



**HĀLĀWAI PAPA ALAKA'Ī KŪMAU  
KE'ENA KULEANA HO'OKIPA O HAWAII'**

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY**

*Po'ahā, lā 26 o Iulai 2018, 9:30 a.m.*  
**Thursday, July 26, 2018 at 9:30 a.m.**

***Kikowaena Hālāwai O Hawai'i  
Lumi Papa Ho'okō A  
1801 Alaākea Kalākaua  
Honolulu, Hawai'i 96815***

**Hawai'i Convention Center  
Executive Board Room A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815**

***Papa Kumumana'ō  
AGENDA***

1. *Ho'omaka A Pule*  
Call to Order and Pule
2. *'Āpono I Ka Mo'ō'ōlelo Hālāwai*  
Approval of Minutes of the June 28, 2018 Board Meeting
3. *Hō'ike Lālā*  
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Mana'ō OKa Luna Ho'okele No Ka Ho'okō Papahana HTA Ma Mei 2018*  
Report of the CEO Relating to Staff's Implementation of HTA's Programs During June 2018
5. *Ho'oholo No Ke Noi E Ho'oku'u I Ko HTA Pelekikena A Luna Ho'okele*  
Final Action on the Permitted Interaction Group's Recommendation to Terminate HTA President and CEO George Szigeti Without Cause
6. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*  
Presentation and discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
7. *Hō'ike Anamana'ō Kama'āina*  
Presentation of the Resident Sentiment Survey Results

8. *Ka Papahana Ho'omohala Hou No Hawai'i Mokupuni Na Hawai'i Tourism USA*  
Presentation, Discussion and Action on Hawai'i Tourism USA's Recovery Plan Proposal to Use Emergency Funds to Fund Response and Recovery Marketing Plans Resulting from the Volcanic Activity on the Island of Hawai'i
9. *Hō'ike A Kūkākūkā No Ka 'Aha Ho'okipa Honua*  
Presentation and Discussion on the 2018 Global Tourism Summit
10. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*  
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
11. *Hō'ike No Ka Papahana Ho'oponopono*  
Update on the Status of the 2018 Audit Action Plan
12. *Hō'ike, Kūkākūkā A Noi Kālā No Nā Papahana I Hāpai 'Ia E Ke Kōmike Hokona Kūmau\*\*\**  
Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee\*\*\*
13. *Ho'okumu I Hui Ho'opiha Kūlana Luna Ho'oponopono*  
Establishment of a Permitted Interaction Group Serving as a Selection Committee to Propose Candidate(s) to Fill the Vacancy of the *HTA Chief Administrative Officer* Position
14. *Ho'okumu I Hui Ho'opiha Kūlana Hope Pelekikena Hokona A Ho'omohala*  
Establishment of a Permitted Interaction Group Serving as a Selection Committee to Propose Candidate(s) to Fill the Vacancy of the *HTA VP of Marketing and Product Development* Position
15. *Hāpai A 'Āpono I Nā Lālā Papa Alaka'i*  
Nomination, Selection and Appointment of Board Members to the Permitted Interaction Groups Established in Items 14 and 15 Above
16. *Ho'okumu I Hui Ho'opiha Kūlana Pelekikena A Luna Ho'okele*  
Establishment of a Permitted Interaction Group Serving as a Selection Committee to Guide the Search for the next *HTA President and CEO*, with Members to be Recommended by the Administrative Standing Committee
17. *Kūkākūkā A 'Āpono I Ka Mo'ohelu HTA Makahiki Kālā 2019\*\*\**  
Discussion and Approval of the FY19 HTA Budgets\*\*\*
18. *Ho'oku'u*  
Adjournment

\*\*\* 'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.

\*\*\* Executive Session: The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

He kono kēia i ka po'e e hō'ea i ka 'aha ho'olohe no ka hāpai mana'o ma o ka waha a i 'ole ma o ke kākau. No ka po'e e makemake ana e kākau i ko lākou mau mana'o kāko'o/kāko'o 'ole, ua pono ko lākou ho'ouna 'ana aku i kā lākou 'ōlelo hō'ike ma mua o ka 'ōlelo ho'olohe. Hiki ke ho'ouna 'ia iā Carole@gohta.net; ma o ka hoouna 'ana aku i leka (e ho'ouna i ka helu wahi o luna); a i 'ole ma o ke kelepa'i 'ana aku. No ka 'ikepili hou aku e pili ana in ā kumuhana kūikawā, e kelepona aku iā Carole Hagihara ma kāna kelepona (808) 973-2255 he 'ekolu (3) lā ma mua o ka hālāwai.

Members of the public are invited to attend the public meeting and provide oral testimony on any agenda item. Written testimony may also be provided by submitting the testimony prior to the meeting to by email to Carole@gohta.net; by mail at the above address; or by facsimile transmission. Any person requiring special assistance to participate in the meeting, please contact Carole Hagihara (973-2255) no later than 3 days prior to the meeting so arrangements can be made.

