guidebooks (88 individuals) and Tripadvisor (73 individuals) have provided a great deal of the information sources about Sawanoga Ryokan, and it was followed by a word of mouth tool, web-sites, and tourist information center. It is known that many of western travellers relied on guidebooks and Tripadvisers.

The international individual's average length of stay was 22.7 days: while spending 15.3 days in Japan, they are staying 4.0 days at Sawanoya Roykan. Intriguingly, most of them are intellectual professionals such as university professors and executives. They can stay at a luxurious hotel or Ryokan depending on their circumstance; however, people who desire active experiences of the ordinary folks and traditional Japanese culture are likely to choose small Ryokans. All of the mentioned visitors are highly educated loyal customers and they would want to make their own reservations by themselves.

The daily usual scenes approaching to Japanese people turn out to be the Japan's exotic atmosphere in the foreigners' perspectives. Inversely, such non-Japanese angles can provide the Japanese with an opportunity to discover themselves.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Strategy

The presentation of the unique Japanese lifestyle can be a significant tourism resource for international tourists who have strong intellectual curiosity and high interests in Japanese traditional culture. Small sized lodging facilities can be the greatest sales point for Ryokan businesses that are run by a family. For example, the owner of Sawanoya Roykan decided to operate the facility as a family-controlled business after seeing a hotelier's family photographed on a pamphlet of Hotel Venezia. He realized that a family-run management would be one of the strengths of Sawanoya Ryokan in the eyes of westerners. In this regard, many international tourists have disclosed their repeat visit intentions due to the same quality of services derived from a family tradition.

The whole tourism sector has paid attention to attract Asian group tourists because the economic outcomes tend to be produced in a short period of time. Nonetheless, the identification of international tourists aimed at European and American markets is considerably significant. While 300 million international tourists visited Japan from all over the world, 1.9 million arrivals are made by visitors from Europe, America and Oceania and the same figure has been remained for some ten years. When considering the world tourism market, it is said that Japan receives approximately 0.5% of the entire inbound tourists. As a result, the international tourism market has a great potential for Japan to expand the traditional cultural accommodation sector.

However, in 2008 the Ministry of Internal Affairs and Communications investigated employee consciousness of attracting international travellers to Japan.[36] The result revealed that 72.3% of Ryokans did not accept any foreign tourists in the previous year and had no intention to draw foreign tourists. The biggest reason was a lack of foreign language skills (75.7%), and it was followed by inadequate facilities for international tourists (71.8%). Initial fears seem to be the greatest stumbling block against luring more international tourists.

2.6 Global extension of Japanese service culture through accommodation

Culture can be spread out through human interaction. A country's culture and lifestyle including culinary tradition and dwelling are an integral part of cultural tourism. In this perspective, high expectations are regarded for Ryokans to play a role model of the traditional accommodation sector.

2.6.1 Understanding customers in the era of service and the global development of the Japanese service under a keyword of *Omotenashi*

The analysis of the diverse types of lodging services indicated that customer value is not simply generated from a business model, but it is inherent in services created by hospitality interactions with customers. In effect, the customer interactions should be involved in the entire business process. When judging the customer value proposition, services influence an individual's subjective emotions and sensations, affecting both quality and cost. Attractive services, which

36 Ministry of Internal Affairs and Communications, *Japan Inbound Tourism* (online), available at: www.soumu.go.jp (27-11-2015).

meet the customer needs, increase quality and decrease time, energy, and psychological costs. A lack of service-orientation decreases quality and increases cost.

Ryokan service needs accuracy and hospitality services are achieved through intensive training[37]. The concept of 'hospitality' is used to satisfy customers' desire, expectation, and unanticipated experiences. The provision of satisfaction and joy beyond expectation will generate repeat visits. To create repeat customers, hospitality should be treated more than simple services. Many *Shinese* Ryokans have a high repeat rate, resulting almost a half of all visitor arrivals.

Ryokan is expected to play a fruitful role in the development of national strategies for economic globalization of the unique Japanese hospitality services to promote the tourism industry, especially the traditional accommodation sector. The Ministry of Economy, Trade and Industry launched the 2013 Cool Japan Strategic Development Business. Under this strategy, a new project has been developed by the largest Kagaya Ryokan, which has tried economic globalization of the Japanese Ryokans through the *omotenash spirit.* This project was intended to export the Japanese style of architectures, interiors, as well as the operation system of Ryokans to north-eastern China. The globalization of Ryokan businesses gives a propitious opportunity that makes the international market more aware of a high context service of Japanese Ryokans. It will also bring about innovative change in the service industry as a new type of services against the standardized manuals that emphasize on operational rationality and efficiency.

2.7 The direction of the Japanese government policy

In Japan Ryokans are an accommodation facility where tourists spend the longest time in a tourism destination. 2012 statistics indicated that the Japanese travel expenditure went up to JPY 22.5 trillion for the previous six years. Although domestic tourism comprised a large proportion (JPY 15.3 trillion) of the total travel expenditure, inbound tourism accounted for JPY 1.3 billion, and the expenditure of international visitors has been showing an upward trend in Japan.

In 2013, the government has formed an Action Program Increasing the Number of Foreign Visitors to accelerate the pursuit of a tourism-oriented country. As a result, the number of international tourists reached a record of 10 million arrivals by the united efforts of government officials and business people for the first time in that year. The government's goal is to attract 20 million inbound tourists to Japan by 2020.

In response to the changing circumstances, in 2014 the Ministry of Land, Infrastructure, Transport and Tourism of Japan announced the current status, challenges, and future direction on information provision for the lodging facility. The Ministry pointed out that accommodation facilities including Ryokans and hotels failed to meet sufficient services reflecting high-quality images. Hence, sustained efforts are needed for improvement. Also, guest can hardly recognize details on the lodging facilities and their services. Therefore, the provision of such information about facilities, equipment, and services for international tourists should be effectively planned and implemented by refraining from a simple introduction to accommodation classifications.

37 Kang, S. (2013), *Zissenkara manabu okami no omotenashi keiei* [Omotenashi-style management of rokan Okami], Chuokeizai-sha, Japan.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

In order to maintain the economic prosperity of Japan at a time in the shrinking population, it is necessary to expand and explore the international markets. The expansion of inbound tourism market would increase the inbound tourist's expenditure (JPY 1.3 trillion) that currently occupied only 5.8% of domestic tourism expenditure. For this, the lodging industry should choose relevant business strategies and devise schemes to appeal to international tourists as well as domestic tourists.

The ministry also presented a policy – the information about reinforcement exchange and conscious reform on the international tourists.[38] In April 2013, the Tourism Industry Policy Conference made some recommendations to improve the service quality of the lodging industry. The ministry policy was emphasized on the problems of a low quality of information caused by a high reliance of the Japan's lodging industry on travel agencies despite the industry has rising number of inbound tourists. In this regard, the following directions are suggested:

- Identify and share information on international tourist's needs from the perspectives of users;
- Reform the consciousness of lodging managers; and
- Strengthen the information delivery system.

Firstly, a system for collecting, analyzing and sharing the international tourist's needs should be constructed. Information on lodging facilities also has to be posted on the JNTO website, which will be systematically linked to each facility's homepage for booking. In particular, the brand of Ryokans needs to be established with the object of the improvement of brand awareness and better understanding. JNTO will promote the brand identity and image of the traditional cultural accommodations ultimately in the overseas market; and this effort will also urge the relevant organizations to actively attract international tourists. Seminars and manuals for the members should be created to support the innovation process of their consciousness and the improvement of information sharing. Such information should be connected with local governments and tourism associations. Lastly, it is planned to review the publications of best practice examples for the purpose of improving information contents and management mind, and reward systems for main organizations that are involved in information sharing.

In general, while hotel facilities offer the standardized hospitality services, other types of accommodations seem to provide a low level of services. In this respect, Ryokans in Japan would be an exceptional case. Behind the long business history of such exceptional facilities is the characteristics of services that are based on Japanese distinctive culture: i.e., the Japanese unique *Omotenashi* culture is uniquely different from other hotels.

There are more than 40,000 Ryokans in Japan, but it is difficult to synthetically define them. The unique service mind of *Omotenashi,* not Ryokan's capitals, is the main contributor to the management of many high-end Ryokans in Japan. *Okami* and *nakai* are central to the creation and implementation of the Ryokan services in Japan.

38 Ministry of Land, Infrastructure, Transport and Tourism (2014), *Reinforcement exchange and reform on the international tourists* (online), available at: www.travelvoice.jp (27-11-2015).

Uncertain customer needs come into questions not only in tourist services where humans are paramount, but also in all industries that are intended to grasp potential customer needs. In this context, Ryokans hold a very important position in the development of Japan's inbound tourism strategy due to its rationality and efficiency for long-term stay tourists. The Japanese traditional accommodation sector now takes the Japanese living culture into a serious consideration to promote the lodging industry through *Omotenashi,* which will attract international tourists from different cultural and social background.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Chapter 3

Development of themed hotels in China

In China with a great emphasis on promoting the experience economy, the accommodation sector has initiated new tourism products/programmes especially by combining locally available traditional cultural resources and natural attractions. Since 2000, the comparative advantage of these resources has been transformed into the competitive advantage to offer unique hospitality services in the accommodation sector. Today, the accommodation sector has widely been accepted as distinctive characteristics of the culture-based economic development in China, thereby creating a large number of competitive accommodation enterprises that provide Chinese traditional cultural experiences.

3.1 Development of the Chinese tourism and lodging industry

3.1.1 Tourism industry

In 1949 China started developing the hospitality and tourism industry. At that time, the tourism industry was assumed as being a sort of foreign affairs – an extension and supplement of China's diplomacy. It was not just part of the modern industry that the economic activities are stagnant, resulting less than 700,000 inbound tourists.

However, it was after the year of 1978, when China entered the great era of 'reform and opening up' the country, that the tourism industry began to develop rapidly. Between 1978 and 2007, the number of inbound tourists (73 times higher) and international tourism revenue (161 times higher) increased remarkably. From the mid-1980s domestic tourism also rose quickly and on average the annual growth rate was 10%. In the mid-to-late 1990s the reform and opening-up policies brought a boom in outbound tourism; since then, China has become the major driving force in the international tourism market.[1]

Over the past thirty years ago, the Chinese tourism industry has been achieving a great-leap-forward development with such rapid economic growth, occupying a more and more important position in the national economy. China has received enormously increased inbound tourists and became one of the world top tourism destinations.

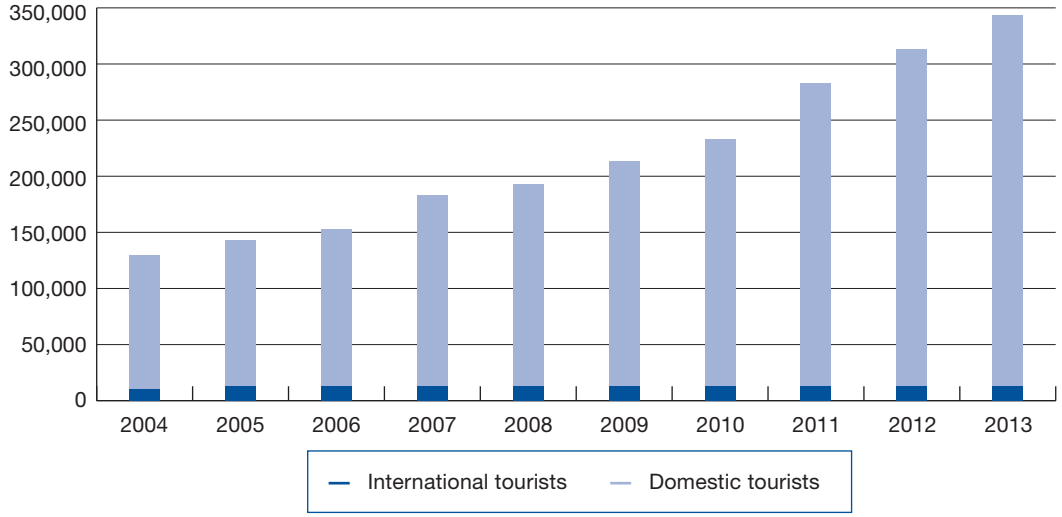
In the past ten years, the tourism industry in China has maintained and sustained the momentum of economic development. Comprehensive economic activities of the industry have been achieved in the highest performance record in its history. The following charts compare the result of the development of the Chinese tourism industry from 2004 to 2013. While inbound tourists were

1 Research Group of National Tourism Administration (2008), *Zhongguo lvyouye gaige kaifang 30nian fazhan baogao* [Report on 30 years of reform and opening up about Chinese Tourism Industry], China Tourism News, Beijing.

slightly ups and downs with a small increase, the number of domestic tourists has been increased dramatically being tripled for the past ten years (figure 3.1).

