

# **OPPORTUNITIES FOR THE DEVELOPMENT OF HEALTH-RELATED TOURISM IN HAWAII**

A Study to Assess the Opportunities for  
Promoting Health-Related Services to  
Hawaii as an Economic Development Strategy

Prepared for the  
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Development & Tourism  
State of Hawaii

by the

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April 1995

# EXECUTIVE SUMMARY

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Health-related tourism is a relatively recent concept in the strategic marketing of special interest tourism, which is being explored as a potential opportunity for Hawaii's visitor industry. This study was prepared by the School of Travel Industry Management (TIM), University of Hawaii at Manoa for the Department of Business, Economic Development & Tourism (DBEDT) as part of the state's effort to explore new product alternatives to diversify Hawaii's visitor base. The study entailed: 1) the development of a definition of health-related tourism for Hawaii; 2) evaluating the potential health-related tourism market; 3) conducting a survey of resources in Hawaii; and 4) assessing Hawaii's ability to attract health-related market segments based on available resources and competition elsewhere.

## **Hawaii's Health-Related Tourism Potential**

Hawaii's conducive physical environment made up of its climate, natural attractions, and resort accommodations reinforced by the availability of high quality medical care and fitness and wellness facilities make it a suitable candidate for health-related tourism. Health-related tourism includes several categories:

- **Medical care** which involves the treatment of a disease or medical condition through services provided by specialized health care facilities and professionals. Hawaii has developed a noteworthy reputation in the Asia-Pacific region in several medical procedures, although relatively few travelers currently travel from their home to Hawaii to seek medical services. Of all health-related services, Hawaii's medical care services have the highest value-added and would likely have the highest economic benefit in the long term.
- **Fitness and wellness** which covers a wide range of activities and programs which are primarily "preventive" in nature usually involving an exercise or nutritional regime. Hawaii, which is renowned for its climate and natural attractions which encourage outdoor activities, has long served as a popular destination for active vacationers. The facilities in Hawaii currently devoted

to fitness and wellness activities are largely on the neighbor islands and appear to have strong potential in the short to medium term to attract the growing market segment which is also shared by sports tourism.

- **Rehabilitation and recuperation** which involves specialized remedial care following some medical procedure or resulting from a health condition or services which may entail self-healing (e.g., stress) or rejuvenation. Hawaii has few facilities or services of this nature for visitors, which limits the market for rehabilitation and recuperation as an area of growth at this time.

The potential market includes a large number of upper income individuals in the Asia-Pacific region as well as the aging baby boomer population in the U.S. who are expected to generate an increasing demand for health services. For the Asia-Pacific market, Hawaii offers a comfortable cultural environment based on its large Asian population with multi-language capabilities, medical personnel of Asian descent, and availability of Asian food, newspapers, television, and radio programs. It is estimated that 30 million people in the Asia-Pacific region, mostly in Japan, have individual incomes of U.S. \$40,000 or above and could afford to come to the U.S. for health services. By the year 2000, it is also estimated that almost 35 million people in the U.S. will be over the age of 65. Studies have shown men and women in the 50 to 65 age group along with younger, health conscious travelers are strong markets for health promotion, wellness, nutrition, and recreational products and services, and they can be expected to provide a large segment of Hawaii's health-related tourism market.

Dollar for dollar, health-related tourism expenditures make a greater contribution to Hawaii's economy than a typical vacationing tourist's expenditures. It is estimated that a dollar spent by a medical patient in Hawaii's hospitals generated \$2.27 in total sales revenues (in all Hawaii industries) and \$1.07 in worker earnings. It is further estimated that a dollar spent by a consumer of fitness and wellness services in Hawaii's hotels generated \$2.15 in total sales revenues in 1992. By comparison, a dollar spent by a typical vacationing tourist to Hawaii generated \$1.76 in total sales and 59 cents in worker earnings. The larger multipliers for health-related tourism as compared to general tourism are accounted for by lower leakages and higher value addition due to the specialized skills and services required in the health-tourism segments. The health care industry is

also a high wage industry, which would be highly beneficial to Hawaii's economic well-being.

### **Constraints**

In terms of competition, a number of countries have already planned and promoted their services internationally, although the marketing of these services has not been directly tourism related. These countries include some popular tourism destinations such as Singapore, Hong Kong, Australia, New Zealand, and Canada. The analysis in this study shows that the costs of health-related services in Hawaii are significantly higher than in foreign countries or other parts of the U.S., although it is believed that Hawaii's natural and cultural attributes would make it competitive. Facilities and services related to fitness and wellness and rehabilitation and recuperation have long been available in Europe and Asia (e.g., spa baths), and many destinations have well-established reputations in these areas. On the other hand, Hawaii's resorts are well known for the quality of their facilities and services which would also be expected to give Hawaii a competitive edge. In order for health-related tourism to be pursued, however, a coordinated promotional effort focused on the development of this special market niche would need to be undertaken by the health-related and hospitality industries.

### **Conclusion and Recommendations**

Based on the study's findings, health-related tourism development in Hawaii appears to be economically feasible, although further analysis would be necessary before a full spectrum of health-related tourism services can be implemented. Once implemented, moreover, the process can be expected to require some time to bear results. Its rewards, however, could mean a broader economic base for Hawaii and a more diversified and remunerative range of job opportunities. To address the concerns raised in the study, the recommendations call for:

- Support for development and marketing resources which focus on Hawaii's healthy lifestyle and visitor health care facilities and services which are linked to Hawaii's tourism strengths such as favorable climate, natural beauty, cultural diversity, superior hospitality accommodations, and reputation for visitor satisfaction.

- Establishment of an association of health-related service providers to support the sharing of promotional costs, the targeting of individuals, institutional and state efforts, and to assure quality standards among providers.
- Development of a public information program to inform residents of the expected benefits of expanding health-related services to visitors.
- Establishment of a health services communication network to provide information via telephone and computer regarding services available to potential non-resident clients.

Specific recommendations for health-related tourism categories are also presented in the study.