# **Agenda Item**

## **2**

**Approval of Minutes of the  
June 28,2018 Board Meeting**



**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, June 28, 2018  
Hawai'i Convention Center  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Fred Atkins, David Arakawa, Sean P. Dee, Gerald De Mello, Donna Domingo, George Kam, Ku'uipo Kumukahi, Sherry Menor-McNamara, Denise Hayashi Yamaguchi

**MEMBERS NOT PRESENT:**

Craig Nakamura, Kelly Sanders

**HTA STAFF PRESENT:**

George Szigeti, Marc Togashi, Charlene Chan, Kalani Ka'anā'anā, Carole Hagihara, Caroline Anderson, Chris Sadayasu, Christina Wieand, Jadie Good, Laci Goshi, Lawrence Liu, Minh-Chau Chun, Naomi Sjoquist, Noriko Sloan, Pua Sterling, Ronald Rodriguez

**GUESTS:**

Teri Orton, Nicole Liew, Lee Conching, Nathan Kam, Erin Kinoshita, Pris Texeira, Allison Schaefer, Mari Tait, Katie Murar, John Monahan, Debbie Zimmerman, Mitsue Varley, Eric Takahata

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Officer Rick Fried called the meeting to order at 9:34 a.m. Chair Fried acknowledged Pua Sterling, who offered an Oli. Chair Fried acknowledged that three Board members, Gerald De Mello, Donna Domingo, and Denise Hayashi Yamaguchi were departing, and thanked the three Board members for their service.

## **2. Approval of the Minutes of the May 31, 2018 Board Meeting**

Chair Fried requested a motion to approve the minutes of the Board meeting held on May 31, 2018. Ms. Kumukahi made the motion, and Mr. Atkins seconded the motion, which was unanimously approved by all the Board members present.

## **3. Review of Recent and Upcoming Permitted Interactions**

Chair Fried asked if there were any reports of permitted interactions. No Board members reported any permitted interactions.

## **4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During May 2018**

Chair Fried acknowledged Mr. Szigeti, who began his presentation by stating that June was an important month for HTA in its recovery efforts due to volcanic activity on Hawai'i Island and ongoing flood response on Kaua'i. He explained that news coverage and video of the lava flow has diminished greatly due in large part to industry partners working collaboratively to counter misconceptions on travelling to the State of Hawai'i. Mr. Szigeti explained that HTA has continued to keep the alert section of HTA's website active to counteract news coverage, and that there has since been positive media coverage regarding the safety on all islands. He explained that Hawai'i Island's visitor's bureau has continuously given interviews, and that HTA has been in contact with over 100 media outlets to provide information. He also reported that the spokesperson for Hawai'i Island's visitor's bureau has given over 30 interviews to various media outlets, and that these videos were repurposed into a video news release, including key talking points that Hawai'i is safe for visitors and largely unaffected, except for the lower region of Puna. Mr. Szigeti recognized Ms. Chan for having productive meetings with Kohala Coast Resort Association. Last, Mr. Szigeti stated that HTA has kept its efforts to support recovery efforts in Hanalei, Kaua'i.

Mr. Szigeti noted that the redesign of the [www.hawaiitourismauthority.org](http://www.hawaiitourismauthority.org) website launched in June, and that the website had a more user-friendly and clean design.

Mr. Szigeti then noted that he met with Hawaiian Airlines Chief Executive Officer Peter Ingram and his team to discuss their recent joint venture with Japan Airlines, and that he also met separately with executives of Japan Airlines concerning volcanic activity on Hawai'i Island. He also noted that he conducted calls with all of HTA's global partners within the past two weeks to discuss the volcanic activity on Hawai'i Island and the upcoming Global Tourism Summit. Mr. Szigeti then noted that he had positive meetings with All Nippon Airways ("ANA"), which is one year away from launching its Airbus A380s, and with the Global Tourism Summit Steering committee.

Mr. Szigeti reported that he would attend a quarterly meeting in July with Mayor Kirk Caldwell and all Waikiki stakeholders to discuss issues including traffic and homelessness. Last, Mr. Szigeti offered that occupancy for Hawai'i hotel properties were currently at 79.5 percent, and

that hotel properties reported increases in ADR. He said that among visitor statistics, spending increased by 11 percent, that arrivals increased by 7 percent, and that air seats increased by 12.6 percent. He noted that the State of Hawai'i's year-to-date tax revenue was \$894.6 million, plus \$87.7 million, or 10.9 percent.

Mr. Atkins thanked the Board on behalf of the Kaua'i Visitors Bureau for supporting the shuttles, its social media campaign, and funding for activities in Hanalei this summer. He also thanked Mr. Ka'anā'anā for helping to implement the shuttle program on Kaua'i.