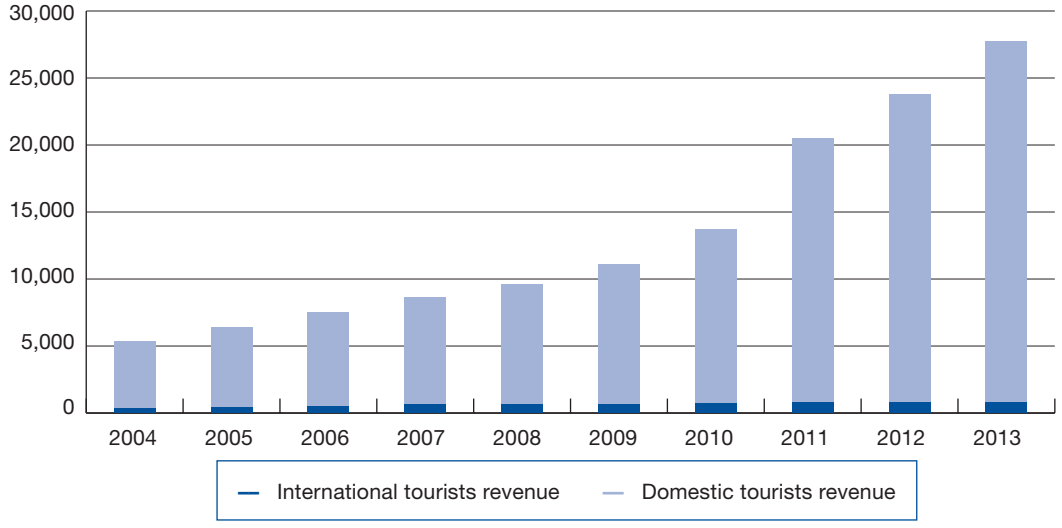
Overall, it showed a significant growth trend both in domestic and international tourism markets. Corresponding with the increased number of tourists, tourism revenue has been increased sharply (figure 3.2). Domestic tourism revenue in 2013 was 5.6 times higher than that of the year, 2004; international tourism revenue in 2013 was two times higher than the year 2004. Total tourism revenue in 2013 was 4.3 times higher than the year of 2004.

Figure 3.1 **The number of international and domestic tourists, 2004–2013 (× 10,000)**



Source: National Tourism Administration, Chinese Tourism Statistical Bulletin, in press.

Figure 3.2 **Tourism revenues, 2004–2013 (CNY 100 million)**



Source: National Tourism Administration, Chinese Tourism Statistical Bulletin, in press.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.1.2 Lodging industry

In China, the lodging industry in a narrow sense can be called as the hotel industry and it includes tourist hotels, traditional hotels, family hotels, hostels, condominiums, and other types of hotels with cultural characteristics. As each type of hotels encompasses different characteristics of accommodation facilities, the scope of the hotel industry is considerably wide. This section will explore different types of traditional culture-based themed hotel facilities as well as the development process of the lodging industry in general.

As an important part of the tourism industry, the accommodation sector has been developing rapidly for some 30 years, and it now has been transformed from a traditional service industry into a more people-oriented service industry with highly modern-style facilities to meet the domestic and international market trends. The sector has become an important part of the national economy as it has become the significant industry by expanding the production and consumption nexus of the economic activities, by improving individuals' living standard, promoting employment opportunities, and thereby becoming an important showcase for China to the global village.

In China, the hotel industry has grown along with the development of the 'star hotel' initiative. This strategy has been going through twenty years and the stars hotels evaluation has become a means of fostering the hotel industry. The national tourism administration counts all star hotels every year and releases the star hotels' statistical bulletin to demonstrate the development status of Chinese hotel industry.

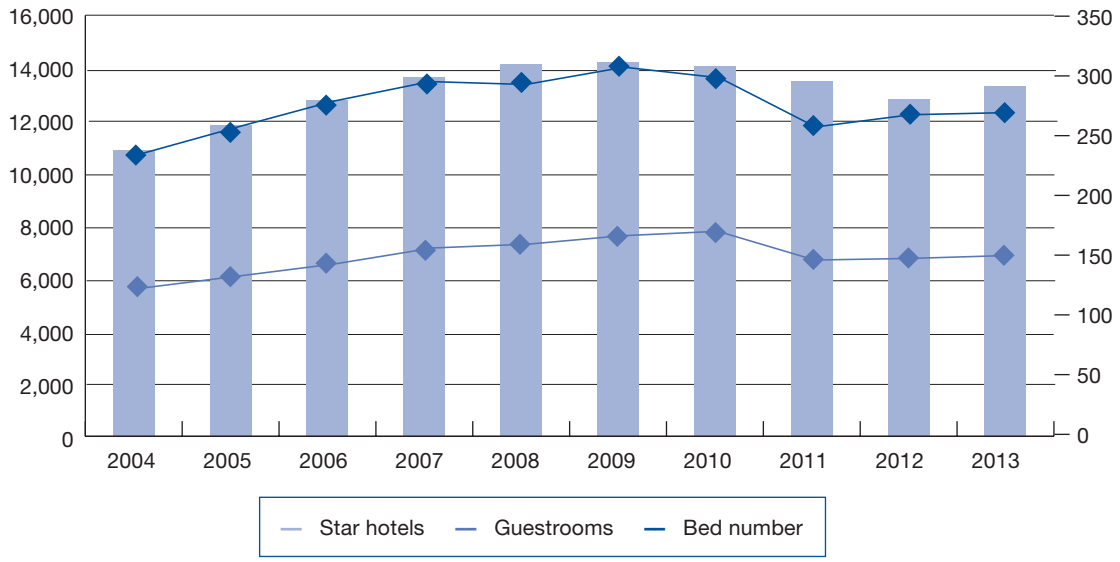
To evaluate the industry, it is necessary to identify what the 'star hotel' is all about: it refers to accommodation facilities equipped with dining services, which were assessed by the National Tourism Administration.[2] It includes hotels, guesthouses, hostels, holiday resorts, clubs, buildings, and centers. These facilities must meet the required level of certain conditions and scales; a star-rating system shows that the hotel buildings and services offered in these facilities should be standardized at the same level. According to "the star hotel standard in China", hotels are divided into five stars category. The lowest level is one-star and the highest one is five-star: i.e., if a hotel received five stars, this is the most luxurious hotel.

The following graph shows the development of the Chinese hotel industry in the past ten years (2004–2013) from the perspective of star hotels. During the past ten years, the number of hotels has been fluctuated, reaching up to 14,237 facilities in 2009 (figure 3.3). The numbers in 2013 grew by 22% from that of the year of 2004. The number of rooms and beds were varied with those hotels. The average occupancy rate was between 55% and 61%, and the lowest occupancy rate was 56% in 2013 (figure 3.4). The revenue generated by star hotels was continued to rise from 2004 to 2012. Despite a slight decline in 2013, it grew by 85% since 2004.

2 National Tourism Administration (2014), *People's Republic of China-star hotel assessment standards* (online), available at: www.china.com.cn (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

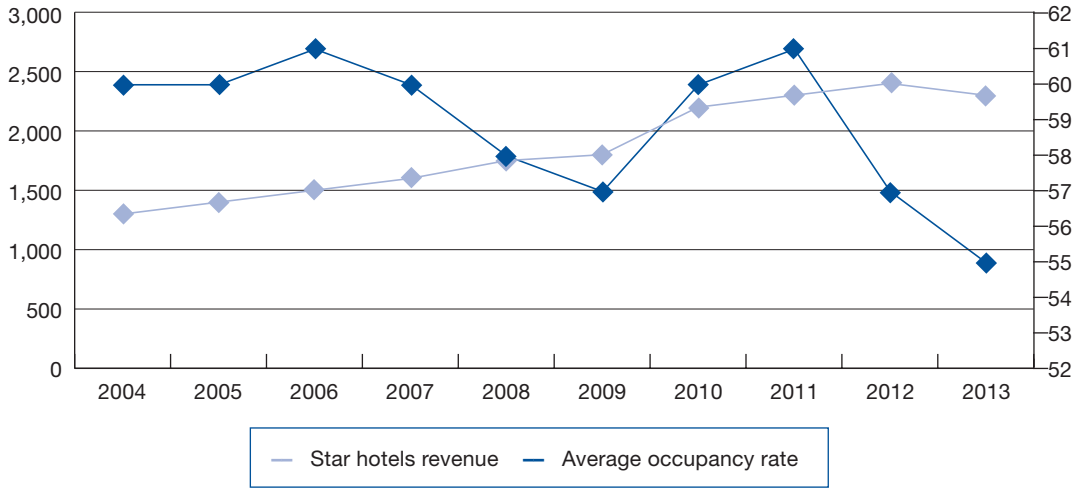
Figure 3.3 **The number of star hotels, guestrooms, and beds, 2004–2013 (× 10,000)**



Note: The numbers of guestrooms and beds of only reported Star hotels (11,676/11,367/11,687) between 2011 and 2013 were reflected in the statistics respectively out of the entire number of star hotels (13,513 / 12,807 / 13,293).

Source: National Tourism Administration, The Star Hotels Statistical Bulletin.

Figure 3.4 **Star Hotel revenue and average occupancy rate, 2004–2013**



Source: National Tourism Administration, The Star Hotels Statistical Bulletin.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.1.3 The importance of traditional culture in the lodging industry development

In the changing global economy, socio-economic and cultural indicators such as the traditional accommodation sector has become important characteristics in promoting the tourism industry and it is expected to become a pillar industry of China's economy. In the experience economy, it is particularly important for the lodging industry to excavate the Chinese traditional culture to meet the needs of new market trends. The idea of themed hotels comes from the influential and unique regional cultural resources, which are incorporated into the tourism product/programme development. Likewise, the hotel industry combined with culture is a platform for organic combination of the tourism industry; it belongs to the category of the subculture industry within the tourism industry or cultural industry.

Since the beginning of 1990s, with the economic globalization the tourism market demand has changed the tendency of tourism development by diversification and specialization of products/programmes. If the hotel enterprises want to survive, they must pursue the innovation activities to meet the changed business environment and avoid hotel homogeneity. Simultaneously, in terms of the construction methods, high-quality materials should be used to build hotel facilities. Hotels should also be themed along with the rich local cultural and natural resources to apply them into the design, construction, decoration, management and service of hotels. The utilization of such resources has been invisibly expanded, which has effectively changed the industry in that the competition of the construction between traditional hotels and modern hotels are enabled to form different characters and charms.

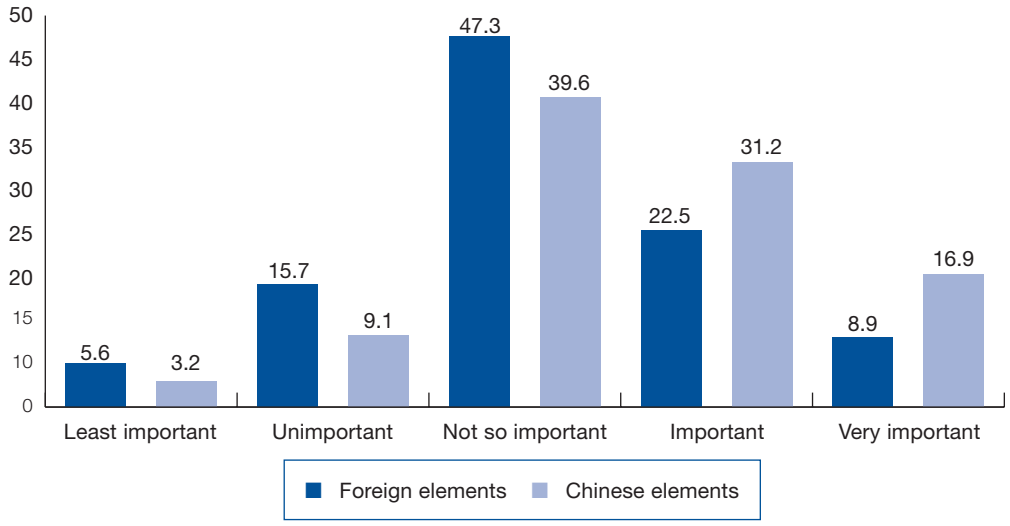
Focused on the demand side of the customer experience, the tourism industry has entered an era of experienced economy. As for hotels, with the gradual improvement of people's living standards, consumers themselves are no longer confined with purely material needs; they expect to have high quality services to meet their psychological and spiritual enjoyment, which reflect the pursuit of novelty seeking, accessing to knowledge, feeling of happiness and other cultural experiences. Thus, experience is actually a kind of cultural production and consumption nexus in the development process of such traditional cultural tourism products/programmes.

In order to meet the demand of customers' personalized experience, it is necessary for hotels to strengthen its unique service culture. According to China tourist accommodation requirements and behaviour research (figure 3.5) published by the Beijing Second Foreign Languages Institute College of Hotel Management and China Tourist Hotel Association, in 2013, 82.3% of surveyed Chinese travelers hoped hotels to be associated with cultural characteristics. A total of 48.1% of surveyed respondents indicated that Chinese elements are more important when asked which characteristics are important between Chinese elements and foreign elements of the characteristics in hotel facilities; and 31.4% of the respondents considered foreign elements more important.

Meanwhile, in relation to the cultural characters of hotels, surveyed Chinese travelers said that tourist accommodations in China can represent themselves by integrating into the traditional Chinese architectural style, decoration, cuisine, special services, and so on (figure 3.6). Among them, 63.7% support for local characters that can be shown through architectural style while 55.3% support for decoration, and 51.6% support through foods respectfully. Comparison diagram shows the ways that cultural characters of hotels are supported by Chinese travelers.

