

PCG INSIGHTS

Realising The Potential of Mountain Tourism in Japan



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The global tourism industry is evolving with more travellers seeking experiences¹ that embody purpose, culture and authenticity. With Japan's recent emergence as one of the world's top travel destinations, mountain tourism offers significant prospects. Given their beautiful snow-covered peaks, abundant powder snowfall or "Japow" and lush landscapes, regions such as Hokkaido, Nagano and Niigata are uniquely positioned² to cater to this growing generation of travellers.

Alongside the government's initiatives to promote adventure and regional tourism and their sustainability-centred approach, Japan has the ability to transform its mountain regions into world-class destinations whilst fostering regional revitalization and cultural preservation. In this interview with Ken Chan, we seek his vision for mountain tourism in Japan and how PCG is investing in this sector.

Q1) Why focus on mountain tourism?

KC: Japan's tourism industry offers both resilience and upside. Inbound tourism flows have been rising sharply both pre and post pandemic. In fact, foreign visitor numbers rose 47.1% over 2024 to reach a new high of 36.9 million³. The Japan Tourism Agency⁴ (JTA) also projects 60 million tourists by 2030, supported by the ongoing efforts to digitalize the industry, enhance accessibility, and expand offerings in regional areas.

While Japan's travel market is still largely domestic based, the growth is driven mainly by inbound guests. In terms of total overnight stays by travellers in Japan, foreign guests make up 19% of the national total in 2023, but its 10-year CAGR was 13.4% over 2013-23, vs 1.5% for domestic guests. The most popular destinations include Tokyo, Osaka, Hokkaido, Okinawa, Fukuoka, Kyoto, which combined account for over 70%⁵ of overnight stays by foreigners, with some areas even seeing signs of overtourism. However, momentum in foreigner visits to the other prefectures⁶ should continue growing given the government's ongoing efforts to boost regional tourism.

For example, JTA has introduced various programmes to support and promote regional cultural tourism offerings. There are also government plans to open luxury resort hotels across 35 national parks by 2031, with an emphasis on environmental conservation and collaboration with local communities. Spreading out tourism inflows to more regional areas should not only help increase the length, breadth and frequency of tourism stays in Japan, it can also transform local economies by creating jobs, supporting local businesses, and attracting investment.

As one of PCG's key investment objectives is to unlock value in markets with good growth prospects and contribute to regional revitalisation, we see considerable potential in mountain tourism in Japan. Mountain regions cover over 70%⁷ of Japan's landmass, but remain underutilized in this tourism boom. Even globally recognized ski resorts like Niseko and Hakuba, which have seen robust visitor growth, lack extensive accommodations and infrastructure needed to meet the growing demand.

¹ Source: Euromonitor International Article dated 13 Sep 2024 on ["Traveller Segmentation: The Expanding Role of Cultural Explorers in Shaping Global Tourism"](#)

² These prefectures are celebrated for its world-class snowfall, making it ideal for winter sports. There are also scenic lakes, hot springs, and a thriving crafts and agricultural industry.

³ Source: Japan National Tourism Organization.

⁴ Source: Foreign Press Centre of Japan. Report by JTA on 20 June 2024 ["Toward a Tourism Nation – Expansion of Inbound demand, challenges and future initiatives"](#)

⁵ Source: MLIT; [Land & Climate of Japan](#)

⁶ Source: [PCG Insights – An Eye on Japan: Japan Real Estate Market Outlook \(October 2024\)](#).

⁷ Source; MLIT; [Land and Climate of Japan](#). Japan also has the third highest forest coverage rate (68%) amongst all developed countries globally. Source: [Food and Agricultural Organization of the United Nations](#)

Then there are lesser known areas such as Myoko Kogen. Located between Niigata and Nagano, it is one of Japan's oldest winter sports destinations given its consistently large powdery snowfall. Having scenic landscapes, hot springs and onsen facilities, and being only 2-3 hours from Tokyo, we see this area as having excellent development potential.