Chair Fried asked Mr. Szigeti to mention the sponsorships for the Global Tourism Summit. Mr. Szigeti acknowledged HTA Staff for working together for coordinating the Global Tourism Summit. Mr. Szigeti then stated that the Global Tourism Summit had been so far well received, and HTA expects 2,500 people to come from 18 different countries. He noted that the Global Tourism Summit has its \$75,000 sponsor in place, as well as sponsors for \$40,000 and \$50,000 and that these sponsors could not yet be announced.

## **5. Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets**

Chair Fried acknowledged Minh-Chau Chun, who presented the current market insights and conditions in key major Hawai'i tourism markets. Ms. Chun stated that visitor spending increased by 11 percent, and arrivals increased by 7 percent. She noted that spending increased for the U.S. West, U.S. East, Japan, and Canada markets, though spending for Canada was slightly lower than projected. She noted increased arrivals from Oceania, New Zealand, Australia, and Europe.

Ms. Chun presented that arrivals by air decreased for Hawai'i Island by 1.6 percent in May. She stated that the decrease was attributable to volcanic activity, which resulted in the cancellation of the Pride of America cruise ship's port calls to Hilo and Kona, which in turn resulted in a decrease of 7,000 visitor arrivals to Hawai'i Island. Cruise passengers on the Pride of America are those who came by air to the State and boarded the ship at Honolulu Harbor on Saturdays to begin a seven-day tour around the Hawaiian Islands. Ms. Chun stated that these port calls were resumed in mid-June and HTA would continue to monitor the arrivals.

Mr. Atkins asked Ms. Chun for clarification into how statistics for passenger arrivals were calculated when passengers arrived to an Island by cruise ship. Ms. Chun responded to Mr. Atkins' question by affirming that passengers who visit an Island by cruise ship are counted among that Island's total arrival numbers (arrivals by air plus arrivals by cruise ship). Mr. Atkins then asked for clarification on whether counting cruise ship passengers as arrivals is 'double-dipping' when those passengers arrived in Honolulu, Hawai'i and boarded the cruise ship in Honolulu, Hawai'i. Ms. Chun replied that HTA counts state-wide visitor arrivals and individual island visitor arrivals separately. She further explained that, on a statewide level, a visitor is counted only once, regardless of how many islands he or she visited, and on an island-by-island basis, that visitor will be counted on every island he or she went to; therefore, the sum of

visitor arrivals to each individual island is larger than the total number of arrivals to the State. Mr. Atkins followed by asking whether a visitor's day trip to Kaua'i from another island counts as an arrival. Ms. Chun replied that day trips are counted and that any arrival onto an island is counted as an arrival to that island. Mr. De Mello commented that when the cruise ship stopped arriving on Hawai'i Island, the ports felt like ghost towns, and that activity has since improved. Mr. De Mello thanked Mr. Szigeti for combatting media overreaction by affirming that Hawai'i Island is safe for visitors. Mr. Szigeti asked Laci Goshi to clarify the status of other cruise lines, in which Ms. Goshi responded that Crystal and Norwegian cruise ships are returning to Hawai'i Island ports.

Chair Fried stated that HTA needs to make sure that the statistics are clear in how it calculates visitor arrivals. In response to Chair Fried's concern, Mr. Arakawa suggested that an explanatory sheet describing how numbers were calculated in state-wide and county-wide arrivals would resolve questions on how to read the numbers. Ms. Yamaguchi suggested that testimonials would support increasing visitor arrivals to Hawai'i Island, and that visitors could be encouraged by participating by receiving goodies or other items. Mr. Szigeti responded to Ms. Yamaguchi's suggestion by stating that he will discuss the possibility of testimonials with Norwegian Cruise Line in a scheduled meeting in July. Mr. Atkins recognized that the cruise lines' decisions to pass Hawai'i Island have shown how much impact cruise ships have on visitor arrivals and spending.

## **6. Presentation, Discussion and Action on Hawaii Tourism Japan's Proposal to Use Emergency Funds to Fund Response and Recovery Marketing Plans Resulting from the Volcanic Activity on the Island of Hawai'i.**

Chair Fried acknowledged Eric Takahata, who discussed Hawai'i Tourism Japan's Proposal to use Emergency Funds in response to volcanic activity on the Island of Hawai'i. Mr. Takahata began by explaining that the number of visitor arrivals from Japan to Kaua'i needed to be increased, and because the numbers were already minimal, the flooding in Hanalei did not have a large impact on the number of visitor arrivals from Japan.

Mr. Takahata explained that the protocol for addressing the Japanese market must approach the entire market with both airlines and wholesalers. Mr. Takahata presented a three-phase plan to address the decrease in visitor arrivals from the Japanese market to Hawai'i Island.

