

Hoshino Resorts - Japan's Hotel Management Innovator Goes Global

Hoshino Resorts blends traditional ryokan hospitality with modern innovation. As it expands internationally, this case study explores whether its unique 'Japanese Ryokan Method' can succeed in global markets.

At a Glance

Founded	Listed	Sales	Net Income
1914	2013	US\$ 80.55 million	US\$ 28.86 million
First Opening of Hoshino Onsen Ryokan in Karuizawa	Hoshino Resorts REIT Inc. on the Tokyo Stock Exchange	(2023)	(2023)

Introduction

In the heart of Nagano Prefecture, Yoshiharu Hoshino stepped into a legacy—his family's century-old ryokan, Hoshino Onsen Hotel. Freshly graduated from Cornell University's School of Hotel Administration in 1991, Yoshiharu brought with him a vision that blended traditional Japanese hospitality with modern operational strategies. What began as an ambitious overhaul of a modest, aging family inn would soon evolve into Hoshino Resorts, a pioneering hospitality brand known for its innovative 'Japanese Ryokan Method.'

Under Yoshiharu's leadership, Hoshino Resorts transformed from a single *ryokan* into a global hospitality powerhouse, managing 71 properties across Japan and international destinations such as Bali and Guam. This case study explores how Hoshino Resorts redefined the *ryokan* experience, built a sustainable business model with its Real Estate Investment Trust (REIT), and ventured into global markets while staying true to its Japanese roots.



Hoshinoya KAI Matsumoto | Source: [Hoshino Resorts](#)

The question remains: *Can Hoshino Resorts' unique hybrid of traditional ryokan hospitality and modern operational excellence resonate with guests across cultural and market boundaries?*

History of Ryokans

Ryokans, traditional Japanese inns, have been central to Japan's hospitality culture for over a millennium. Originating in the Nara period (710–784 AD), *ryokans* provided lodging for weary travelers along Japan's highways, offering simple rooms, communal baths, and warm hospitality rooted in the principle of *omotenashi* (wholehearted hospitality).

During the Edo period (1603–1868), *ryokans* flourished along key trade routes such as the Tokaido Highway, serving merchants, samurai, and travelers. Guests could expect *tatami*-matted rooms, *futon* bedding, and multi-course *kaiseki* meals—a tradition that continues today.



An Onsen Ryokan in Early Showa | Source: [Japan Ryokan & Hotel Association](#)

However, the Meiji Restoration (1868) brought Western-style hotels to Japan, challenging *ryokans* to evolve. In the face of modernization and shifting traveler preferences, many *ryokans* struggled to compete with the amenities and efficiencies offered by Western hotel chains. Yet, *ryokans* retained their cultural significance, offering guests a retreat into serenity, tradition, and personalized service.

For many contemporary travelers, *ryokans* represent more than just accommodation; they offer an immersive cultural experience. From natural hot spring baths (*onsen*) to seasonal *kaiseki* cuisine, *ryokans* continue to preserve Japan's rich heritage while subtly integrating modern comforts.

The stage was set for a visionary leader like Yoshiharu Hoshino to reinterpret and revitalize the *ryokan* model for a new era of travelers.

The Five Generations of Hoshino

"It's so special because all Japanese people really do enjoy onsens and there are onsen ryokans all over Japan."

- Yoshiharu Hoshino, CEO, Hoshino Resorts

The Hoshino family's journey in hospitality began in 1849, with the establishment of a silk production business in Nagano Prefecture. The family later transitioned into the hospitality industry in 1914, founding the Hoshino Onsen Hotel in Karuizawa. This modest family-run *ryokan* focused on offering serene retreats centered around natural hot springs. By the late 20th century, however, the facility had aged, and its traditional approach struggled to attract modern travelers.




Yoshiharu Hoshino, CEO of Hoshino Resorts | Source: [Hoshino Resorts](https://www.hoshinoresorts.com)

Yoshiharu Hoshino, the fifth-generation leader of the Hoshino family, took over the business in 1991. Armed with international experience and a degree from Cornell University's School of Hotel Administration, Yoshiharu faced both structural and operational challenges. However, rather than simply preserving the old model, he aimed to redefine it.

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Instead of adopting a Western-style hotel model, Yoshiharu focused on elevating the core essence of a *ryokan*—serenity, authenticity, and personalized hospitality—while integrating operational efficiencies and modern design sensibilities. This philosophy culminated in the opening of Hoshinoya Karuizawa, a flagship property that set a new standard for hybrid *ryokan*-hotels.

