

# **Century Marina Hakodate Hotel and Spa**

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The Century Marina Hakodate Hotel and Spa is a top-class hotel centrally located in downtown Hakodate overlooking the port and Hakodate Bay. The hotel is one of four, all in Hokkaido, belonging to the parent company Sapporo Kokusai Kanko KK.

Hakodate, with a population of about 260,000, has been steadily losing residents since the early 1980s. It has an interesting history. Serious attempts at settlement by Japanese began in the mid 15th century, but Ainu largely retained control of the area. Then in 1789, the Tokugawa took direct control, and the Hakodate area became a base for deep-sea fishing and whaling. When the Tokugawa government signed an agreement with US Commodore Matthew Perry to open Japan in 1854, Hakodate became one of the initial two treaty ports, and Perry's squadron visited the city. Subsequently, a residential area was established for foreigners, including Western missionaries.

To serve the Christian community, a number of churches were established, clustered in what is now the Motomachi district, which lies adjacent to the port area at the foot of Mt Hakodate, about a 1.5 miles from Hakodate Station. These include a Russian Orthodox church (1859; the current, 1916, building is known as Gan-Gan Dera (Ding-dong Temple) because of its bell's distinctive sound and is an Important Cultural Property); a Roman Catholic cathedral (1877, rebuilt 1923); St John's (Episcopal) church (1874, current building 1979); and a protestant church founded by an American missionary (1874, rebuilt 1931). Motomachi also has a Buddhist temple: Ōtani Honganji (Hokkaido branch), built in 1915, it is the oldest reinforced concrete temple in Japan and has been designated an Important Cultural Property. The city also has a cemetery for foreigners dating to 1854, with plots grouped by nationality and religion.

In the 1920s, Hakodate became a major port for a burgeoning fishing fleet in the northern seas. It was the largest city in Hokkaido until a fire in March 1934 destroyed four-fifths of the city, killing 1,000. After World War II, the city focused on developing as a tourist city, stating that the night view from Mt. Hakodate's summit is one of the world's three best night views.

Hakodate is linked to Japan's main island of Honshu by a 33.5-mile railway tunnel (the world's second-longest railway tunnel, just behind Switzerland's Gotthard tunnel) by ferry, and via commercial flights. Flight time to Tokyo Haneda is about 90 minutes. Shinkansen trains take just over 5 hours, including a connection from the shinkansen station to central Hakodate. By comparison, the Hakodate-Aomori ferry takes 3 hours 40 minutes, and pre-shinkansen trains took 11.5 hours from Aomori to Tokyo.

Century Marina Hakodate is a newly built hotel, beginning operations in April 2019. It has its own onsen (hot spring) providing water for a spa, as well as a bar, lounge, and other facilities, but no restaurants. Since all who stay at the hotel receive a buffet breakfast, served 6:30 to 10:30, as part of their room fee, the hotel has a major breakfast room with a comprehensive, wide-ranging buffet. This is a major focus of the hotel's competition with other major hotels in Hakodate. The combination of no restaurants and what was termed the "breakfast war" were two interesting surprises for me.

Century Marina Hakodate has 286 guest rooms, 40 of which are designated non-smoking. The building is 15 stories. In addition to reception facilities, the ground floor has rooms for guests with dogs. The second floor is for its large breakfast room. The third to tenth floors are for standard hotel rooms, the 11th and 12th are for premium rooms, and the 13th is for "royal rooms." The large spa and massage rooms are on the 14th floor. The hotel differentiates itself from other hotels by its top-floor, open-air spa-bath. It also stresses its original bedding, and that it allows guests to select their own pillows.

The occupancy rate during the first four months was low: 40 percent in April 2019 (the first month), just 38 percent in May, 54 percent in June, and 43 percent in July. In August, the rate increased sharply to a profitable 73 percent, and in September to 75 percent. Over the six

months, there were 48,649 guests, of whom only 2.0 percent were foreigners. One of the hotel staff speaks Chinese, and five speak English.