Mr. Takahata stated that Phase 1 was to distribute accurate information to stakeholders on the effect of volcanic activity on Hawai'i Island. He explained that the Japan market was particularly sensitive to volcanic activity, earthquakes, and tsunamis, and, when these events occur in Japan, the Japanese government receives scientists to speak on the government's behalf, and these statements are circulated through television and the internet. HTA's concern was to ensure that information going to Japan was accurate, and HTA translated all alerts relating to volcanic activity as soon as possible to provide accurate information to stakeholders.

Mr. Takahata stated that HTA was currently in Phase 2, which was to directly approach consumers and educate media through briefing sessions.



Mr. Takahata stated that Phase 3 will be HTA's mitigation initiative. Phase 3 includes cooperating with travel agencies by creating package tours and educating travel agencies through seminars. He explained that part of this initiative was a collaborative effort between Hawai'i Tourism Japan, Japan Airlines and Hawaiian Airlines to open an Island of Hawai'i pop-up Café in Tokyo, Japan. He expressed that, in May, cancellations were not as strong as previously expected because most wholesalers do not allow for cancellations within 30 days; most of the wholesaler passengers continued their trip to Hawai'i Island. He then exclaimed that he thought the forecasting to June, July, and August looked okay, though there was concern regarding the booking pace, which was trending down.

Mr. Takahata stated that Hawai'i Tourism Japan's website page views doubled, most likely because consumers wanted accurate information on what was occurring on Hawai'i. He explained that all alerts were timely dispersed on the website, as well as social media and to media outlets.

Mr. Takahata explained that HTA recently approved \$250,000 in funds for a direct consumer campaign and media initiatives. In discussions Mr. Takahata had with Japan Airlines, Japan Airlines appreciated that HTA did not have any knee-jerk reactions to the volcanic activity on Hawai'i Island. He also discussed a survey campaign for Japanese consumers that began in June. He said out of 6,500 surveyors at the event "Aloha Tokyo 2018," about 1,800 planned to visit Hawai'i Island within the next six months, and 3,800 planned to go to Hawai'i Island within one year. He said the survey also showed that Japanese visitors showed interest in staying on Hawai'i Island for either three days or over six days. Mr. Takahata stated that interviews with specialists and exit testimonial interviews would be shooting between July and August, and that videos would be distributed on an ongoing basis as digital advertisements. He stated that press tours for various media outlets would begin shortly, and in October, major Japan newspapers would visit and provide coverage on the Island of Hawai'i. He last stated that Kalani Ka'anā'anā, Ken Hon, Ross Birch, and Mitsue Varley would travel to Japan to provide press conferences and briefings on the Island of Hawai'i.

Mr. Takahata stated that Hawai'i Tourism Japan was requesting an additional \$450,000 of emergency funds for its travel trade co-op program as part of Phase 3 of its Recovery Marketing Plan. He explained that major entities that are supporting travel to Hawai'i Island include Hawai'i Tourism Japan, Japan Airlines, Hawaiian Airlines, and Japan wholesalers, including JALPAK, among others. He further explained that these co-ops would happen through the year to September, and an example of one co-op being Japan Airlines' own \$4 million investment to start a new ad campaign beginning in June to run through mid-September. In explaining the Japan Airlines co-op, Mr. Takahata stated that Japan Airlines hired one of Japan's top three models of her generation for television and physical ads in a full advertising campaign. He stated that television ads ran during morning shows and prime-time television, and that physical ads were in all major Tokyo train stations. Mr. Takahata explained that Japan Airlines planned a separate large promotion campaign which would run from August to September.

Mr. Takahata stated that, in addition to Japan Airlines' campaign, another basis for additional funding included taking over Royal Garden Café to create the "Island of Hawai'i Café" from the end of July through September, as well as other consumer events and travel trade seminars.

Mr. De Mello expressed that there is currently no safe viewing site for Kīlauea, and due to the lack of a new viewing site businesses in the area were struggling. In response to Mr. De Mello's concern, Mr. Takahata stated that he had faith that safe viewing sites would be taken care of, and that the industry could focus on other sites in East Hawai'i Island, such as Waipi'o and Honoka'a. Ms. Kumukahi thanked Mr. Takahata and his team for their efforts to focus on cultural importance of the volcanic activity as well, and that HTA must bring back the cultural portion of conservation and preservation to the forefront of explaining the volcanic activity. Chair Atkins asked what else HTA could do to support the cultural importance of the volcanic activity. Mr. Takahata explained that Hawaii Tourism Japan included Mr. Ka'anā'anā in the media tours to address the cultural importance of Hawai'i Island, and noted that two years prior, HTA held an executive level familiarization tour of Kīlauea, which moved some Japan Airlines' executives to tears.

Chair Fried asked for a motion to approve release of \$450,000 from the Tourism Special Fund's emergency funds for Hawai'i Tourism Japan's Recovery Marketing Plan. Mr. Kam made such motion, and Mr. De Mello seconded the motion. Chair Fried then opened the Motion for discussion.