 History of Hoshino Resorts

Through careful attention to detail and innovative design choices, Hoshinoya Karuizawa combined the aesthetics of traditional Japanese inns with contemporary luxury accommodations. This transformation became a blueprint for future Hoshino Resorts properties, establishing the brand as a leader in the hospitality industry.

Yoshiharu's approach was not without risk, but the success of Hoshinoya Karuizawa validated his vision. It also marked the beginning of Hoshino Resorts' evolution from a single-family-owned *ryokan* into a sophisticated hospitality management company with global ambitions.



Hoshinoya Karuizawa | Source: [Hoshino Resorts](https://www.hoshinoyaresorts.com/)

The Growth in Business Model



Hoshino Resorts Logo | Source: [Hoshino Resorts](https://www.hoshinoresorts.com/)

One of the pivotal decisions that defined Hoshino Resorts' growth was Yoshiharu Hoshino's focus on hotel management rather than property ownership. Yoshiharu recognized that owning properties would tie up capital and limit growth opportunities. Instead, he adopted an asset-light strategy, emphasizing operational excellence while leaving property ownership to investors.

In 2013, Hoshino Resorts established its Real Estate Investment Trust (REIT), Hoshino Resorts REIT Inc., listed on the Tokyo Stock Exchange. This financial structure allowed the company to separate property ownership from management, ensuring stable cash flows and sustainable growth.

Through the REIT model, Hoshino Resorts manages properties on behalf of investors, focusing on delivering exceptional hospitality experiences and maximizing operational efficiency. Investors, in turn, benefit from steady returns generated through the resort's consistent performance.

The REIT model not only provided financial stability but also enabled Hoshino Resorts to expand aggressively without over-leveraging its balance sheet. This innovative approach became a cornerstone of the company's strategy, balancing financial prudence with operational agility.

As a result, Hoshino Resorts has been able to focus on what it does best: creating unforgettable experiences for its guests while building a scalable and sustainable hospitality model.



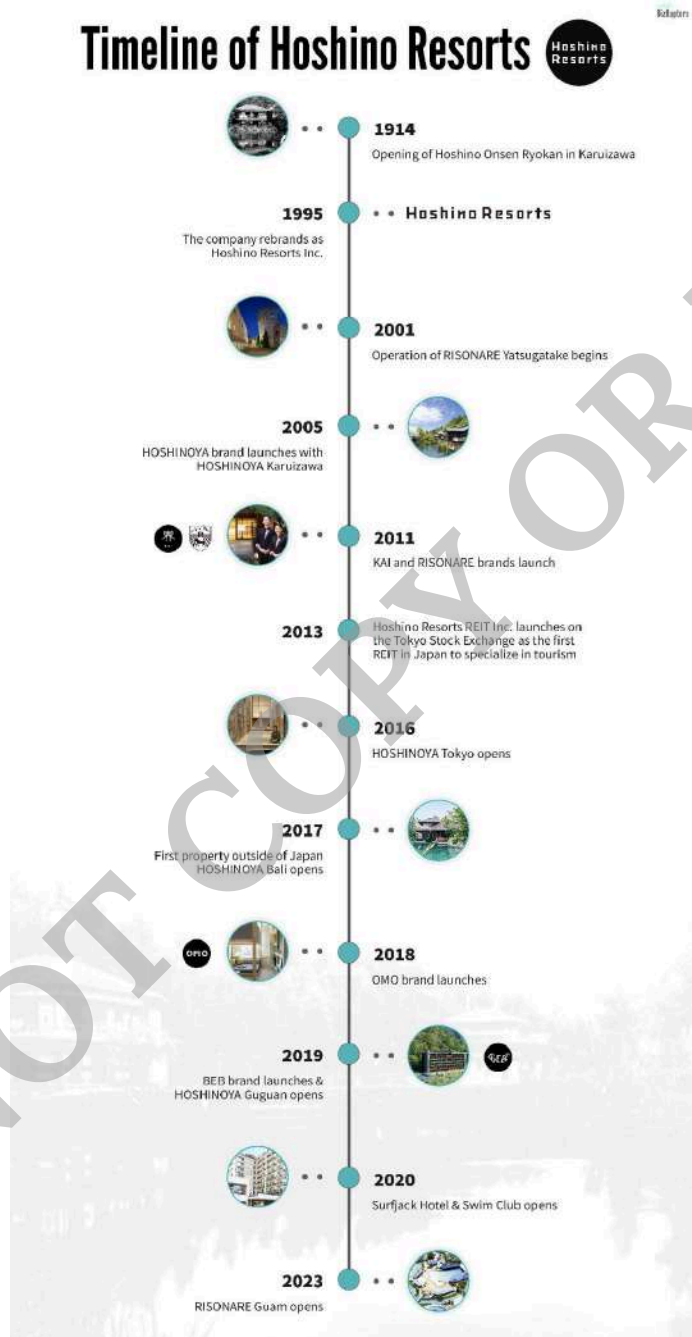
Hoshinoya Kyoto | Source: [Hoshino Resorts](#)