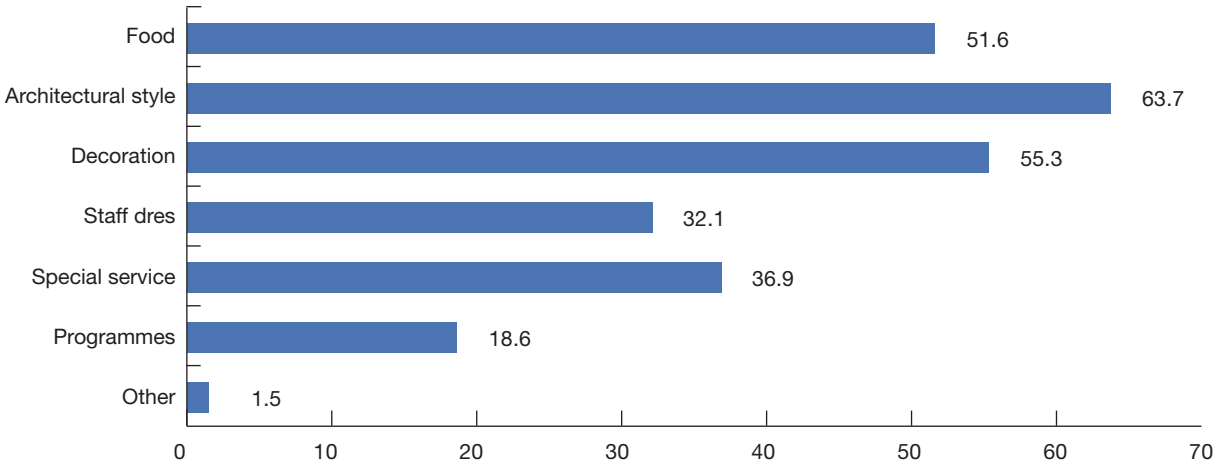
http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Figure 3.5 **The comparison of importance between foreign elements and Chinese elements (%)**



Sources: Beijing Second Foreign Languages Institute College of Hotel Management and China Tourist Hotel Association (2014).

Figure 3.6 **The comparison of the cultural characteristics of the accommodation for Chinese tourists (%)**



Sources: Beijing Second Foreign Languages Institute College of Hotel Management and China Tourist Hotel Association (2014).

When compared with the Europe hotel industry, the Chinese hotel enterprises have a lack of profound accumulation of contents, tastes and characteristics. Hotels are combined with regional culture, yet they are largely made up of their lack of accumulation of traditional Chinese styles. China's rich culture and natural resources can provide a limitless reserve of nutrients for product design and development which can also be full of characteristics. If hotel facilities are built with traditional cultural themes rooted in thousand years of civilization, it will create high quality tourism products/programmes that provide authentic and locally-oriented Chinese cultural experiences.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.2 The concept of cultural tourist accommodation

In China, the definition of cultural tourist accommodation has experienced the change from characteristic (cultural) hotels to themed hotels; and by 2014 it has gradually formed the basic consensus of thematic hotels. In 2014, many tourism accommodation facilities – boutique hotels, economic hotels, country hotels, started to pay attention to the use and presentation of cultural elements, showing a momentum with a variety of forms and contents. These different types of cultural accommodation facilities are also themed hotels having unique and diversified culture. The relevant theories and practical activities in relation to thematic hotel are applied in China. In this chapter the case study will present the analysis that is focused on the themed hotel concept considering the main form of cultural tourist accommodation.

There have been several theoretical studies involving thematic hotels. As thematic hotels grew and became a trend in the changing global tourism market, researchers have sought to determine the relevant definition, characteristics, and the principle of theme choices, function, and construction methods. China National Knowledge Infrastructure (CNKI), the largest academic journal network in China, found 18,006 papers available on *zhuti jiudian* (themed hotels which were originally a bar) as the keyword queries in its full mode as well as a total of 7,290 papers available on *zhuti fandian* (themed hotels which were originally a restaurant). Hence, it has established a series of deep understanding of the theoretical concept.

Themed hotels can be generally defined as the tourism accommodation facilities that take a certain theme as the core of expressing themselves in the design of buildings, decorations, services, products that is creating an image of brand.[3] The themed facilities can deliver the unique cultural image, personalize service objects to provide material comforts, and produce spiritual contagiousness. However, the cultural resources as a theme of hotel facilities should meet the basic rules such as profundity, beauty and identification. Based on the definition, the Chinese hotel industry conceptually refines the basic characteristics of themed hotels, including humanities, differences, experiences, comforts and brands.

3.3 The development of Chinese cultural tourism accommodation industry

The traditional cultural accommodation can attract tourists who are interested in architecture to arrange their trip to experience the traditional cultural property or to participate in traditional cultural programmes. In China, much attention has been paid to the value and use of traditional culture in tourism products/programmes development. In 2000, the accommodation sector has begun to put a value on traditional culture in construction. Thus, it is necessary to describe each stage of the development of the Chinese cultural tourism accommodation sector.

3 Li, Y. (2004), *Zhuti jiudian de dingyi ji jiben guidingxing* [The definition and basic rules of the theme hotel], China Tourism News, Beijing.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.3.1 Exploration stage (1978–2004)

In the initial stage, China introduced cultural elements into tourism accommodation sector, creating the characteristics of thematic hotels. Although an unclear understanding related to this concept caused the use of cultural elements in the simple replication level, this new hotel construction method generated the tourism industry's interests and became the leading topic in the hotel construction. In 1978, the design and decoration of Flying Crane Hotel in Mount Qingcheng Sichuan were reconstructed by the main line of Taoist culture, forming a distinct characteristic, which opened a new attempt to use cultural resources in the accommodation facilities construction.

In 2000, Sichuan Jiuzhaigou Sheraton International Hotel changed the original practice that stressed the construction materials and it transformed the high star-level hotels into Tibetan and Qiang ethnic culture-themed hotel in the design stage. The new practice skillfully combined the history and ethnic-style architectural art with modern convenience. The unique creation made a splendid building in a beautiful eco-friendly environment of Jiuzhaigou. This hotel was voted as the first five-star hotel in the Chinese tourism industry by the National Tourism Bureau because of its distinct characteristics.[4]

The following year, overseas Chinese town group in Shenzhen drew on architectural technique of Venetian Hotel in Las Vegas: i.e., the Venice Crown Plaza Hotel in Shenzhen involving Venetian and Italian cultures. The folk customs have become a model of hotel facilities with the exotic cultural characteristics in the Chinese hotel industry. Although themed-culture began to be important elements as hotel's construction and renovation methods, the concept was not clearly defined at that time.

In 2003, Flying Crane Hotel put forward health-preserving culture under the concept of Taoism for the first time. It was corresponded with the cultural connotation and each functional area has been built in accordance with the needs of excellent quality service. Such cultural construction methods made widespread attentions to the Chinese hotel industry. The hotel also became the first special four-star hotel in China, the Chinese first Taoist culture hotel, and the birthplace of themed hotel in China due to the prominent features. Flying Crane Hotel ideologically accepted the concept of themed hotel, and tried and practiced to create it consciously, thereby raising the star system by characterizing the Chinese hotel industry.

3.3.2 Conscious practice stage (2004–2010)

In the conscious practice stage, the Chinese hotel industry came up with the concept of themed hotel that has a basic feature of the cultural tourism accommodation facilities. The industry also started systematically studying about the themed hotel at an organizational and theoretical level. In 2004, the preparatory conference about Chinese international themed hotel institute was held; nearly 100 representatives from more than 30 hotels throughout the country gathered at the

4 Liang, X. J. (2008), *Dui sichuan zhuti jiudian zhuti dingwei de sikao – yi sichuan zhuti jiudian weili* [Thinking about the Theme Position of Themed Hotel – As the Themed Hotels in Sichuan for Example], Southwest University of Finance and Economics, Chengdu.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Chengdu Jingchuan Hotel.[5] At the conference, the concept of the cultural tourism accommodation was clearly defined as 'themed hotel'. It was concluded that this creation mode of the hotel industry based on innovative cultural activities should be the direction of Chinese modern hotels in the 21st century. For this, the hotels would need to promote the theoretical researches and practical exploration of the Chinese themed hotel in a certain form of organization.

In 2005, the Gudou Forum about themed hotels was hosted by the China Council for the Promotion of Tourism Culture Resources Development and the China Society for the Study of International Themed Hotel. At the forum, the need of building the themed hotels was discussed the development trend of the industry and the changes of market demand. The Themed Hotel titles were given to 22 hotels (e.g., Flying Crane Hotel, Jingchuan Hotel, Chengdu Tibet Hotel, Shandong Jueli Hotel, Guangdong Royal Hotel and Spa and so on), which has been implied the birth of first batch of theme hotels in China.[6] Consequently, the concept of themed hotel was recognized in the whole industry. Meanwhile, on the basis of the need of industry development and the difficulty of building the themed hotels, a great number of scholars carried out the effective theoretical study. The topics of their preliminary studies were about definitions of themed hotel, its inherent law, and the principle and method of its construction in the various perspectives. As a result, this research made significant contributions to the infant area of the study in the Chinese perspective.

In the following year, the founding conference for the study about International Themed Hotel was presented at the tennis culture theme hotel (Shandong Yuquan Senxin Hotel) by the China Society (the themed hotel development, operation, and service standard). The standard of each stage of the development played a technical role in the exterior construction and service management of themed hotels. In 2007, the Sichuan Provincial Tourism Bureau and the hotel evaluation committee compiled the division and assessment of the themed hotels.[7] It included the detailed descriptions and the requirements of the types of themed hotels and each area of function, service process, and management. This scheme became the China's first themed hotel construction and evaluation criteria.

3.3.3 Standardization development stage (2010–present)

The rising situation of the hotel industry with characteristically themed construction methods has been needed the standardization of the lodging facilities in the development of cultural tourism accommodations. In this regard, many of local administrative departments in tourism began to attach the importance of the themes in the construction of the hotels, and set out to make relevant norms and standards. In Sichuan Province the Division and Assessment of the Theme Hotels issued local standard and formally promulgated in June 2014.[8] Simultaneously, other provinces such as

5 *China Hotel Association and organize groups to visit Chengdu cultural theme hotel,* HC Hotel Network, published on 2013 (online), available at: http://info.hotel.hc360.com/ (27-11-2015).

6 Fan, L. (2009), *Zhuti jiudian wenhua fenwei yingzao yanjiu* [Study on the cultural atmosphere of theme hotel], Lan Zhou University, Lanzhou.

7 Sichuan Provincial Tourism Bureau (2007), *Sichuan Provincial Tourism star hotel evaluation committee issued a notice on classification and evaluation of Sichuan theme tourist hotel* (online), available at: www.scta.gov.cn (27-11-2015).

8 Sichuan Provincial Tourism Bureau (2015), *2014 Sichuan tourism industry service supervision ten events* (online), available at: m.scta.gov.cn/ (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Zhejiang Province, Anhui Province and Shandong Province drew upon their own standards: the implementation of the characteristically culture themed hotels.

In September 2014, the China National Tourism Administration launched the themed boutique hotel evaluation standard. It implied that the construction of China's themed hotels received numerous attentions from the competent departments, which began to institutionalize the standard. Since then, the construction of the themed hotel has entered a stage of normalization and aroused more interests throughout the industry with cultural characters. The related forum of the themed hotels, characteristic hotels and culture hotels has been emerged for more than 20 years. Many participated individuals working for the hotel industry expressed that the construction of the theme hotels in China has stepped into the golden development period of the accommodation sector.

At present, there are more than 400 facilities of the themed hotels in China; these hotels in Sichuan, Shandong, Beijing, Guangdong and Zhejiang provinces have been a good model of such development. As of 2013, the investment of the Chinese themed hotels industry reached CNY 11.6 billion, an increase of 15% from 2012. In the next few years, the scale of investment in the themed hotels industry is expected to grow by -15% on annual average. A notable example of the themed hotels is in the city of Chengdu where the Division and Assessment of the Themed Hotels issued in Sichuan Province has been supported by numerous tourist hotels. The hotels tried to meet the related requirements to actively take part in the assessment of the programme. In the beginning of 2015, seven hotels were evaluated as theme hotels in accordance with the Sichuan's standard (table 3.1).[9]

Table 3.1 **Hotels evaluated as theme tourist hotels in the city of Chengdu**

Series	Name of hotel	Star level	Theme level	Main content
1	Tibet Hotel	Five-star	Five-grade	Tibetan culture
2	Jingchuan Hotel	Four-star	Five-grade	Three Kingdom culture
3	Minshan Mountain Anyi Hotel	Four-star	Five-grade	Culture of Mianzhu New Year pictures
4	Sichuan Railway Hotel	Four-star	Five-grade	Railway culture
5	Chuanying Hotel	Two-star	Three-grade	Film culture
6	Zi Gong Hui Dong Hotel	Four-star	Five-grade	Salt culture
7	Jiu Zhai Gou Sanroyal International Hotel	Four-star	Five-grade	Culture of Tibetan song and dance

Source: Chengdu Evening News (2014).

9 'Chengdu next year will introduce a theme local standard tourist hotel', Chengdu Evening News, published on 14 November 2014 (online), available at: cdwb.newssc.org (27-11-2015).

3.4 Chinese themed hotels

3.4.1 The types of cultural resources

Overall, market demand pressures and industry consensus have brought about the creation of the characteristic themes in the entire hotel industry. It has also become the mainstream of the construction of the lodging facilities, in which rich cultures have been incorporated with cultural themes. The types of cultural resources influencing the themes for the current Chinese theme hotels are mainly composed of social and natural resources (table 3.2). The first is divided into cultural and historical resources and cultural reality resources; the latter is also sub-divided into natural science knowledge and natural aesthetic resources.