Mr. Arakawa asked how much support HTA could expect from its industry partners. Mr. Takahata explained that the prior day, he met with the Executive Director in charge of the Hawai'i route of Japan Airlines, and that it was Japan Airlines' number one priority to support its air routes to Hawai'i Island. Mr. Szigeti, in response to Mr. Arakawa's question, responded that supporting marketing efforts for Hawai'i Island was the highest priority for Hawaiian Airlines as well. Mr. Atkins asked how much of the funding would go to wholesalers. Mr. Takahata explained that almost all of the funding would go to co-ops with airlines and wholesalers as HTA's contribution in supporting the mitigation process, and that the industry must match HTA's contribution by at least three to one. Mr. De Mello asked what the new familiarization tours were going to be. In response to Mr. De Mello, Mr. Takahata explained that wholesalers were currently on Hawai'i Island to create a new product in East Hawai'i Island, since the volcano was originally a large component of that experience.

Chair Fried asked for a vote on the motion. The motion was unanimously approved by all members present.

Chair Fried asked John Monahan, President of Hawai'i Visitors Convention Bureau, to provide the Board with an update on a social media campaign. Mr. Monahan explained that the social media campaign was executed, and hit 20 out of the 29 targeted U.S. cities. The hashtag, #exploreislandofhawaii, had over 4.2 million impressions with 180,000 visitor views. Mr. Monahan encouraged businesses to use the hashtag, and to use appropriate hashtags in their posts. He stated that most of HVCB's 53 partners have made social media posts and have

helped to amplify HVCB. Mr. Monahan also stated that mainstream media is spreading a positive message that travelling to Hawai'i Island is safe. He agreed with earlier statements made by Mr. Takahata that booking pace is still a problem, and that prospective visitors have concern with the air quality on Hawai'i Island. Mr. Monahan stated that monitors in Kona will help to accurately measure the air quality. He predicted that the visitor industry will ultimately be harmed until a new viewing site is established for Kīlauea. Last, Mr. Monahan stated that HTA should continue to ensure that the volcanic activity on Hawai'i Island is not called or discussed as a natural disaster, while still noting that residents have lost their homes and belongings. In addition, he expressed that the volcanic activity must be addressed with a cultural component, and that the industry could change the theme of public perception to the current circumstances making it the best time to visit Hawai'i Island. Mr. Monahan recognized Hawai'i Island for its efforts to mitigate harm to visitor arrivals, in particular Ross Birch of the Island of Hawai'i Visitors Bureau.

## **7. Presentation, Discussion and Action on HTA's Financial Report for March 2018**

Chair Fried acknowledged Marc Togashi, who requested approval for HTA's Financial Report for March 2018. Chair Fried asked for a motion to approve HTA's financial statements for March 2018. Mr. Kam made such motion, and Mr. De Mello seconded. Chair Fried opened the motion for discussion. Chair Fried, after hearing no discussion asked for a vote. The motion was unanimously approved by all members present.

Chair Fried announced a short recess.

**The meeting was recessed at 11:00 am.**

**The meeting was reconvened at 11:05 am.**

## **8. Presentation by AEG Regarding an Update of Hawaii Convention Center Operational Activities and Sales Initiatives**

Chair Fried acknowledged Teri Orton to provide an update of Hawai'i Convention Center operational activities and sales initiatives. Ms. Orton stated that the Hawai'i Convention Center exceeded one million in gross revenue for May, and that this was the third month this year in which one million was exceeded. She explained that the Hawai'i Convention Center worked under budget due to a timing difference of one association group that straddled for two months, and that an 8 percent variance was due to Hawai'i Convention Center not getting food and beverage revenue as anticipated for another association group. Ms. Orton stated that the Hawai'i Convention Center had a loss of revenue at \$260,000, which was slightly larger than anticipated. She added that the year to date revenue was 5.7 million, and that the Hawai'i Convention Center had a net loss of \$511,000, which was \$98,000 more than anticipated. She also clarified that the reforecast numbers for the year would change due to the impact of losing two corporate groups, a basketball tournament, and Evolution Sports, which was a multi-sport event that pulled out after Hawai'i Convention Center refused to hold the mixed martial arts component. Ms. Orton stated that with the loss of those groups, food and beverage revenue

for the Hawai'i Convention Center has declined. She mentioned one group, American Demo Associates, moved their dinner program from the Hawai'i Convention Center to Hilton Hawaiian Village, and that loss would be reflected in a new reforecast in July. She also mentioned that in June, Hawai'i Convention Center had several groups it deployed concessions for, but that the revenue did not cover the labor costs for those concessions. Ms. Orton stated the Hawai'i Convention Center was confident it would get 30 to 40 percent flow-through for the year, and anticipated a higher return on investment. She stated the currently, there a \$20.05 return on investment for every dollar spent.