Of its 118 total employees, 79 are regular employees, and 39 are part-time. Most part-timers are married women who prefer the shorter hours and work schedule. They typically work enough hours to stay within the tax limit as a family member earning outside income. About 10 employees were transferred from other group hotels. About half of the staff were recruited from other non-group hotels; the other half were labor-market new entrants.

After graduating from university, Mr. Takehiro Murata, Deputy General Manager, joined a local branch of Toys'R'Us, then moved to a position with a hotel, and then was hired by another hotel, from which he was recruited by Century Marina.

The administrative offices open at 9 AM. Mr. Murata arrives at 8:30 and leaves at 7 PM. He appears to be in his early 40s.

This is the first major hotel I have known that has no restaurants. Mr. Murata explained this is a new approach for hotels in tourist areas, especially seasonal ones. Tourists want to eat at local restaurants for lunch or dinner as part of exploring the city. Moreover, Hakodate hotels have very few guests from November to March. Century Marina thus does not have the cost of maintaining restaurant staff during the off-season.

As a new hotel, Century Marina has to vigorously promote its name and brand. During the summer it advertises on TV. It also advertises in newspapers and magazines. Pricing strategy is important. The list price for a standard 2-person room is ¥18,500 per person, ¥37,000 total. For one person in a room, the rack rate is about half-again the per-person rate. However, the market price is considerably lower, depending on supply and demand and how one books. My interpreter, Mr. Aoki, used his smartphone and learned that the room rates for the next night ranged from ¥8,700 to ¥11,700 per person, depending on the type of room, a significant discount.

The competition for "best breakfast" began in 2010. Playing off the fact that Hokkaido is known for the juiciest salmon roe in Japan, the current leader, the 350-room La Vista Hotel, introduced unlimited quantities of salmon roe at its buffet, and is famous for that, as well as for

its sashimi and other seafood items. (For context, ikura (salmon roe) at Tokyo's Tsukiji market is around 5400 yen per kilogram, about \$1.45 an ounce.)

Century Marina competes in its breakfast buffet by offering beef and promoting a healthy breakfast, it also has salmon roe and other seafood items, and offers both brown and white rice. The 435-room Hakodate Kokusai Hotel, where I stayed, competes by having a full range of breakfast items, from salmon roe and other kinds of seafood to omelets, grilled beef, and various soups. It was the best buffet breakfast I have ever had.

Training the staff for this new hotel is a challenge, given the diversity of work backgrounds of the employees. They need to improve communications between management and staff, and within the staff, in order to standardize and improve the quality of service.

Century Marina Hakodate is the newest addition in the Hokkaido four-hotel chain owned by Sapporo Kokusai Kanko, a private, unlisted company. The first hotel, Central Royal Hotel, opened in Sapporo in 1973. The company founder had financial difficulties, and in the reorganization process, the hotel was purchased in 2010 by Mr. Hiroshi Kimoto, the current company owner and president. Kushiro Century Castle Hotel was opened in 1987, and Mr. Kimoto purchased it in 2015. He also acquired the Grand Inn RISHIRI on the Hokkaido small offshore island of Rishiri in 2015.

Mr. Kimoto resides in Kushiro City in Hokkaido. In addition to his hotels, he has a linen supply business and a cleaning business.

## **Acknowledgments**

On October 8, 2019, I had an extended meeting at Century Marina Hakodate Hotel and Spa with Mr. Takehiro Murata, Deputy General Manager, who is second in command. I was accompanied by my able interpreter Mr. Ryohei Aoki, a national government-licensed guide and interpreter. Originally from Tokyo, Mr. Aoki graduated from Hokkaido University, liked living in Hokkaido, and took a position as a local government official in Otaru. He retired after 34 years of service and became a guide and interpreter, focusing on cruise ship passengers who want to take tours in various Hokkaido port cities.

My meeting at Century Marina Hakodate with Mr. Murata was arranged by Mr. Hirofumi Maki, General Manager, Corporate Planning & Coordination Department at the Development Bank of Japan in Tokyo.