Providing a unique experience focused on the local charms of each destination and a high level of *omotenashi* Japanese-style hospitality, the company has expanded rapidly out of Karuizawa since 2001 and now operates 71 facilities both in and outside Japan (as of June 2024) under five main distinct brands:

- **HOSHINOYA luxury flagships:** “Japanese luxury hotels with overwhelmingly extraordinary ambiance. Authentic Japan with modern comfort.”
- **KAI hot spring resorts:** “Sophisticated hot spring *ryokans* with a comfortable Japanese aesthetic where guests can rediscover regional appeal. Destinations for blissful bathing and dining.”
- **RISONARE resort hotels:** “Western-style hotels combining refined design with a wealth of activities. Recreation - the art of creating anew.”
- **OMO city tourism hotels:** “Urban tourism hotels that go beyond mere places to sleep, instead making trips even more exciting. Instant access to the lively local scene.”
- **BEB hotels for millennials:** “More than a Japanese pub, but not quite a full journey - hotels where guests can kick back and relax with friends and colleagues. Kicked-back stays with the crew.”

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Timeline of Hoshino Resorts



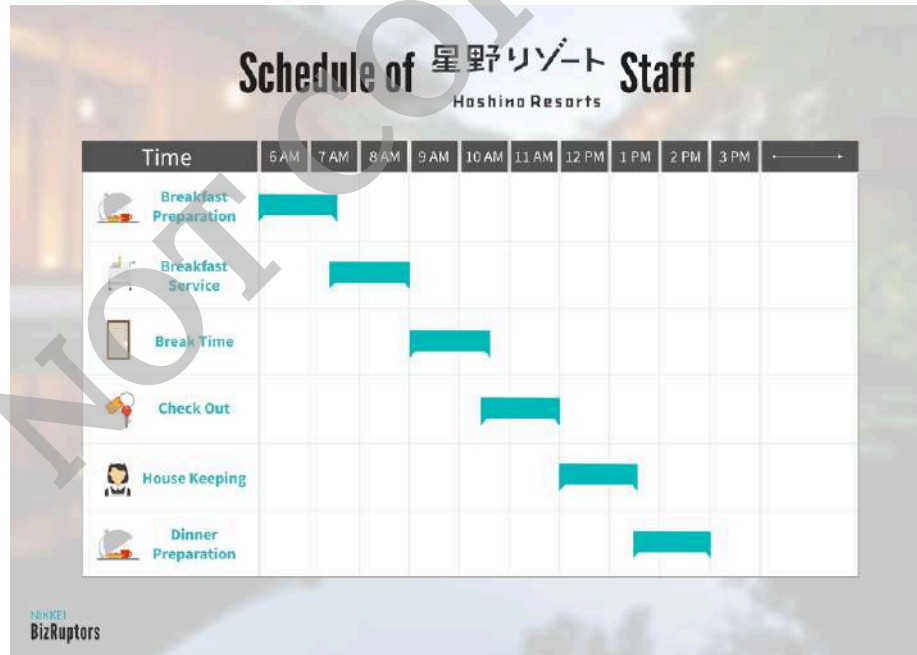
Timeline of Hoshino Resorts | Source: [Hoshino Resorts](https://www.hoshinoresorts.com)

Innovative Working System for Hospitality

Multitasking Workload

Hoshino Resorts has distinguished itself by crafting exceptional customer experiences through a blend of traditional Japanese hospitality and innovative operational strategies. Central to this approach is the company's unique multitasking work style, where employees are trained to perform various roles, enhancing service quality and operational efficiency. This system not only improves labor productivity but also fosters a deeper connection between staff and guests, as employees can seamlessly cater to diverse needs throughout the guest's stay.