Table 3.2 **Types of cultural resources used in Chinese theme hotels**

Main category	Sub-category	Elaborate type	Cultural resources used
Social resource	Cultural and historical resources	The historical and cultural themed hotel	Cultural phenomenon, historical period, historical events
		National culture themed hotel	National culture, national customs
		Regional culture themed hotel	Regional culture, famous town, iconic symbol
		Folk culture themed hotel	Folklore, custom and culture, festival culture, sports fitness culture, local crafts
		Celebrity culture themed hotel	History, real celebrity, revolutionary martyrs
	Cultural reality resources	Economic and cultural themed hotel	Economic fruit, speciality
		Education of science and technology culture themed hotel	Scientific and technological achievements, museum culture, library culture, recreation, fitness, health maintenance, art, music
Natural resource	Natural science knowledge	Natural experience culture themed hotel	Natural science knowledge, creation, innovation
	Natural aesthetic resources	Natural aesthetic culture themed hotel	Natural scenery, natural ecological, landscape, poetry, paintings and pictures

Source: Chen (2007).

Historical and cultural themed hotels

Five thousand years of Chinese civilization have enabled the establishment of rich resources for the themed hotel settings. In the process of the development and utilization of historical and cultural resources, the themed hotels can be some kind of cultural phenomenon. Hotels can use a certain historic era or some historical events to form a unique introduction and display the historical and cultural resource section. The mainstream culture should be a priority in the development of historical and cultural resources. The themed hotel facilities need to be developed on the basis of more consumers' love and adhere to the pursuit of the basic principles of the truth. The examples of these kind of themed hotels are as follows: Jingchuan Hotel indicating three

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

kingdoms' culture in Chengdu, Queli Hotel representing Shandong Qufu Confucian culture, and Shenzhen Oct Intercontinental Hotel adopting Spanish culture.

National cultural themed hotels

China is a multi-ethnic country with a splendid history and culture. Colorful customs of different ethnic groups thus show a different side of Chinese culture. Being of the global culture, national culture also has a strong appeal as the theme of hotels. For example, Tibetan culture appeared in Tibet hotels, and West Qiang International Hotel in Beichuan County, Sichuan, used Qiang culture as the theme of the hotel facilities.

Regional cultural themed hotels

Themed hotels which are based on local unique materials such as regional culture and symbolic signs (e.g., city flower, city tree, special plants and animals, landmarks, etc.) show local characteristics of unique images through accumulation of local heritage history as well as achievement of civilization. This is exemplified by the special Xin Shu Lian Hotel located in Chengdu, which has used lotus culture as its theme of the facility. Also, Sichuan Dazhou Hotel has adopted Sichuan traditional culture.

Folk culture themed hotels

Themes can be established by material or immaterial, visible or invisible folk legends, life style and customers, festival and ceremony culture, physical fitness culture, technique and specialties. These elements have the cultural connotation with the unique features of local environment that are formed by its inhabitants. For instance, He Xiang Hotel, which utilized the culture of Qingcheng Mountain Taoism, indicated the preservation of traditional health treatment. Yu Quan Sen Xin Hotel in Shandong employing table tennis culture is another good illustration of such folk culture themed hotels.

Celebrity cultural themed hotels

There are numerous Chinese talents and heroes worthy of being remembered and respected, who can be used to develop unique themed hotels. In this context, the chosen celebrities should be widely known and have a certain correlation between individuals and hotels. Considering these factors, the celebrities can attract customers' attentions and match up with the hotel products closely.

Economic and cultural themed hotels

The development of economy is a measurement of social development. Influential factors on economic life of the place where a hotel is located can be applied to its theme, representing the development of regional culture in a better way. For example, tea culture and railway culture are used by Nanchong Unity Business Hotel and Chengdu Iron Tower respectively.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Education of science and technology culture themed hotels

Science and technology achievements, including museum, library, arts and music culture, can be taken into consideration in the theme of hotels. This is evident in Changhong International Hotel in Mianyang employing electrical science and technology as its theme, Hefei Shore Royal Emblem Floor Hotel including Hui-style Museum, and Hangzhou Qinyuan Hotel focused on traditional local arts.

Natural experience culture themed hotels

Natural science knowledge can be refined as the materials of theme hotels to expand people's knowledge. Sanya Huandao Underwater World Hotel has used the marine culture as its theme of the facilities.

Natural aesthetic culture themed hotels

This type of hotel refers to its use of the original form of natural resources, natural scenery and landscape poetry, painting, picture as the material to show the rhythm and beauty of nature. Nanjing Landscape Hotel has used the theme of admiring stones.

3.4.2 Case studies: representative thematic hotels

Figure 3.7 **Map of case accommodations location in China**



Source: Made by Debbi B.H. Lee.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.4.2.1 Chengdu Tibet Hotel

Background

Of Confucianism, Taoism, and Buddhism – the most influential ideologies and cultures in China – Buddhism should be in the second place, which has a profound origin of the culture in the country. It is the first foreign religion and culture that are integrated into Chinese ancient society and traditional culture.[10] After spreading from India and Central Plains to Tibet in the 7th century AD, Buddhism was mixed with the native religion (Bon) and culture together and gradually formed a special Buddhism with a strong Tibetan cultural characteristics (commonly known as "Lamaism") in the second half of the 10th century.[11] Before 1959, Tibet implemented 700 years of theocracy. Under the Tibetan local government's enforcement, the religion has affected everywhere in Tibetan politics, economy, education, culture, and daily life. Tibet is an almost universal Buddhist nation, and its religion is an indivisible whole.

Hotel introduction



Tibet Hotel (courtesy of Chengdu Tibet Hotel).

Tibet Hotel is a typical example of the thematic business type hotels.[12] Chengdu Tibet Hotel, which belongs to the Tibet autonomous regional government, is located in the central district of Chengdu by the side of Jinjiang River. Known as 'the window of Tibet', it is a national five-star tourist hotel, a national gold leaf level green tourism hotel, and a five-grade themed hotel in the industry. The hotel was redesigned by the American master Mr. Katz in February 2002. In that design, the modern hotel was combined with Tibetan characteristics including auspicious culture and modern rhythm.

The overall architectural style of the hotel has a meaning of the plateau. The slight rough appearance consists of red and white as a fundamental key; while the red represents the Tibetan peaks and Tibetan nationality of enthusiasm, the white is a symbol of the Snow Mountains of Qinghai-Tibet plateau and the Tibetan Hada, standing for purity and nobility. The roof is decorated with *Jinding* and the door frames are decorated with turquoise, lotus, rotatable design and other iconic elements of Tibetan culture.

10 Li, X. (2008), *Qianxi zangchuan fojiao yu zangzu chuantong wenhua* [Shallow analysis of Tibetan Buddhism and Tibetan traditional culture], Hunan Agricultural Machinery, Changsha.

11 Shi, S. (1997), *Zangchuan fojiao yu zang minzu de xingcheng* [The formation of Tibetan Buddhism and Tibetan National], Journal of Sichuan University, Chengdu.

12 Lv, H. F.; Xiao, X. and Jiang, Y. A. (2010), *Zhuti jiudian de fenwei yingzao – yi Chengdu Xizang fandian weili* [The atmosphere creation of the theme hotel – a case study of Tibet Hotel Chengdu], Journal of Chengdu University of Technology (Social Science), Chengdu.

Features and experiences



Front office (courtesy of Chengdu Tibet Hotel).

Tibet Hotel has the front office combined with modern and Tibetan style, highlighting a warm and sweet, mellow and passionate cultural atmosphere. In the lobby, large tapestries – Heaven road, The Light of Buddha, Snow area song intensify the Tibet culture and its hospitality atmosphere. The Tibet periodicals are also displayed to offer a way for guests to know about Tibet. These features are the reason the Tibetan Hotel has been known as 'the window of Tibet'. Tibetan culture shopping gallery makes the theme of the hotel more distinct. The gallery is full of Tibetan culture and art, including the *tangka* (a currency of Tibet), Tibetan incenses, teas, and medicines, and all sorts of Tibetan handicraft, which are presented in the concentrated area of the Tibetan culture.

The Tibet Hotel's guest rooms meet the basic functional requirements and comfort and effectively put Tibetan cultural elements and symbols into products, which are a bright spot in its product system. The design of the hotel's doorplate is inspired by the shape of Qinghai-Tibet Plateau where Tibet is situated. A Tibetan six-word proverb, meaning blessings, is written in the door lock. This cultural element conveys a mystery of Tibet stemmed from the Buddhist philosophy and Tibetan language. Furthermore, Tibetan tea that is popular in the plateau is served not only to welcome guests but also to supplement enough fat, sugar, and vitamin against hypoxia, which can be suffered in the roof of the world Qinghai-Tibet Plateau.

Likewise, Tibetan culture with Buddhism and national features are permeated into some other cultural symbols: the prayer-wheel-shaped announcement, blooming butter sculpture in the carpet, the prayer-wheel-shaped TV cabinet, the silk embroidery of Eight Auspicious on the wall, floor lamp with waving prayer flags, and lotus box. While staying in the room, guests can experience the Tibetan culture deeply.

Chinese restaurant Red Palace in Tibet Hotel combines Sichuan cuisine and Tibetan customs. It was firstly launched with Tibetan song, dance performances, and service etiquette in Chinese hotels, leading a creative culture. The restaurant featuring Tibetan royal cuisine reflects the noble quality and pure characteristics of Tibetan culture.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.4.2.2 Hainan Qixianling Narada Resort

Background

Laozi and Zhuangzi[13] advocated 'pure inaction', 'back to basics' to keep fit, considering human and nature as the core of harmony between man and heaven. Taoist thinking, which implies returning to nature, is the understanding of the identity of nature from the human's viewpoint. With the aid of nature, self-healing helps to stay healthy. Taoist health-maintenance consists of four ways: spiritual practice – getting rid of miscellaneous thoughts and recovering tranquility to remain untarnished; breathing practice; physique practice – including massage, guidance, and boxing; and inner alchemy practice – helping to gather an essence, gas, spirit together to make eyes and ears clear for a healthy, long life.

With regard to *Taoism, Tai Chi* is a slow, soft, and lightsome boxing, which requires body to easily breathe, to conduct gas by thought, to bind static and dynamic actions, and to throw the body into nature to reach the goal of easing stress and releasing emotions. It also enables to enjoy the harmonious state of Heaven. Practicing *Tai Chi* can prevent hypertension and cardiovascular disease.

Hotel introduction



Hainan Qixianling Narada Resort (courtesy of Hainan Qixianling Narada Resort).

Hainan Qixianling Narada Resort is a notable example of the Chinese holiday-themed hotels, which is invested by the Zhejiang Narada hotel group. It is located in the Qixianling Hot Springs National Forest Park of Baoting County which lies in the Wuzhishan's south foothill in the south inland of Hainan Island as well as in the hinterland of Sanya international tourism circle. The hotel was dubbed a tourists' favorite Hainan Island international tourism hot spring resort hotel in 2011.[14]

The design and construction of the resort follows the principles of 'natural, harmonious, ecological, high-taste' taking full advantage of the existing topography. The main building and separate villas are organically positioned with nature. The hotel makes full use of the existing valley streams and ponds, creating a variety of waterscape and different landscape with the green space covering 74%. The hotel has 49 single villas for family, which are situated between the rainforest. Such harmony between people and nature creates a garden-style life and recreational environment with distinctive local characteristics.

13 Laozi and Zhuangzi are Chinese ancient people and the representatives of Taoism.

14 '2011 visitors favourite resort and spa-Qixianling Narada', Hainan Island Hainan vacation Network Channel, published on 11 January 2012 (online), available at: www.tohainan.com/ (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Features and experiences

The important concept of Hainan Qixianling Narada Resort is recreation and health. The hotel is famous for China's best natural oxygen with the concentration of negative ions up to 8,200–30,000 per cubic centimeter. Moreover, the fifteenth generation *Kung Fu* descendant of Sanfeng sect from Wudang has been teaching traditional *Tai Chi* and yoga classes as the hotel's health adviser. Simultaneously, tea ceremony lessons, flower arranging classes, health soup, stream fishing and other health projects have been opened. Spa, traditional Chinese medicine, and health projects are also integrated into the rainforest surrounding the hotel.

Hot spring is the major service project. Since each room has its own private hot spring pool on the outdoor terrace, guests can enjoy hot springs while viewing the rainforest and have an intimate contact with nature. An outdoor public pool established with the exclusive spa resource of Qixianling has been developed and featured in spa projects such as Five Health Spa (e.g., coffee spa, Chinese medicine spa, milk spa, green tea spa, ganoderma spa and little fish spa).

The rainforest is another feature of the hotel, using Qixianling unique mountain features to carry out rainforest adventure and treasure hunt in the mountain behind the hotel. The original rainforest and rich species of flora and fauna, the well-preserved and mysterious rainforest landscape leave guests a profound impression, becoming popular tourist attractions. The hotel is located in Qixianling Hot Spring Forest Park, the original and most intact forests and topography in Qixianling region. A special lesson is led by staff to explain rainforest plants and the health properties of various plants. A welcome tea that is offered in the lobby is also made by wild herbs picked from the hotel park.



The experience of weaving Li nationality's brocade (courtesy of Hainan Qixianling Narada Resort).