Lee Conching stated that the Hawai'i Convention Center brought in 11,257 room nights for May, bringing the year to date room nights to 52,573 and on pace to achieve 200,000 room nights by the end of year. Mr. Conching stated that Hawai'i Convention Center hired a new regional director of accounts for the East Coast, Kristie Chang, who will join the team on July 9, 2018. Mr. Conching explained that Ms. Chang brought an event to Hawai'i Convention Center in her previous position and that she will be able to get up to speed quicker than most other potential hires.

Mr. Conching said that the Association for Research in Vision and Ophthalmology was successful, forecasting 6,000 attendees and receiving 10,000 attendees, and organizers of its conference stated their interest in rebooking for the next year. Mr. Conching also mentioned the Hawai'i Convention Center had recent successful events for American Academy of Pediatric Dentistry and other groups.

Mr. Atkins asked whether the volcanic activity has affected the Hawai'i Convention Center's conferences. In response to Mr. Atkins, Mr. Conching explained that he had received calls asking whether attendees would be able to travel from their hotels to the Hawai'i Convention Center due to the volcanic activity, and that those questions were exemplary of why it was so important for HTA and other stakeholders to address public misconceptions on the extent of the volcanic activity. Mr. De Mello offered the fact that, compared to the entire State, only 10 square miles are impacted by volcanic activity. Mr. Dee noted that convention center bookings were intensely competitive, and that it would be worth assuring groups interested in the Hawai'i Convention Center that there are no changes based on the volcanic activity on Hawai'i Island.

## **9. Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee**

Chair Fried acknowledged Mr. Dee, who began his report by stating that the Marketing Standing Committee reviewed the Hawai'i Tourism Japan program, and that the Committee recommended moving forward with the \$450,000 investment from HTA's emergency funds. Mr. Dee provided that the Global Tourism Summit was significantly ahead of pace in preparation and sponsorships. Mr. Dee explained that the Marketing Standing Committee discussed sports marketing at length in its executive session and assessed an impact report by Ascendant on the impact Hawai'i sports events had on travel impact overall. Mr. Dee explained

that the report was surprising, and that those who view televised sports events located in Hawai'i are twice more likely to want to visit than those who had not seen the televised event. He stated that the Marketing Standing Committee's takeaway from the Ascendant report was that HTA's sports strategy was appropriate, but that it could invest more over time because the results appear to be there. Mr. Dee mentioned that the Marketing Standing Committee discussed updates on soccer, Ultimate Waterman, and the Los Angeles Rams. He stated that the Marketing Standing Committee made a recommendation for HVCB to perform a market evaluation before the Committee would make a recommendation to the Board.

Ms. Yamaguchi noted that, beyond the recent events on Hawai'i Island and Kaua'i, there has been little discussion of the State's problem of homelessness. Mr. Szigeti, in response to Ms. Yamaguchi, stated that HTA will address homelessness in the upcoming July meeting with Mayor Caldwell and Waikiki stakeholders, and that homelessness is prevalent in all areas of O'ahu and needs to be addressed.

## **10. Discussion and Approval of the FY19 HTA Budget**

Chair Fried expressed that moving forward HTA will attempt to address more budget issues outside of executive session, and acknowledged Mr. Togashi, who explained that HTA's Brand Management Plan, distributed to Board members in their packets, explains how HTA's programs are executed, and that the Fiscal Year Budget should be read with the Brand Management Plan.

Mr. Dee noted that, when HTA's budget was scrutinized by the legislature, HTA did not have a Brand Management Plan, and he thanked HTA's Staff for preparing the document. Mr. Dee expressed concern that Board members receive Board Packets on the day of the Board meeting, but that the Board is expected to approve the budget on the same day. Chair Fried noted that, prior to the Board meeting, Board members have discussed the budget to large extent in individual meetings with staff, with each meeting comprised of two Board members at a time, and he asked whether the staff sought the Board's approval during the meeting or if the Board had time to go through the Board Packets based on new information. Mr. Togashi, in response to Chair Fried, stated that the Board did not have to approve the budget if it was not ready to do so, and that he could review any significant year-over-year changes in the Brand Management Plan since the Board had not yet had the opportunity for review. Mr. Atkins expressed that the biggest challenge was that there were several new programs, and that he felt that the programs were too conceptual and not ready to be executed. He explained that, as an example, Mr. Ka'anā'anā oversees close to 80 contracts through 29 line budget items, and that he was concerned with HTA taking on additional programs. He expressed that he would prefer to see plans come to the Board that were well planned and could be executed at the beginning of the year, instead of having HTA Staff plan a program which could not be implemented until the end of the year. Mr. Togashi, in response to Mr. Atkins' concerns, explained that HTA reduced the amount of programs, emphasized high priority programs, and that some programs are granted funding with the understanding that a large portion of the year would be planning the execution of the program; however that Staff had taken note of the

Board's earlier request for more detailed plans and were prepared to discuss those plans.