Q2) What are the key success factors when developing a mountain resort:

KC: Having invested in other resort development projects in Japan in my previous role, there are multiple factors which I think are critical in increasing the project's success rate. They are:

Diversified Demand Base: For a resort destination to thrive, it needs to have a diversified revenue stream across the seasons. There must be sufficient attractions, amenities, and accommodation to cater to different demand types, be it a family vacation, romantic getaway, corporate retreat, or an escape for adventure or relaxation etc. In terms of mountain resorts, activities such as hiking, hot springs, boating, and major cultural activities and events, can help complement traditional snow sports and thus appeal to a wider audience throughout the year.

Long-term Perspective and Milestones: You need to think about the very long-term and the key milestones in 3, 5, 10 years' time. This allows you to make decisions that bring more lasting results, and provides accountability to your stakeholders. As there are immense complexities involved in creating an environment where people can live, work and play for extended periods, flexibility is needed to adapt to evolving market conditions, consumer trends, govt policies etc.

Cohesive Master Planning: From the quality of the infrastructure and layout of the ski runs, to the choice and placement of accommodations and amenities, every element must be thoughtfully designed and contribute to a better guest experience. Having control over these key decisions helps to create a more cohesive ecosystem for any resort to run well.

Enhanced Accessibility: Seamless travel options are essential to attracting repeated visits. This means leveraging Japan's excellent rail network, ensuring easy airport connections, and collaborating with travel agencies and platforms, and transportation providers. Easy accessibility is particularly crucial for international visitors unfamiliar with the area.

Investing in Talent: The success of any hospitality venture hinges on its people. Apart from investment, asset management and development, we also need the right specialists for areas such as master planning, resort branding and operations, technology, sustainability etc. In terms of onsite staff, having

cultural sensitivity and multilingual capabilities will also add to the overall guest experience. However finding and retaining quality staff will remain a key challenge given Japan's labour market constraints.

Stakeholder Engagement: Building strong networks and long-term relationships in areas such as financing, construction, hotel operations, local government and community, are key to the viability and smooth execution of any resort development project. For example, for our Myoko Kogen project, we involve our contractors early in the process, so as to reduce the risks of construction cost overruns and delays. To reinforce trust and confidence with the local community, we also spend time and effort in engaging with them to listen to their concerns, and share our vision and the broader benefits of the project.

Authenticity and Identity: The resorts must reflect the region's identity. Whether it's showcasing locally sourced products, traditional crafts and cuisine, or organizing cultural festivals, these efforts deepen the destination's connection with the visitors, and tie in with the overall trend towards experiential travel.

Leveraging Data: Data analytics can unlock powerful insights into traveller behaviour, preferences, and spending patterns. Having the right data will allow us to 1) respond quickly and even anticipate trends, 2) manage revenues better, 3) benchmark performance vs targets and competitors, 4) collate and track feedback, 5) measure effectiveness of campaigns etc. This will help us fine tune our offerings to increase repeat visits.

Building a Strong brand: Establishing a mountain resort as a top of mind global destination is not easy. Marketing campaigns must highlight the unique appeal of the area while positioning it alongside globally recognized names like Whistler, Aspen, St. Moritz, Courchevel etc. We need a multi-channel strategy that is impactful via traditional and new media, and partnerships with KOLs and corporates. For example, PCG has partnered with UC Global, a lifestyle and entertainment brand management company which owns rights to major events such as the Ultra Music Festival and wellness festival Wanderlust. The intention is to provide unique entertainment and cultural options and help attract visitors to Myoko Kogen.

Commitment to Sustainability: Building a sustainably driven resort is not only good business sense, but also preserves the area's natural beauty and resources. As many cities in Japan have made a commitment to net zero carbon emissions by 2050, aligning with their plans will ensure we are on the right side of environmental responsibility. For instance, using sustainable materials and renewable energy solutions, and leveraging local resources, will help reduce the resort's carbon footprint and tie in with the growing demand for eco-friendly travel options.

Q3) What is your vision for Myoko Kogen?

KC: For Myoko Kogen to fully realize its potential, it requires more than just capital investment. It needs a long-term vision, strategy, and commitment to create value that extends beyond just financial returns. It requires collaboration across private and public sectors, alignment with local communities, and a strong focus on world-class excellence and sustainability. At PCG, we believe that long-term success for Myoko Kogen also means long-term success for Niigata and Nagano. So while this journey will definitely be complex and challenging, we hope that it will create new opportunities for these regional economies and set a benchmark for the future of mountain tourism in Japan.