In addition, special activities related to Li nationality are held: their song and dance lessons, weaving their brocade, cooking bamboo rice, farming life (the hotel has a special dry paddy of Li family for guests to experience planting the Shanlan rice). They fully demonstrate the Li and Miao culture[15]. Every weekend and/or holidays, there is a welcoming ceremony with Li and Miao in the lobby so that guests can appreciate the tradition and passion of ethnic minorities. For honeymoon or wedding guests, their special wedding customs are added to the ceremony. Guests can visit the local homes to experience folk customs.

At last, Li and Miao cuisines and healthful meals are the hotel's main food recommendation. A local chef offers local flavour cooked with mountains ingredients and medicine diet materials of local minorities. Especially in the green pollution-free environment of Baoting, healthy menus are launched according to the 24 solar terms, using organic materials, roughage, and rich tropical

15 Li and Miao culture is one of the minority cultures in China. China has 56 nations, each of which has their own culture (e.g., its traditional clothes, different lifestyle, languages, and a specific way of cooking food).

fruits as ingredients. Customized meals can be served according to personal tastes such as vegetarians.

3.4.2.3 The Emperor Hotel Beijing

Background

In the Chinese traditional culture, an emperor is regarded as the son of heaven and the parent of people. Thus, he is the king of the land under heaven. A person sitting on the throne that is holding the god's order and inheriting the new destiny is the highest representative authorized by God to handle human beings.[16] Since China's feudal monarchy system has more than 2,000 years of history, the unconditional admiration and reverence to emperor have gradually internalized to a national consciousness. Hence, when referring to 'Emperor', it is not just a kind of Chinese traditional culture but also bringing the guest honourable feelings.

Through the change of a number of dynasties, Chinese seals possess practical appreciative values and become one of the Chinese traditional arts. In general, seals are symbols of national identity. The Imperial Jade Seal is the evidence of the ancient Chinese emperor's identity, which symbolizes the highest power; without the seal, the emperor was considered to lose dignity. Now, Chinese seals have become fashionable gifts for social, economic and cultural exchanges, which represent faith, blessing, respect, cordiality, and conventions.

Ancient Chinese also had interesting beliefs in numbers. They believed that nine is the largest positive odd number meaning the noblest spirit, while five is in the middle position between the positive numbers, signifying harmonization. The combination of two figures, both nobility and harmony, is the most appropriate symbol of the emperor.

Hotel introduction



The Emperor (courtesy of the Emperor Hotel Beijing).

The Emperor is a representative of Chinese themed chain inn, which is invested by Beijing Dacheng well and Hotel Management Group. It is created as a cultural boutique hotel brand aimed at showing the Chinese boutique hotel style to the world and promoting Chinese culture through a new hotel management model. The hotel places emphasis on the traditional cultural designs and attempts to create an urban culture. The Emperor's name featured with 'inn' and 'station' is the heritage and innovation of traditional culture. It also features the hotel's delicate and unique interior, tailored service, and the reflection of the Chinese lifestyle.

16 Li, X. Y., and Song, J. (2013), *Diwang wenhua yanjiu mantan* [About the Imperial culture research], Reform and Opening, Nanjing.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Following the specific expression "the nation is the world," the Emperor has devoted itself to a new hotel development model incorporating the Chinese traditional culture into the international fashion wave. It encompasses the Emperor Beijing Forbidden City Hotel, which was selected by Forbes in 2008 as one of the world's top twelve popular business hotels among business people.[17] Other examples are: the Emperor Beijing Qianmen Hotel, the first boutique hotel uses the concept of 'water' in China; The Emperor Libo Resort located in Karst, Guizhou.

The Emperor Beijing Forbidden City Hotel opened its doors in 2008. Because guests were mainly from Europe and America, the creation of products was focused on their aesthetic tastes and habits. During the past six years, the number of Chinese domestic guests has also been growing, leading to a decreasing proportion of foreignguests down to 65% from 99%. The number of European and American guests has also dropped from 90% to 55%, but they have still held the largest share as the most important customer groups.[18] The Emperor Beijing Qianmen Hotel targets not only Europeans and Americans but also guests from Japan, South-East Asia, and other areas. In the case of the Emperor Libo Hotel, its remoteness and lack of transportation accessibility gives the hotel an advantage as an attractive place for Chinese domestic leisure guests for their holidays.

Features and experiences

The direction of thematic hotel construction is to mix the Chinese traditional culture with the western lifestyle that is focused to promote the national culture. Regardless of its design, cultural theme, or special services, the introduction of the Emperor Hotel facilities is trying to add genes of oriental and traditional Chinese lifestyle. For example, guests can have not only tea time while checking-in but also in-room three minutes free call services (international/ domestic), which reflect the Confucius concept: i.e., "While your parents are alive, do not journey afar. If a journey has to be made, your direction must be told."[19]

In addition, all of 55 rooms use the ancient Chinese 55 emperors' name and painted portraits instead of room numbers, and booklets about emperor legend are offered. Interestingly, hotel rates are all ended specifically with number "9" because the emperor is in the nine-five position (the noblest position). The prices of food products and beverages are ended with number "7" because in the Book of Changes it tells that "7" is a number with less yang. In Buddhist culture saving a life is better than building a seven-story pagoda, and even an enlightened monk can only build pagoda with seven stories. These associations of traditional culture can stimulate the curiosity of guests.

17 www.theemperor.com.cn/en/

18 'Interview with chairman of Beijing Launching of Emperor Hotel', NetEase, published on 23 july 2010 (online); available at: money.163.com/ (27-11-2015).

19 Confucius, *The Analects of Confucius*.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Every night lantern-raising ceremony is held to show Chinese culture in an acceptable way by foreigners. While checking out, the hotel will specially offer guests an Emperor seal of that room as a farewell gift. This unique experience is a way of attracting guests to hotels and a part of guests' recognition of oriental hospitality.



The Emperor seal (courtesy of the Emperor Hotel Beijing).

3.4.2.4 The Silk Road Dunhuang Hotel

Background

Silk Road is a commercial trade land route which connects China and Europe, specifically starting from Zhangqian and Chang'an (now Xian), passing Gansu and Xinjiang, reaching to Central Asia, West Asia. It is also connected to the Mediterranean countries in the Western Han Dynasty (202 BCE – 8 ACE). Since its initial role is to transport the ancient Chinese silk products, it is named as Silk Road, also known as the North-West Silk Road. The road is a main access for economic, political and cultural exchange route between East and West. In June 2014, Silk Roads: the Routes Network of Chang'an-Tianshan Corridor, a joint declaration of China, Kazakhstan, and Kyrgyzstan about the Silk Road in the eastern part, was successfully listed as the World Cultural Heritage[20]. Natural landscapes along the Silk Road are curious and magnificent.

Hotel introduction



The Silk Road Dunhuang Hotel (courtesy of the Silk Road Dunhuang Hotel).

The Silk Road Dunhuang Hotel is a representative of Chinese traditional cultural hotel that was opened in August 1995, as in a joint venture controlled by Hong Kong Silk Road Hotel Management Limited. It is located in Dunhuang City, Gansu Province, which is the most valuable town on the Silk Road.

The hotel was built from materials such as stone and clay, and designed in a typical enclosed courtyard style with old walls in the northwestern part of China. Combined with the craftsmen's originality, it has been derived from a group of buildings and houses in Han and Tang architectural styles, which provide tourists with the bustling scene of Silk Road including the traditional culture and local characteristics. Its dry landscape garden demonstrates Zen, and large murals in the lobby – Silk Road heroes, Silk Road monument, and Silk Road treasures show the long and profound spirit of Silk Road culture. The Puxian Court and the Xueshi Building are established for

20 http://whc.unesco.org/es/list/

scholars to work in Dunhuang. By strengthening the functions of the facilities, the hotel provides rich guests experience via local cultural resources.

Features and experiences

With the cultural convergence of East and West, Gobi desert, and oasis geographical features, The Silk Road Dunhuang Hotel has developed some distinctive cultural services.



Genghis Khan Campfire Evening
(courtesy of the Silk Road Dunhuang Hotel).

Dunhuang is a habitation of each of western nations in history. It is a place for east-west trade and cultural commuting, where the rich multi-ethnic nomadic culture and farming business have been ingrained. Throughout historical research, the hotel set up Genghis Khan Campfire evening reflecting the desert custom. The campfire with the background of Mingsha Sand Dunes and Dunhuang Castle matches the theme of Silk Road and Dunhuang culture. In the food sector, Dunhang traditional foods such as Hu cake, baked potato, pilaf, and mutton soup are provided according to the study of Dunhuang Research Institute about food materials related to Mogao Grottoes murals.

Silk Road is a cultural and commercial road across the Eurasian continent, which covers a distance of thousands kilometers through Gobi. Guests can get a special experience of the open-air breakfast surrounded by the sand hills by camels through Gobi on the country road in the early morning. When the first rays of the morning sun come, breakfast – on-site omelettes, toast, and coffee is served. While enjoying foods and viewing sunrise, guest can enjoy the natural beauty of Dunhuang on the thousand-year-old Silk Road.

The stars pavilion is a must-go place for guests, a highlight of the village, which took many years to build up. Dunhuang star map, which has been stored in the British museum, is the oldest ancient map having a large number of stars among the world's existing ancient star maps drawn in the period of Emperor Zhongzong of Tang Dynasty (705–710). In 2002, the international number 4273 asteroid was found by the Zijin mountain observatory of Chinese Academy of Science: in 1978 it was approved by International Asteroid Center and the International Asteroid Committee officially named it Dunhuang Star.[21]

In order to promote Dunhuang star tourism projects and improve the overall regional cultural tourism taste, the village first invested CNY 100,000 to build a stars pavilion for stargazing experience. This investment enabled to install three astronomical telescopes, and the electronic virtual starry sky, star pen, view figure. The experience enriches guests' cultural life at night and

21 'With the sky Dunhuang', China Internet Information Center, published on 11 January 2002 (online), available at: www.china.com.cn (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

helps the hotel guests view the beauty of the desert sky. Meanwhile, dance and music shows are performed by Duhuang dancing team every night to provide the guests with the essence of the Mogao grottoes and the depth of Dunhuang culture.

A Dunhang set is an introduction of cultural activities, closely linked with various traditional local festivals. It is a mid-autumn festival launched in Valley by Dunhuang Culture Development Foundation that is committed to building Dunhuang culture investigation platform for domestic and overseas artists and cultural experts. It connects Dunhuang culture with literati gatherings, art experience, the aid of poor students, and other multivariate activity forms. The Dunhuang set has been a grand celebration for guests who are interested in the ancient cultural site of Dunhuang including local people's daily life.

In 1994, Dunhuang Hotel established cooperative relations with Chinese Hong Kong Exploration Institute to set up the expedition based in Gansu, Qinghai, and Xinjiang, resulting in the creation of Altun Mountain adventure. The adventure of inaccessible Altun unmanned area makes visitors enjoy the hidden wonders of the mountain.

3.5 Chinese government policy related to the culture and tourism industry

China is a country with a long history and splendid culture. The government clearly recognizes that China's cultural heritage, the profoundly spiritual pursuit of the nation, contains the Chinese basic spirit, which represents the unique national identity. Thus, the government is highly regarded in the protection of culture by paying attention to the display of the unique charm of the tradition as an important part of the national strategy. Consequently, in recent years, the State Council formulated a series of policies and regulations to make a decision to support and develop the cultural tourism industry.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Table 3.3 **The relevant policies and regulations**

Category	Relevant policies and regulations		Note
The basic law	Tourism law of the People's Republic of China.		The highest legal protection of the tourism in all aspects.
Finance	– Provincial tourism development special fund management method; – Cultural tourism industry special support funds management measures; and – Tourism development fund to subsidize local project funds management approach.		To ensure the project funds.
Operation and management	Tourism promotion policy	– The State Council opinions on promoting the reform and development of the tourism industry; – The State Council on promoting development of combination of cultural creativity and design services and related industries; – Several opinions on supporting and promoting the development of cultural industry; and – On promoting the sustained and healthy development of tourist hotel industry views.	The rapid development of the tourism industry security.
	Tourism strategic planning	– The outline of the 'Twelfth Five-Year Plan' for China's tourism; and – Sichuan Province tourist hotel development strategy planning.	
	The law of the hotel operation and management	– Hotel industry security management measures; – Hotel management company management procedures; – The People's Republic of China Food Sanitation Law; – Food hygiene administrative punishment measures; and – Entertainment management regulations.	The provisions of the hotel facilities related to service quality, food hygiene and hotel operations involving the rights and obligations and relevant specification, etc.
	Classification and assessm-ent of regional Themed Hotel	– Sichuan Province: classification and evaluation, 'the theme of the tourist hotel'; – Zhejiang Province: characteristic culture theme hotel division and evaluation to carry out detailed rules (Trial); – Anhui Province: characteristic culture theme hotel division and evaluation; – Beijing city: theme hotel standard classification and evaluation; and – Shandong Province : cultural theme hotel division and evaluation standard (Trial).	Formal evaluation measures of hotel, professional and scientific management.

Source: China's Travel Law Studio.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.5.1 Introduction to tourism law of the People's Republic of China

The basic law of tourism in China is the Tourism Law of the People's Republic of China, which was firstly adopted in the second meeting of the representative of National People's Congress (NPC) Standing Committee held in April 2013. In the same year, the law came into effect by the order of the President of the People's Republic of China. It is divided into a total of ten chapters: general provisions, tourists, tourism planning and promotion, tourism operation, tourism service contract, tourism security, tourism supervision and management, tourism dispute settlement, legal responsibilities, and supplementary provisions. The tourism law is generalized to emphasize all kinds of general legal norms, including the Tourism Law in the narrow sense and other adjustments of tourism activities in all kinds of legal relations of the relevant laws and regulations.