Mr. Togashi explained that, in order to respect the desire to address the budget in public session, Board members received versions of the budget which highlights confidential information, and that the intent of doing so was to be able to address confidential information in a sole executive session. Chair Fried expressed concern that with three incoming Board members, passing the budget would be ideal, but that the Board did not need to pass the budget if there were concerns.

Mr. Togashi stated that HTA's mission guides its strategic plan, which then guides its budget. He expressed that the budget originally proposed in May reflected shifts in funds to manage Hawai'i as a destination, and that the revised budget continues to recognize this as a priority while restoring funding originally proposed to shift funds from HTA's largest markets, in consideration of Hawai'i Island and Kaua'i. Mr. Togashi brought the Board's attention to documents distributed in the Board Packets, and explained that the budgets sheets were supplemental to the previous distributed budget. Chair Fried noted that the revised budget revised twenty items since the Board's May meeting and delineates the changes. For certain programs, Chair Fried asked whether any program costs had been carved out of the budget. Mr. Togashi replied that a portion of the budget for payroll related to certain programs had been recategorized to a new single budget line called in-house program support for greater transparency of in-house contractors, who were working on HTA programs and staffed through staffing agencies. Mr. Dee asked for clarification whether those staff members were under HTA's payroll. Mr. Togashi, in response to Mr. Dee, stated that the staff in the in-house program support budget line were staffing agency hires and not under HTA's payroll as State employees. Chair Fried commented that HTA should request the legislature to assist with the administrative cap so that HTA could hire more full-time staff.

Mr. Atkins inquired about approximately \$1.25 million in costs for a program to implement security cameras generally, not specific to the separate initiative to install security cameras in Waikiki. Mr. Togashi, in response to Mr. Atkins, clarified that Staff is proposing two separate programs to fund security cameras. Mr. Togashi added that the cost associated with the cameras were included in the Waikiki Safety Program and the Ho'okaulike Program, which would dedicate cameras to be installed outside of restrooms and frequently visited parks and trails. Mr. Togashi stated that the cameras are expected to deter vandalism of public restrooms. Mr. Atkins asked whether the counties supported the funding of these security initiatives. Mr. Togashi, in response to Mr. Atkins, stated that HTA's support is to expand on county programs already in place.

Mr. Dee said that HTA has a \$1 million allocation from the legislature to address homelessness, and that the legislature allocates \$3 million to the Department of Land and Natural Resources ("DLNR") to implement HTA's strategic plan. Mr. Togashi, in response to Mr. Dee's comments, explained that HTA does not have control over DLNR's allocation of the \$3 million. Mr. Dee asked whether HTA had ever given presentations to DLNR on fulfilling its objectives. Mr. Ka'anā'anā, in response to Mr. Dee, said that HTA has improved its working relationship with

DLNR, and DLNR has shared how it spends the \$3 million allocation of transient accommodations tax. Mr. Ka'anā'anā stated that a majority of the \$3 million is currently used to contract county lifeguards for state beach parks.

Mr. Atkins expressed that he is not opposed to HTA's initiative to fund additional security cameras but wanted more information on its effectiveness. Mr. Togashi, in response to Mr. Atkins, stated that the cameras were a one-time cost, and that the impact of the program would be immediate. Mr. Togashi explained that the City & County of Honolulu has informed them that the Honolulu Police Department has used footage from other security cameras and keep such footage for three weeks.

Mr. Atkins asked for a break down of a specific line item relating to security. Mr. Togashi explained that approximately \$500,000 were for security cameras for O'ahu parks and trails, and that \$100,000 was allocated for tourism strategic plans for Hawai'i Island and Kaua'i. Mr. Atkins asked for clarification on whether the line item for security measures in Waikiki was separate from another line item for security measures in all areas of the State. Mr. Togashi responded affirmatively and explained that the Waikiki security camera is under the budget line for the Waikiki Safety Program. Mr. Dee expressed concern on HTA introducing new programs that have funding costs of over \$1 million. Mr. Togashi, in response to Mr. Dee's concern, explained that an additional \$200,000 of the program budget was for funding the construction of bollards in Waikiki. Mr. Dee stated that he did not think it was in HTA's best interest to install bollards. Mr. Atkins also stated that he believed the industry would be better suited to prepare a plan to introduce to HTA for bollards or other improvements, and that the Board should have discussions on how far HTA's programs should support additional security measures. Ms. Yamaguchi, in response to Mr. Atkins, said that security should be a part of HTA's consideration in marketing due to the negative press caused by criminal acts, and that mitigation of crime by supporting infrastructural needs was prudent and responsible. Mr. Atkins replied to Ms. Yamaguchi by stating that perhaps the Board and HTA should encourage stakeholders to create plans and approach HTA, opposed to HTA creating and spearheading programs relating to security and improvements.

Chair Fried announced a short recess.