Instead of logging in the time entering and leaving the hotel, employees would log what type of work they did throughout the day and for how long. This was called the work log “wakurogu” where job assignments are registered in 15-minute sessions. This system essentially eliminated the use of standard function-based specializations in hotel operations. Instead, the Hoshino hotels rely on multitasking teams called “service teams.”



Example of Hoshino's Multitasking Workload

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Overall, employees would have less off-time during the day, which means that some don't have to go to rest at home and it also makes the break between shifts simpler and helps to eliminate overtime. The staff would also be more knowledgeable in all skills needed to run a hotel and be better able to respond to the needs and inquiries of guests. In turn, Hoshino Resorts was able to offer competitive salaries and in the long run, better understand the guests' needs to come up with new services accordingly.

Beyond productivity, the multitasking system means staff can communicate closely with the guests who stay at the hotel. A staff will accompany a guest from reception check-in to serving breakfast to cleaning the rooms and to check-out. All staff members work across multiple departments during the course of a day, depending on the behavior of the guests. The multitasking system allows for the staff to have multiple touchpoints with customers.

Video: [Multitasking System - Hoshino Resorts Case Study](#)

It may seem like a butler system, often seen at prestigious five-star hotels, but there is more nuance to it. Unlike a butler, the staff at Hoshino Resorts' service style would be more friendly with the ultimate goal being to maximize customer experience and for staff members to be able to think as a marketer.

"Multitasking relies on a flat organization, and a flat organization is maintained by multitasking. Similar to this, we have also incorporated three other initiatives that share a symbiotic relationship, and none of these activities will ever be imitated by major international hotel companies. This is not because other companies do not believe in the effectiveness of these systems, but because at this late stage, the high costs of nurturing a flat organizational culture in a long-established international management structure and the change to a multitasking workflow would far outweigh the benefits."

- Yoshiharu Hoshino, CEO, Hoshino Resorts

Charm Meetings

For the staff working at Hoshino Resorts, there is constant room for innovation and collaboration. Each resort is organized around “units”, such as the service team unit, the spa unit, and the activities unit. One unit consists of staff members. Each unit has a unit director who is responsible for customer satisfaction and profitability. As staff members work together and interact with customers, ideas for improvements to the service might be sparked along the way. In that case, the staff can hold the so-called “Charm Meetings” to discuss ideas for events. The charm meetings are for staff from different departments and positions to gather together to discuss ideas.



Representatives from various departments attend the “Charm Meeting” to discuss event ideas. The meeting in this photo was attended by public relations staff, equestrian staff (horse care and carriage operation), human resources staff, facilities management staff, and restaurant staff | Source: [Nikkei](#)

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For example, this can be seen at Hoshino Resorts Aomoriya - an area known for its spectacular festivals. When thinking of service for customers, the staff at the location will find ways to provide the best experience inside and outside the hotel, in line with the value of the location to convey to tourists the unique charm. Many events based on Aomori traditions are held in the facility and are viewed by guests who often come from the Tokyo metropolitan area. In the winter, the events are focused on the famous rice cracker soup and scallops and visitors can also enjoy the natural scenery on a horse-drawn carriage.

In this aspect, the on-site staff are 'service creators' who are able to think of their own services. It is essential for the hospitality at Hoshino Resorts because the local staff would know the guests and local area best, can come up with ideas, and incorporate them into the actual services.

By empowering staff through multitasking and fostering creativity via initiatives like Charm Meetings, the company has built a culture that prioritizes both customer satisfaction and employee engagement. This holistic system not only strengthened the connection between staff and guests but also enabled Hoshino Resorts to adapt to local cultures and deliver tailored services that resonate deeply with travelers. As a result, the company set a benchmark in the industry, showcasing how innovation and tradition can coexist to redefine excellence.

From Japan to the World

Over the years, Hoshino Resorts has improved and perfected the management of *Ryokans*. And saw that there was potential to expand the hybrid *ryokan* hotel model further, to make such Japanese inns a category of hotels beyond secluded tourist attractions but in large cities, and even abroad.

"At some point, the ryokan stopped evolving, I want it to evolve and transform into a hotel that maintains its distinctively Japanese approach to hospitality while offering functionality and intuitiveness that rival even that of Western hotels."