In this regard, the State Council and the tourism authorities have promulgated specific tourism administrative regulations and departmental rules. Their proclamation implies that the concept of tourism law encompasses not only the state laws and regulations but also local regulations. Both laws and regulations have been formulated by the country and signed by the Chinese government: that is, the NPC for approval of the international treaties and international agreements.[22]

3.5.2 Finance

Each of China's provinces has issued a series of project funds and special funds to support for tourism development. The purpose of the funds is to standardize and strengthen the management of the cultural industry development; so as to improve capital efficiency and assure project for the smooth development and promotion of the local tourism industry. Simultaneously, the government funding also plays a positive role in the development of cultural accommodation facilities by the provision of financial support for the hotels, which have suffered from financial pressure. In particular, small-scale hotels with low management level skills can expand their size and attract more outstanding management personnel with the funds. Financial support can also be used as a reward for new local cultural accommodation facilities that meet certain requirements.

For example, the Guiyang city government has actively supported for development of boutique hotels to create a number of regional layout that are focused on the diversity of category, themes, and features of prominent boutique hotels. By 2017, new investment will be made on the expansion of 100–120 boutique hotels via the introduction of one or two famous international resort brand and the cultivation of 20 well-known local boutique hotels. As a result, more than 20 individual Village Boutique Hotels (inn) will meet tourists' needs for their holiday leisure activities. It will comprehensively enhance the service industry in Guiyang especially for summer vacation and overall competitiveness of the region as a tourist destination.[23]

The city of Xining has been rapidly developed and continuously urbanized with consumer industry. However, the under-developed lodging industry made visitors difficult in the use of proper accommodations. This problem has gradually become a bottleneck, which could restrict the development of tourism businesses in Xining. After the Xining Municipal Party Committee and the

22 'People's Republic of China Tourism Law', Baidu (online), available at: www.baike.baidu.com (27-11-2015).

23 'Xining City, the first family apartment hotel opened in the near future will get a one-time funds to support', China Network Television (online), available at: news.cntv.cn (27-11-15).

City Hall formulated support plans for the development of small miniature hotel comments, Xining Petroleum Hotel Premium Apartment House has been emerged and received a temporary fund to support small micro hotels in the city. The accommodation facilities were also exempt from fees for management, registration, license, and administration.

With more receptive capacity, Petroleum Premium Apartment House Hotel is one of large luxurious decoration apartment hotels in Xining City. It has a total construction area of about 12,000 m^2 with 103 sets of rooms and 515 beds. To some extent, this hotel's scale can ease a problem during the tourist season (a room which is hard to find). The hotel also matches high standards of decoration and design including tourism and business offices for the short and long term guests, meeting some tourists' needs for accommodation. Today, Xining City's cultural accommodation facilities have been rapidly developed, and some tourism accommodation shortages have been solved.[24]

Special support funds also give financial support to cultural accommodation facilities with funding pressure. An example of this is Yulin Hotel in Guazhou, one of the three-star hotels and currently the largest food and beverage (Muslim) place with national characteristics in the county. In order to accelerate the development of the national cultural industry, the hotel should improve accommodation capacity and service level. In 2010, a related project was thus executed by the Financing of Guazhou County of Yulin Hotel. Its main construction was completed in May, and its plans were put into operation by the end of the year.

However, the project experienced financial pressure because its funds were all self-financed. Consequently, at the request of investors, the project could be conducted with the government project support funds. The hotel finally becomes a landmark building with a combination of catering, accommodation, entertainment, tourism information consulting services in the county. It also provides high-end venues and services for national meetings and cultural art exchange activities for ethnic minority. Consequently, the hotel can satisfy demand for high-end customers and drive the development of national culture as a local service industry.[25]

Special support funds reward the cultural accommodation facilities, which have met the requirements and encouraged the development of local cultural accommodation facilities. In October 2012, Deyang city government established special funds for the development of cultural tourism covering from project planning, investment, and development, to promotion. The city's finance department is supposed to disburse CNY 30 million for this project for a range of relevant tourism facilities including new national scenic spots, national tourism resorts, tourist hotels, and farmhouse. Country hotels will also be rewarded according to their circumstances.[26]

24 Ibid.

25 'Report on the application of Yulin Hotel expansion project of tourism development funds', City Tourism Bureau published on 29 May 2012 (online), available at: www.guazhou.gov.cn (27-11-2015).

26 'Cultural tourism industry re-special funds to support', Deyang Broadcasters published on 10 October 2012 (online) available at: scdytv.com (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.5.3 The area of operation and management

Policies related to the development of tourism industry

In 2014, several opinions of the State Council on promoting the development of the tourism industry were proposed the innovative cultural tourism products, to enhance the brand effect of traditional festivals with local and national characteristics, and to organize cultural tourism activities.[27] The expansion of shopping facilities for tourists has vigorously developed commercial streets with the local characteristics, and catering and themed hotels.

Also, the State Council issued a range of measures to promote the development of the combination of cultural creativity, design services, and related industries.[28] The measures supported the development of tourism products and commodities with regional features and ethnic customs, and encouraged the positive and healthy development of special tourism such as catering and themed hotels.

Simultaneously, the Chinese tourism administrative departments at all levels attached great importance to the tourism industry in terms of the use of traditional culture in its development process. Sichuan Province, Shandong Province, Anhui Province, Fujian Province, and Zhejiang Province have kept encouraging and supporting the construction of themed hotels as an effective way of using traditional culture in tourism development and service product innovation.

The creation of themed hotels is to enhance the quality and core competitiveness of the hotels; the construction of Sichuan Star Hotel is one of the successful examples in recent years. For the future, some lessons from the operation of current policies should be followed up for the development of thematic and characteristic hotels. Chengdu City in Sichuan Province intends to create the city of themed hotels as one of the most important goals for the development of the hotel industry.[29]

The law of the hotel operation and management

The above-mentioned law requires hotel facilities, service quality, food hygiene, and hotel operators involved in the rights, obligations and relevant norms. According to the Measures on Security Management in Hotel Industry, building construction, firefighting equipment, and port and channel are subject to relevant provisions of the fire security laws and regulations. Safety requirements upon hotel facilities are also necessary; hotel staff should check guests' identity documents and ask them to accurately register the project requirements when they check in. In addition, the hotel must set up safe deposit box for personal belongings and arrange employees to be responsible for the storage of personal belongings based on a strict registration and exchanging system.

27 'State Council on promoting the reform and development of tourism ', Chinese Government Network published on 9 August 2014 (online), available at: www.gov.cn (27-11-2015).

28 Ibid.

29 Chengdu Normal University, 'Sichuan long-term science and technology development plan (2006–2020)' (online), available at: www.cdnu.edu.cn/ (27-11-2015).

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

According to the Measures on Administrative Punishment for Food Hygiene, food production and management personnel must undergo a medical examination and get a health certificate for work. Food vendors are required to obtain a license for the business of producing food from the Department of Public Health. The business should also be registered to the Department of Administration for Industry and Commerce. Without the license, food production activities cannot be operated.[30]

Classification and assessment of regional themed hotels

According to the Classification and Assessment of Themes of Tourist Hotels of Sichuan Province, themed hotels are divided into five grades by evaluation methods using the type of plate. The theme of a hotel is established on the same theme in the following five areas: the building and environment, a lobby, rooms, restaurants, and recreation area.[31]

The Rate Rule of Characteristic Cultural Themed Hotels (Trial), which was formulated by Zhejiang Province in 2011, is different from the hotel classification of Sichuan Province. It consists of two levels of the hotel standard: gold Ding and silver Ding including twelve categories of cultural characteristics: literary arts, humanities building, traditional handicrafts, ethnic customs, leisure health, marine culture, business culture, landscape ecology, rural village, education and technology, religious culture, and exotic culture. The provisions of themed hotels also require several basic items ranging from the cultural theme, appearance characteristics and product characteristics to service characteristics.[32]

In contrast, themed hotels in Anhui Province are required to be equivalent to or above a three-star hotel standard. The regional standard of the Division and Evaluation of Characteristic Cultural Themed Hotels has each statue level – gold, silver and copper. These three aspects are essential conditions in cultural themes and guests' assessment of the hotel.[33]

Beijing city also formulated themed hotels based on Themed Hotel Standard Classification and Evaluation in 2013, which classifies themed hotels into a total of five flowers. These grades depend on several conditions including design, products, atmospheres, operation, and management.[34] However, Shandong Province formulated the Division and Evaluation Standard of Cultural Themed Hotels (Trial) in 2013. The standard divides themed hotels into three grades: venus, silver star, bronze star.[35]

30 China Food and Drug Administration, Food Sanitation Law (online), available at: www.sda.gov.cn (27-11-2015).

31 'Classification and evaluation of Sichuan theme tourist hotel', Phoenix New Media published on 16 December 2007 (online), available at blog.ifeng.com (27-11-2015).

32 'Zhejiang featured cultural theme hotel classification and evaluation of the implementation details', Baidu, published on 8 November 2011 (online), available at: wenku.baidu.com (27-11-2015).

33 Article available online in Chinese at: www.doc88.com.

34 'Beijing themed hotel classification and evaluation criteria', Mountain Hop Research Center published on 6 May 2014 (online), available at: www.shsee.com (27-11-2015).

35 Xiangshan County Tourist Bureau (2012), 'Zhejiang featured cultural theme hotel classification and evaluation of the implementation details' (online), available at: www.xstour.com/ (27-11-2015).

It can be seen from the above situation that different understandings of themed hotels in China have resulted in different hotel standards, requirements, and evaluation depending on the regions. This would be problematic for next step for improving the classification and assessment of regional theme hotel.

In summary, the Chinese government is fully aware of the significance of the traditional culture and local heritage that is promoting the cultural tourism industry especially for the accommodation sector. The combination of traditional culture and accommodation facilities can create employment opportunities by participating in the process of local-oriented economic activities as stakeholders of a community. It also brings people together in the community in securing their livelihoods and improving the living standard as well as preserving the ecological system of environment. As a result, for a decade, themed hotels are explicitly included in the important category of the cultural tourism industry in China. The integration with other related industries has been explored in the practice of themed hotels. Measures for tourism development and related funds have supported the operation and management of relevant provisions, thereby having a positive impact on the development of themed hotels and especially for the culture-based tourism accommodation sector.

3.6 Summary and recommendations

This case study report examined the current development situation of the Chinese cultural accommodation sector, particularly thematic hotels built in various provinces. The characteristics of traditional culture have become a trend in the development of the modern hotel industry in China, bringing the investors, a various levels of government officials, and academics to the development of cultural policies. It has been able to establish partnership between public and private sectors among the various stakeholders.

In the rapid development of culture-based tourism practice, many thematic hotels have accepted the increased market demand, and this trend has enriched the culturally different styles and types of the accommodation sector. Under the attention from relevant government departments, China has created the standardization of the construction system of thematic hotels. Above all, the academic community has made great contributions to the importance of the Chinese traditional culture and heritage: i.e., the possibilities of developing thematic hotels, which have transfused their enthusiasm in research, made the remarkable achievements in the creation of policies that promote the sustainable cultural tourism industry.

Despite booming in China, themed hotels are still having many challenges and opportunities posed by the process of such developments for the practitioners in particular. The following recommendations are made as a result of the case study analyses for the Chinese traditional culture-based themed hotels.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.6.1 Innovation and sustainable development for themed hotels

In China themed hotels are targeting specific tourist groups who have interests in the traditional cultural experiences. However, invariable contents of the themed hotel facilities can make tourists feel tired, and thus, it may lose their interests in the originality of the attraction of themed hotels. In addition, if the interests of this tourist group are changed or the spending power of the group is reduced, themed hotels will lose their competitive advantages. In order to avoid these situations that would likely challenge their development, themed hotels should be able to update their conditions of soft and hard factors in a timely manner under the premise of creative topics and contents reflecting the Chinese traditional culture. This will allow the traditional cultural accommodation sector to keep and provide innovative features of products and services to meet tourist needs, thereby ensuring the sustainability of thematic hotels in the long-run perspective.

3.6.2 Deepening the harmonization of the traditional local architecture of themed hotels

A themed hotel building is an important part of the local community. If architectural and cultural styles of themed hotels are too prominent and unique, it would lead to a serious lack of coordination of the community environment as well as local population's dissatisfaction. Therefore, the geographical environment, local conditions and customs should be taken into consideration for building a themed hotel, which should be developed in a harmonious way.

3.6.3 Monitoring system, the cultural contents and quality of themed hotels under the premise of diversity

Diversification will meet different customers' needs and preferences and enhance the competitiveness of themed hotels. It can be reflected not only on the differentiation of the product/programme patterns but also on various services as a monitoring system of themed hotels. It is suggested that themed hotels should enrich and deepen the traditional culture and quality that are focused on the premise of diversity. Traditional culture and heritage is the core of themed hotels. Cultural themes should be rooted in every corner of such hotel facilities so that tourists can see, feel, and experience the various local tastes. For this to occur, differentiation and/or diversification of the themed products/programmes should be monitored for continued innovation.

3.6.4 Staff training and strategies for strengthening the awareness of themed hotels

The core of service industry is its people who deliver the services directly/indirectly to customers (namely practitioners' initiative). Awareness training in a themed hotel helps staff understand better its organizational culture. This will ensure that employees can have the opportunity to learn about the company's vision, which will also allow them to feel involved in the decision-making process: i.e., a sense of identity and belonging so that they can be integrated into the thematic environment of the hotels, and provide guests with better services. Moreover, themed culture may be implanted into the service of different departments in varying degrees. Therefore, hotels should have the appropriate training system for their staff to provide themed service skills according to a variety of service items to make them blend with the theme of the hotel connotations.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

3.6.5 Use of marketing media

In the knowledge based global economy with the service industry, the use of various marketing media has become an important factor in promoting tourism products/programmes including themed hotels. The marketing media encompasses the traditional media outlet such as television, newspapers, radio as well as SNS (e.g., Microblogging, Wechat, APP, Facebook). This will promote the awareness of themed hotels and improve the hotels' visibility internally and externally.

3.6.6 The government's efforts to give full support to themed hotels

Although all levels of governments have introduced the corresponding rules and regulations for themed hotels, they have not formed unified and/or authoritative legal regulations to lead the development of themed hotels within the country. This can be a cause of confusion in the development of the themed hotel industry to a certain extent. Therefore, the various levels of relevant governments and/or organizations should provide the unified mechanism in terms of scoring, supervision, and management of themed hotels. The unified management system should be in place and implemented in the industry in order to manage the Chinese themed hotels in an orderly, standardized, and efficient manner.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Conclusion

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

This report made important contributions by providing case studies on the traditional accommodation sector in territorial assets-based economic development in the North-East Asian context. It addressed the conversion of territorial assets into creative tourism products/programmes, which represent the attributes of local cultural heritage that are promoting the hospitality and tourism industry. This final chapter will summarize the findings of the case studies by addressing significant practical implications that are emerged as a result of the study.

The case studies provided comprehensive analysis of the development practices of the traditional cultural accommodation sector on the selected cases of Republic of Korea, Japan and China in the context of creative tourism. In particular, it examined how the different cases of the traditional cultural accommodation facilities in each country have been utilized as a tourism product/programme by analyzing the competitiveness of such facilities in comparison to other conventional lodging facilities.

In the context of creative tourism, ultimately traditional cultural accommodations have enabled to produce added value by cultivating the creative activities. It also allowed to expand tourism markets by meeting the current demand situations, and to encourage local-rooted innovative cultural experiences from the perspective of visitors. Consequently, the concept of tradition and culture has become a unique selling point in creative tourism in the knowledge-based economic globalization.

In the Republic of Korea traditional cultural experiences such as learning about making traditional food items or trying to put on traditional clothes (Hanbok) infuse Korean traditional houses (Hanok). In Japan Ryokan sells unique accommodation experiences (e.g., Japanese hospitality service spirit, *Omotenashi)* as Ryokan itself is a tourism product in the perspective of creative tourism. In China, specifically culture-themed hotels (e.g., Tibetan culture-themed and Silk Road culture-themed lodging facilities) have been developed by unifying the unique ethnic culture and tradition for interior and exterior designs of the architectures as creative tourism products/programmes. These forms of differentiation/specialization of the accommodation facilities have been established by reflecting the country's historical landmarks, which represent the local lifestyles and cultural background.

As the case studies indicated, it is evident that traditional cultural accommodations can be developed in two different ways. While the cases of Hanok in the Republic of Korea and Ryokan in Japan, which are long lasted old-fashioned houses and/or facilities, have been created as alternative lodging accommodations by preserving cultural heritage buildings with existing traditional architectural arrangements; and the Chinese case lodging facilities have been established in the combination (amalgamation) of the concept of the convenient western-style and locally-oriented ethnic culture-based themed hotels.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

More importantly, regardless of the different approaches taken in the development of the traditional cultural accommodation sector, all of the case accommodations have put a great emphasis on providing a various range of memorable cultural experiences and distinctive hospitality services based upon territorial assets-based tangible and intangible characteristics of heritage (soft factors of the cultural heritage and hard factors of the physical attractions) in each country.

Overall, the traditional cultural accommodation sector in these countries has been emerged as a powerful platform that promotes the regional economic development in creative tourism. However, such accommodations in the Republic of Korea and particularly in China compared to Ryokan facilities in Japan, which has relatively longer history, are still in their early stages of development although they are increasingly gaining popularities in the domestic and international markets with a rising demand for traditional cultural experiences. Each accommodation has been evolving and delivering high quality hospitality services. The traditional cultural accommodation sector is expected to continue to play a vital role in territorial assets-based tourism development through the process of place branding in creative tourism.

Therefore, it is concluded that there is a great potential to develop traditional cultural accommodations in other regions of the world as differentiated and specialized tourism products/programmes. The growing number of cultural tourists who are interested in experiencing ways of local lifestyle such as tradition, people and history in their travel destinations has made the possibilities of diversification of various types of traditional accommodation facilities through the modification and combination of typical modern hotels.

However, establishment of the traditional cultural accommodations are deeply rooted in a nation's cultural identity and it is run by relatively small and medium-sized business operators. In this sense, various government support programmes are required to sustain economic activities and to preserve the unique national heritage buildings and architectures as most of these small and medium-sized local operations are out-competing the international modern hotel chains.

Recommendations for future studies

To summarize the research, the qualitative approach of case studies has limitations that provide opportunities for future research. This study has investigated the development process of the traditional cultural accommodation sector in North-East Asian context. Multiple data/information sources have been used to validate the findings of the study. Such rich descriptions are required to understand better the process of development and collaboration among stakeholders who are participated in the exchange of ideas and sharing information.

As all studies have limitations, because of the descriptive nature of the study approach, it is the case that generalization beyond the specific cases may not be possible in the sense of establishing numerical confidence in extending the findings to other cases. However, by adopting a multiple case design approach, this study provided useful comparative analyses on the development process of the selected cases.

However, there is an opportunity to apply the findings to other cases in search for more similarities and/or differences in other regions/countries. Also, opportunities for future research exist to conduct quantitative-oriented survey in each case. The rich descriptions attained through the qualitative case study can be complemented by the quantitative questionnaire survey methods.

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Yet, the major limitation of this study lies in line with the case study sites that are chosen only from North-East Asia: i.e., the cases may not represent other regions of Asia, which have various traditional cultural and environmental backgrounds. The originality of individual countries with their unique culture and tradition should be reflected in research to build a more solid foundation of the traditional cultural accommodation sector.

Hence, more case studies are required to better understand the traditional cultural accommodation sector globally in the perspective of creative tourism by exploring various lodging facilities in other countries. On the basis of the existing cases, this study has demonstrated the details of the development process, and the future development direction and strategies for traditional cultural accommodations in other regions can be applied by modifying the study findings to reveal the international market trend and demand.

More in-depth research will help to set a normative standard for integrated and systematic approaches to management in practical implications. The traditional cultural accommodation is a relatively new concept, and there have no clearly defined criteria of the qualification of the accommodation facilities yet. Hanokstay certificate programme in the Republic of Korea and Kurokawa Onsen Association in Japan are a notable illustration of the cooperative structures to manage and promote the traditional cultural lodging facilities. They have their own criteria, serving as a foundation for the management of the business. Without having standardized regulations, for many small and medium-sized cultural accommodation facilities, which are spring up in many other regions of the world, it may fail to offer required hospitality services in a systematic approach that will maintain cultural heritage as tourism resources.

Therefore, the development of systematic management approach and standardized regulations in a broad sense can be essential for the establishment of the traditional cultural accommodation operations, and this should be supported by creating a public-private partnership (e.g., relevant policies and funding programmes).

In summary, the development of the traditional cultural accommodation sector can facilitate the progress towards collaboration in terms of operations and marketing and branding activities: i.e., a cultural stamp scheme[1] encourages guests to collect a stamp from the member organizations for fun and/or loyalty, for example. It can be an effective and collaborative promotion within a specific cultural theme. The member facilities participating in this scheme can also motivate tourists to seek a new cultural experience, which will maximize marketing and branding activities through integrated promotion campaigns. They can also create and operate integrated websites to maximize co-marketing activities. The introduction of such systematic approach of the collaborative efforts among stakeholders is recommended to put in place especially in the process of marketing and branding the traditional cultural accommodation sector to sustain the small-sized and locally-oriented lodging facilities.

Taken together, this research provided invaluable insights, as it is a new area of a study that has made important conceptual and practical contributions to the development of the traditional cultural accommodation sector in the context of creative tourism. This comparative case study can also be used as a prototype and reference work for policy development in such a kind of research to be established in other regions of Asia.

1 www.english.visitkorea.or.kr

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

List of abbreviations

B&B	Bed and Breakfast
CCKB	Cultural Corps of Korean Buddhism
CNKI	China National Knowledge Infrastructure
CNY	Chinese Yuan
GM	General Manager
JNTO	Japan National Tourism Organization
JPY	Japanese Yen
KCTI	Korea Culture & Tourism Institute
KTO	Korea Tourism Organization
MCST	Ministry of Culture, Sports and Tourism
NPC	National People's Congress
OECD	Organisation for Economic Co-operation and Development
SNS	Social Networking Service
UNESCO	The United Nations Educational, Scientific and Cultural Organization
UNWTO	World Tourism Organization

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

List of tables and figures

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

List of tables

Table 1.1	Republic of Korea's tourist accommodation and traditional cultural accommodation, 2008–2013	22
Table 1.2	List of Jongtaek and Gotaek houses	28
Table 1.3	Number of Hanok experience business houses and Hanok-style guesthouses	31
Table 1.4	List of Korean traditional hotels	32
Table 1.5	Number of Templestay programmes in the Republic of Korea	34
Table 1.6	Number and increase of tourists joining Templestay programmes, 2008–2013	34
Table 1.7	Daily schedule of Golgulsa Templestay, Monday to Saturday	45
Table 1.8	Hanokstay-related legislations	47
Table 1.9	Templestay-related legislation structure	49
Table 2.1	Legal standard of Ryokan and hotel	58
Table 2.2	Comparisons between hotels and Ryokan from a customer point of view	59
Table 2.3	Historical transition and features of Ryokan	62
Table 2.4	Number and size of Ryokan and hotels, 1990–2012	64
Table 2.5	Occupancy rate and number of guests, 1982–2013	84
Table 3.1	Hotels evaluated as theme tourist hotels in the city of Chengdu	98
Table 3.2	Types of cultural resources used in Chinese theme hotels	99
Table 3.3	The relevant policies and regulations	111

List of figures

Figure 1.1	Inbound tourists and visitors to the Republic of Korea, 2009–2014 (million)	25
Figure 1.2	Domestic tourists in the Republic of Korea, 2009–2013 (million)	25
Figure 1.3	Map of case accommodations location in the Republic of Korea	35
Figure 2.1	Japanese accommodation, 2007-2012	57
Figure 2.2	Bankruptcy of hotel/Ryokan, 1991–2011	65
Figure 2.3	Travel expenditure of inbound tourists in Japan, 2013 (%)	67
Figure 2.4	Service process of Ryokan	69
Figure 2.5	Map of case accommodation locations in Japan	72
Figure 3.1	The number of international and domestic tourists, 2004–2013 (× 10,000)	90
Figure 3.2	Tourism revenues, 2004–2013 (CNY 100 million)	90
Figure 3.3	The number of star hotels, guestrooms, and beds, 2004–2013 (× 10,000)	92
Figure 3.4	Star Hotel revenue and average occupancy rate, 2004–2013	92
Figure 3.5	The comparison of importance between foreign elements and Chinese elements (%)	94
Figure 3.6	The comparison of the cultural characteristics of the accommodation for Chinese tourists (%)	94
Figure 3.7	Map of case accommodations location in China	101

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Bibliography

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

'2011 visitors favorite resort and spa-Qixianling Narada' (2012), Hainan Island Hainan vacation Network Channel, published on 11 January 2012 (online), available at: www.tohainan.com/ (27-11-2015).

'Aesthetics and science of pottery, the world admiring creative masterpieces' (2013), Asia Economy, published on 20 June 2013 (online), available at: www.asiae.co.kr (26-11-2015).

'Beijing themed hotel classification and evaluation criteria' (2014), Mountain Hop Research Center, published on 6 May 2014 (online), available at: www.shsee.com (27-11-2015).

Camagni, R. (ed., 1991), *Innovation Networks: Spatial Perspectives,* Belhaven Press, New York.

Carayannis, E. G.; **Assimakopoulos,** D. and **Kondo,** M. (2008), *Innovation Networks and Knowledge Clusters,* Palgrave MacMillan, New York.

Caspo, J. (2012), 'The role and importance of cultural tourism in modern tourism industry', in: Kasimoglu, M. and Aydin H. (eds.), *Strategies for Tourism Industry – Micro and Macro Perspectives,* Intech (online), available at: www.intechopen.com.

Cassiolato, J. E.; **Lastres,** H .M. M. and **Maciel,** M. L. (eds., 2003), *Systems of Innovation and Development,* Edward Elgar, United Kingdom.

Caves, R. (2000), *Creative Industries: Contract between Art and Commerce,* Harvard University Press, Cambridge.

Chen, W. J. (2007), *Zhuti jiudian de zhuti xuanze* [Subject choice of theme hotel], Enterprise Vitality, Zhengzhou

'Chengdu next year will introduce a theme local standard tourist hotel' (2014), Chengdu Evening News, published on 14 November 2014 (online), available at: cdwb.newssc.org (27-11-2015).