- Yoshiharu Hoshino, CEO, Hoshino Resorts

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Yoshiharu took this challenge head-on by opening up a *ryokan* in Tokyo's Otemachi district, Hoshinoya Tokyo, in 2016. Hoshinoya Tokyo opened as a 17-floor high-rise that presents a traditional *ryokan* inn in a contemporary style. The hotel marked a unique combination of a Western and Japanese hotel, such as having a Western-style bathroom in a Japanese-style room and disrupting the wooden one-story building of a regular *ryokan*. Other features of the *ryokan* that are present at Hoshinoya Tokyo include taking off shoes at the entrance of the hotel to feel the *tatami* and having a low-floor bed.

 HOSHINOYA Tokyo movie #1

"We want to become an international management company in the future by marketing this Japanese-style hotel. We want to ask our guests to choose ryokans, not because they are in Japan, but because they are more comfortable, functional, and stylish, we need to succeed in Tokyo, where all these international hotels are competing. We need to compete in this market for us to take this market overseas."

- Yoshiharu Hoshino, CEO, Hoshino Resorts

After Hoshinoya Tokyo opened, Hoshino Resorts opened its first hotel abroad the following year in 2017 with Hoshinoya Bali located in Indonesia. As Hoshino Resorts expanded to its first location abroad, Indonesia, new challenges arose. The expansion tests the ability of Hoshino Resorts to be a globally competitive hotel management company.

The lush green tropical forests and beautiful beaches of Bali attract hundreds of thousands of tourists from around the world, making it a world-class tourism destination. It is also one of the most competitive markets for resorts to operate in with the presence of many international brands.

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Visitors' Country Profile at Hoshinoya Bali | Source: [Booking.com](https://www.booking.com)

In 2019, the brand launched Hoshinoya Guguan in the lush mountain landscapes of Taichung, Taiwan as its first property in Taiwan and represents a seamless integration of Japanese *ryokan* traditions and Taiwan's rich hot spring culture. Hoshinoya Guguan is a luxurious hot spring retreat that harmoniously blends Japanese *omotenashi* with the serene beauty of Taiwan's natural wonders.

Located in the famed Guguan Hot Spring area, the resort is surrounded by dense forests and pristine rivers, providing a serene escape from urban life. The design thoughtfully incorporates natural elements, with all suites featuring private hot spring baths fed by Guguan's alkaline spring waters, known for their skin-soothing properties.

Hoshinoya Guguan's architecture reflects modern minimalism infused with Japanese aesthetics. Each villa-style suite is designed to maximize privacy and connection with nature, featuring floor-to-ceiling windows, *tatami* floors, and open-air hot spring baths. The surrounding gardens and water features further enhance the tranquil atmosphere, inviting guests to unwind in harmony with the environment.



Area Map of Hoshinoya Guguan | Source: [HOSHINOYA Guguan](https://www.hoshinoya.com/guguan)

Hoshino Resorts has also skillfully adapted its offerings to other markets, exemplified by the boutique Surfjack Hotel & Swim Club (started in 2020) in Hawaii and the RISONARE Guam (started in 2023). The Surfjack Hotel & Swim Club highlights Hoshino's ability to celebrate local artistry and community spirit, with its retro-modern design, cultural events, and sustainable ethos. It also helped Hoshino test out the North American market before going for any bigger plan. On the other hand, RISONARE Guam combines family-oriented luxury with the tropical charm of Tumon Bay, providing guests with spacious suites and cultural immersion through island-inspired activities.

Hoshino Resorts' journey from a single *ryokan* in Nagano to a globally recognized hospitality brand demonstrates its ability to innovate while honoring tradition. By carefully tailoring its properties to the cultural and natural landscapes of each destination, the company has created experiences that resonate with travelers, in Japan and worldwide.

Appendices

Hoshino Resorts' Financial Performance 2019-2023

Fiscal period		2019	2020	2021	2022	2023
Operating revenue	US\$ million	37.645	40.102	41.184	42.688	47.974
Operating profit	US\$ million	15.763	16.813	17.536	18.221	22.304
Ordinary profit	US\$ million	12.582	13.709	13.984	14.752	17.504
Profit	US\$ million	12.570	14.963	13.978	14.963	17.498
Total assets	US\$ million	1,318.157	1,334.752	1,382.694	1,390.490	1,592.672
Net assets	US\$ million	805.376	807.776	808.045	809.018	927.610
Capital ratio	%	61.1	60.5	58.4	58.2	58.2

Source: [Financial Highlights | Investor Relations | Hoshino Resorts REIT, Inc.](#)

Hoshino Resorts' Customer Reviews

Hoshino Resorts has garnered numerous accolades across its various properties, reflecting its commitment to excellence in the hospitality industry. As of 2024, the company has received a total of 62 awards, underscoring its dedication to providing exceptional experiences for guests.

Notable Awards in 2024:

- Men's Health Travel Awards: HOSHINOYA Bali was honored with this award, highlighting its appeal to travelers seeking wellness and luxury.
- Newsweek Japan SDGs Awards 2023: HOSHINOYA Karuizawa received recognition for its efforts in sustainable development and environmental responsibility.
- iF Design Award: KAI Izumo was celebrated for its outstanding design, contributing to the brand's reputation for aesthetic excellence.
- 2024 The Bund Design Hotel Awards: HOSHINOYA Okinawa was acknowledged for its innovative design, enhancing the guest experience.
- Elite Traveler Gold 2024 Sustainability: HOSHINOYA Okinawa earned this accolade for its commitment to sustainable practices in the hospitality sector.

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2024		Men's Health Travel Awards HOSHINOYA Ball
		Newsweek Japan SDGs Awards 2023 HOSHINOYA Karuizawa
		iF Design Award KAI Izumo
		2024 The Bund Design Hotel Awards HOSHINOYA Okinawa
		Elite Traveler Gold 2024 Sustainability HOSHINOYA Okinawa

2024 Awards of Hoshino Resorts | Source: [Hoshino Resorts](#)

Notable Awards in 2023:

- Fodor's Finest Hotels: HOSHINOYA Kyoto was recognized for its exceptional service and facilities.
- 2023-2024 Putike Hotel Awards / Best Architect Design Award: HOSHINOYA Okinawa received this award, underscoring its architectural excellence.
- 15th Annual City Traveler Awards: HOSHINOYA Kyoto was honored for its outstanding urban hospitality.
- Conde Nast Traveler Reader's Choice Awards: Both HOSHINOYA Tokyo and HOSHINOYA Kyoto were selected, reflecting their popularity among travelers.
- The World's 50 Best Hotels 2023: HOSHINOYA Tokyo was ranked No.39, highlighting its global appeal.
- Travel + Leisure Luxury Awards Asia Pacific 2023: HOSHINOYA Okinawa was recognized for its luxury offerings in the Asia Pacific region.
- Conde Nast Traveler's Gold List 2023: HOSHINOYA Kyoto was included, affirming its status as a top-tier destination.

Sources and more information at: [Awards | Hoshino Resorts](#)

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Sharings from Yoshiharu Hoshino

- ▶ [Becoming a Leader in Resort Management: Hoshino Resorts' Innovation for Hospitality](#)
- ▶ [Hoshino Resorts: A Leader's Vision to Transform Japanese Tourism](#)
- ▶ [Special Dialogue with CEO of Hoshino Resorts—It's Strategy in Japan and Plans for Glob...](#)

Discussion Questions

Question 1

How has Hoshino Resorts successfully blended traditional *ryokan* elements with modern hospitality practices? What are the key factors driving this success?

Question 2

What challenges might Hoshino Resorts face in replicating its Japanese hospitality experience in international markets, and how can it overcome them?

Question 3

In what ways does the multitasking system enhance or hinder the guest experience at Hoshino Resorts properties?

Question 4

How does the REIT-based asset-light model contribute to the scalability and sustainability of Hoshino Resorts? What are its potential risks?

Question 5

What strategies should Hoshino Resorts adopt to differentiate itself in highly competitive markets like Bali and Guam?

Sources & Further Reading

- [The ryokan: the ancient Japanese inn that is the next big Airbnb thing | The Guardian](#)
- [Origins and History of the Japanese Ryokan | Japan Ryokan & Hotel Association](#)
- [Japan's Traditional Inns Innovate to Thrive in a Declining Market | Nippon.com](#)
- [Property Details: Hoshino Resorts KAI Matsumoto | Press Center](#)
- [Property Details: HOSHINOYA Karuizawa | Press Center | Hoshino Resorts](#)
- [HOSHINOYA Kyoto Selected for Condé Nast Traveler's Gold List 2017 in the Third Consecutive Year! | News | Hoshino Resorts](#)
- [Hoshino Resorts REIT, Inc.](#)
- [Hoshino Resorts | Winners | Porter Prize](#)
- [True nature of the labor shortage | Hoshino Resorts REIT, Inc.](#)
- [Interview with Hoshino Resorts - Tokyo Weekender](#)
- [Marketscreener - Data as of May 2024](#)