Chengdu Normal University, 'Sichuan long-term science and technology development plan (2006–2020)' (online), available at: www.cdnu.edu.cn/ (27-11-2015).

China Food and Drug Administration, Food Sanitation Law (online), available at: www.sda.gov.cn (27-11-2015).

'China Hotel Association and organize groups to visit Chengdu cultural theme hotel' (2013), HC Hotel Network, published on 2013 (online), available at: http://info.hotel.hc360.com/ (27-11-2015).

'Classification and evaluation of Sichuan theme tourist hotel' (2007), Phoenix New Media published on 16 December 2007 (online), available at: blog.ifeng.com (27-11-2015).

Cultural Heritage Administration (2014), *Juyo-eopmu tonggye-jaryojip* [Major business statistics], Seoul.

'Cultural tourism industry re-special funds to support' (2012), Deyang Broadcasters published on 10 October 2012 (online), available at: scdytv.com (27-11-2015).

Evans, G. (2001), *Cultural Planning: An Urban Renaissance?,* Routledge, London, p. 142.

Evans, G., and **Foord,** J. (2008), 'Cultural mapping and sustainable communities: Planning for the arts revisited', *Cultural Trends,* volume 17 (2), pp. 65–96.

Fan, L. (2009), *Zhuti jiudian wenhua fenwei yingzao yanjiu* [Study on the cultural atmosphere of theme hotel], Lan Zhou University, Lanzhou.

Florida, R. (2003), *The rise of the creative class: How it's transforming work, leisure, community, and everyday life,* Basic Books, New York.

Florida, R. (2008), *Who's Your City? Why the Place You Choose to Live is the Most Important Choice You Will Ever Make,* Basic Books, London.

Hall, E. T. (1976), *Beyond culture,* Anchor Press, New York. http://www.cdnu.edu.cn/ (27-11-2015).

'Interview with chairman of Beijing Launching of Emperor Hotel' (2010), NetEase, published on 23 july 2010 (online), available at: money.163.com/ (27-11-2015).

Jackson, J. and **Murphy,** P. (2006), 'Clusters in regional tourism: An Australian case', *Annals of Tourism Research,* volume 33 (4), pp. 1018–1035.

Japan Association of Travel Agents (2004), *Saranaru Kokunai RyokouShinkouNi Mukete* [Domestic tourism promotion] (online), available at: www.jata-net.or.jp

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

Japan National Tourism Organization (2008), *HoNichi Gaikkyaku Zittaityousa 2006–2007* [Survey on satisfaction for foreigners visiting Japan 2006–2007] (online), available at: www.jnto.go.jp.

Japan Tourism Agency (2014), *Hounichi gaikokuzinno syoshikoudou* [Japan: Consumption trend survey for foreigners visiting Japan] (online), available at: www.mlit.go.jp.

Kang, S. (2013), *Zissenkara manabu okami no omotenashi keiei* [Omotenashi-style management of rokan Okami], Chuokeizai-sha, Tokyo.

Kasaya, K. (1999), *"Ie"no gainen to sono hikaku-shi-teki Kosatsu* [Concept of family and its study from comparative historical point of view], Kuge to Buke; *"ie" no hikaku burmei-shi- teki Kosatsu,* Shibunkaku Shuppan.

Knox, P. L. and **Mayer,** H. (2009), *Small town sustainability: Economic, social, and environmental innovation,* Birkhauser, Basel.

Kotler, P.; **Haider,** D. H. and **Rein,** I. (1993), *Marketing places: Attracting investment, industry and tourism to cities, states and nations,* Free Press, New York.

Kotler, P.; **Jatusripitak,** S. and **Maesincee,** S. (1997), *The marketing of nations,* The Free Press, New York.

Kovacs, J. F. (2010), 'Cultural plan implementation and outcomes in Ontario, Canada', *Cultural Trends,* volume 19 (3), pp. 209–224.

Lee, A. H. and **Wall,** G. (2014), 'Food clusters, rural development and a creative economy', *Journal of Rural and Community Development,* volume 9 (4), pp. 1–22.

Lee, A. H.; **Wall,** G. and **Kovacs,** J. F. (2015), 'Creative Food Clusters and Rural Development through Place Branding: Culinary Tourism Initiatives in Stratford and Muskoka, Ontario, Canada', *Journal of Rural Studies,* volume 39, pp.133–144.

Li, X. (2008), *Qianxi zangchuan fojiao yu zangzu chuantong wenhua* [Shallow analysis of Tibetan Buddhism and Tibetan traditional culture], Hunan Agricultural Machinery, Changsha.

Li, X. Y. and **Song,** J. (2013), *Diwang wenhua yanjiu mantan* [About the Imperial culture research], Reform and Opening, Nanjing.

Li, Y. (2004), 'Zhuti jiudian de dingyi ji jiben guidingxing' [The definition and basic rules of the theme hotel], *China Tourism News,* Beijing.

Liang, X. J. (2008), *Dui sichuan zhuti jiudian zhuti dingwei de sikao – yi sichuan zhuti jiudian weili* [Thinking about the Theme Position of Themed Hotel – As the Themed Hotels in Sichuan for Example], Southwest University of Finance and Economics, Chengdu.

Lv, H. F.; **Xiao,** X. and **Jiang,** Y. A. (2010), 'Zhuti jiudian de fenwei yingzao – yi Chengdu Xizang fandian weili' [The atmosphere creation of the theme hotel – a case study of Tibet Hotel Chengdu], *Journal of Chengdu University of Technology* (Social Science), Chengdu.

Ministry of Culture, Sports and Tourism (2012), *Gwangwang-sukbak-siseol sugeup-bunseok yeongu* [Analysis of supply and demand of tourist accommodations], Ministry of Culture, Sports and Tourism, Seoul.

Ministry of Culture, Sports and Tourism (2014a), *Chulipguk gwangwang tonggye* [Immigration Tourism Statistics Survey], Ministry of Culture, Sports and Tourism, Seoul (online), available at: www.tour.go.kr.

Ministry of Culture, Sports and Tourism (2014b), *Gukmin yeohang siltae josa* [Korean National Tourism Survey], Ministry of Culture, Sports and Tourism, Seoul.

Ministry of Culture, Sports and Tourism (n.d.), Gwangwang-donghyange gwanhan yeoncha-bogoseo [Annual report on tourism trends], Ministry of Culture, Sports and Tourism, Seoul.

Ministry of Economy, Trade and Industry (2012), *Cool Japan Strategy* (online), available at: www.meti.go.jp (27-11-2015).

Ministry of Health, Labour and Welfare (2014), *Esei gyousei houkokurei* [Reports of Welfare Administration], Ministry of Health, Labor and Welfare of Japan, Tokyo.

Ministry of Internal Affairs and Communications, *Japan Inbound Tourism* (online), available at: www.soumu.go.jp (27-11-2015).

Ministry of Land, Infrastructure, Transport and Tourism (2012), *Knkou sanngyou no gennzyounituite* [The current state of the tourism industry – Bankruptcy trend among hotels and Ryokan], Ministry of Land, Infrastructure, Transport and Tourism of Japan, Tokyo.

Ministry of Land, Infrastructure, Transport and Tourism (2014), *Reinforcement exchange and reform on the international tourists* (online) available at: www.travelvoice.jp (27-11-2015).

Ministry of the Environment (2015), *Onsen riyou zyoukyou* [Onsen utilization status], Ministry of the Environment, Tokyo (online), available at: www.env.go.jp.

Moilanen, T. and **Rainisto,** S. (2009), *How to brand nations, cities, and destinations: A planning book for place branding,* Palgrave Macmillan, New York.

Morgan, N.; **Pritchard,** A. and **Pride,** R. (Eds.) (2010), *Destination branding: Creating the unique destination proposition,* Butterworth Heinemann, Oxford.

National Tourism Administration (2014), *People's Republic of China-star hotel assessment standards* (online), available at: www.china.com.cn (27-11-2015).

Nippon Onsen Research Institute (2013), *Nihon Onsen deta* [Data on hot spring in Kapan] (online), available at: www.onsen-r.co.jp (30-11-2015).

Ono, M. (2013), Ryokan *no Kouryuukinou to bunnkahyougennno hennsenn to syourai* [The exchange role of Ryokan and the change and future of cultural expression], *Kanko Bunka [Tourism Culture],* number 217, pp. 21–23.

Organization for Economic Co-operation and Development (2009), *The impact of culture on tourism,* OECD, Paris.

Organization for Economic Co-operation and Development (2014), *Tourism and the Creative Economy,* OECD, Paris.

Picon, A. (2013), 'Architecture, innovation and tradition', *Architectural Design,* volume 83 (1), pp. 128–133. Doi: 10.1002/ad.1535.

Porter, M. E. (1990), *The Competitive Advantage of Nations,* Free Press, New York.

'Report on the application of Yulin Hotel expansion project of tourism development funds' (2012), City Tourism Bureau, published on 29 May 2012 (online), available at: www.guazhou.gov.cn (27-11-2015).

Research Group of National Tourism Administration (2008), *Zhongguo lvyouye gaige kaifang 30nian fazhan baogao* [Report on 30 years of reform and opening up about Chinese Tourism Industry], China Tourism News, Beijing.

Richards, G. and **Raymond,** C. (2000), 'Creative tourism', *ATLAS News,* number 23, pp. 16–20.

Ritchie, J. R. B. and **Crouch,** G. (2003), *The competitive destination: A sustainable tourism perspective,* CABI Publishing, Wallingford.

Sakuko, S. (1983), *Hoteru zigyouronn* [Hotel business theory], Shibata Shoten, Tokyo.

Shackel, P.; **Smith,** L. and **Cambell,** G. (2011), 'Labor's heritage', *International Journal of Heritage Studies,* volume 17 (4), pp. 291–300.

Shi, S. (1997), 'Zangchuan fojiao yu zang minzu de xingcheng' [The formation of Tibetan Buddhism and Tibetan National], *Journal of Sichuan University,* Chengdu.

Shyllit, R. and **Spencer,** G. M. (2011), *Water, rocks and tree Building upon our rich resources: The creative economy in Muskoka* (online), available at: www.creativemuskoka.ca.

Sichuan Provincial Tourism Bureau (2007), *Sichuan Provincial Tourism star hotel evaluation committee issued a notice on classification and evaluation of Sichuan theme tourist hotel* (online), available at: www.scta.gov.cn (27-11-2015).

Sichuan Provincial Tourism Bureau (2015), *2014 Sichuan tourism industry service supervision ten events* (online), available at: m.scta.gov.cn.

'State Council on promoting the reform and development of tourism' (2014), Chinese Government Network, published on 9 August 2014 (online), available at: www.gov.cn (27-11-2015).

Stolarick, K.; **Denstedt,** M.; **Donald,** B. and **Spencer,** G. M. (2010), 'Creativity, tourism and economic development in a rural context: The case of Prince Edward County', *Journal of Rural and Community Development,* volume 5 (1), pp. 238–254.

Teikoku Databank (2012), *Bankruptcy Report* (online), available at www.tdb.co.jp/ (27-11-2015).

Teikoku Databank (2012), Ryokan.*hoteru gyousya no dousannzittai tyousa* [Research of bankruptcy trend among Ryokan and hotel] (online), available at: www.tdb.co.jp.

Ura, T. (2010), 'The case study of Kurokawa Onsen at Kumamoto Prefecture: the concept of single hot spring area recognized as one accommodation', *Japan Institute of Tourism Research,* volume 22 (1), pp. 12–16.

Vanhove, N. (2005), *The Economics of Tourism Destinations,* Elsevier Ltd., Oxford.

Williams, R. (1961), *The Long Revolution,* Penguin, London.

Williams, R. (1976), *Keywords: A Vocabulary of Culture and Society,* Fontana, London.

'With the sky Dunhuang' (2002), China Internet Information Center, published on 11 January 2002 (online), available at: www.china.com.cn (27-11-2015).

Xiangshan County Tourist Bureau (2012), 'Zhejiang featured cultural theme hotel classification and evaluation of the implementation details' (online), available at: www.xstour.com/ (27-11-2015).

Xie, P. (2015), *Industrial Heritage Tourism,* Channel View Publications, Bristol.

'Zhejiang featured cultural theme hotel classification and evaluation of the implementation details' (2015), Baidu, published on 8 November 2011 (online), available at: wenku.baidu.com (27-11-2015)

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

http://www.e-unwto.org/doi/book/10.18111/9789284417407 - Farruh BABAEV <ftbuz@yahoo.com> - Monday, November 20, 2017 5:37:13 AM - IP Address:195.158.8.222

The World Tourism Organization (UNWTO), a United Nations specialized agency, is the leading international organization with the decisive and central role in promoting the development of responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 157 countries, 6 territories, 2 permanent observers and over 450 Affiliate Members.

The Korea Culture & Tourism Institute (KCTI) is a national research institute under the Ministry of Culture, Sports and Tourism, Republic of Korea. KCTI has served as a think-tank specialized in policy and planning in culture and tourism development to support the cross-sectoral collaboration in the implementation of its strategic goals. Currently, it is expanding its role and the strategic goal in the areas of research and policy consulting to worldwide, including Asia.

UNWTO

World Tourism Organization

Capitán Haya 42, 28020 Madrid, Spain
Tel: (+34) 915678100 / Fax: (+34) 915713733
omt@UNWTO.org / www.UNWTO.org