**The meeting was recessed at 12:30 pm.**

**The meeting was reconvened at 12:54 pm.**

## **11. Discussion and Decision-Making on Outcome of Annual Evaluation of HTA President and Chief Executive Officer**

Chair Fried asked the Board to move to item number 11 on the agenda, Discussion and Decision-Making on Outcome of Annual Evaluation of HTA President and Chief Executive Officer, due to time constraints by fellow members on the Board.

Chair Fried requested a motion to enter Executive Session. Ms. Kumukahi made a motion for an

Executive Session. Mr. De Mello seconded the motion, which was unanimously approved by all Board members present.

**Board entered its first Executive Session at 12:55 pm.**

**First Executive Session ended at 1:57 pm.**

#### **10. Discussion and Approval of the FY19 HTA Budget**

Chair Fried began discussion by stating that it was difficult for the Board to approve the budget in the same day it received the revised budget in the Board Packets. Chair Fried expressed that the Board may be subject to criticism for approving the budget or only a part thereof and suggested returning at the next Board meeting with all the necessary information to approve the budget. Mr. Togashi requested that the Board approve nominal minimum funding necessary to cover HTA's payroll and program costs for the upcoming months. Chair Fried stated that Mr. Togashi would have to bring the incoming Board members to understand HTA's budget as quickly as possible. Chair Fried suggested approving \$300,000 from the Tourism Special Fund HTA's payroll and \$100,000 from the Hawai'i Convention Center Special Fund. In response to Chair Fried's suggestion, Mr. Kam suggested approving a larger amount. Mr. Togashi requested \$400,000 from the Tourism Special Fund and \$120,000 from the Convention Center Enterprise Special Fund.

Mr. Atkins requested that funding for a water safety line item be passed. He explained that HTA planned to match donations to support water safety in the County of Kaua'i, and that fundraising was currently ongoing. He also stated that the fundraising event would give other counties an incentive to hold similar events. Mr. Kinkley, in response to Mr. Atkins' request, informed the Board that it may pass particular items if it so chooses, and if it considers the item to be meritorious. Mr. Ka'anā'anā expressed concern over some contracts that were expiring within the next two months, and that if those contracts were not renewed, HTA would have to acquire those services again through a Request for Proposal ("RFP"). Chair Fried, in response to Mr. Ka'anā'anā's concern, stated that it made sense for the Board to give HTA the funding it needed to ensure it could renew those contracts.

Mr. Togashi requested a recess to quantify HTA's funding request to the Board to ensure that HTA covered its payroll, program costs, and costs to renew expiring contracts for the next two months. Chair Fried announced a short recess.

**The meeting was recessed at 2:16 pm.**

**The meeting was reconvened at 2:25 pm.**

Mr. Togashi requested interim funding for \$1.3 million from the Tourism Special Fund to support HTA through the next two months. Mr. Togashi stated that the request included \$350,000 for staffing and administration, \$50,000 for travel, \$75,000 for Ascendant, \$100,000 for the Merrie Monarch Festival, \$35,000 for Maoli Arts Month ("MAMo"), \$50,000 for communications, \$70,000 for memberships, \$500,000 for lifeguards, and \$70,000 for any



additional unforeseen costs. Mr. Togashi also requested interim funding for \$120,000 from the Convention Center Enterprise Special Fund. Mr. Togashi informed the Board that, because the budget would not be approved, HTA would ask the Global Management team to push back submission of its Brand Management Plan. Mr. Togashi mentioned that a Request for Proposal (“RFP”) was currently open for a community program, and that the anticipated grant would be for \$4 million, but that there would likely be no award until September. Mr. Togashi also mentioned that the \$1.3 million is in addition to various multi-year contracts, primarily for research, that had been previously contracted for. Last, Mr. Togashi requested that the Board enter executive session to discuss one of HTA’s markets. Chair Fried, in response to Mr. Togashi’s request, stated that the Board would go into executive session at the end of the Board Meeting.

Chair Fried asked for a motion to approve the interim budget of \$1.3 million from the Tourism Special Fund and \$120,000 from the Convention Center Enterprise Special Fund. Mr. Kam made such motion, and Ms. Kumukahi seconded the motion, which was unanimously approved by all members present.

#### **11. Discussion and Decision-Making on Outcome of Annual Evaluation of HTA President and Chief Executive Officer**

Chair Fried stated that he would discuss the outcome of annual evaluation of HTA President and Chief Executive Officer, Mr. Szigeti. Chair Fried began by explaining that in 2014, the Board searched for a new HTA President and Chief Executive Officer. He said that four Board members and two committee members felt that no single person was a great fit, and then found Mr. Szigeti at Hawai’i Lodging and Tourism Association. He explained that HTA selected Mr. Szigeti to fill the role of President and Chief Executive Officer, and that Mr. Szigeti provided HTA with staff autonomy, a more business-oriented approach, more precise budget numbers and detail, and a positive change of culture. He said that, since Mr. Szigeti took charge of HTA, it is in a much better position than when he entered. Chair Fried noted several of Mr. Szigeti’s accomplishments, including broadening HTA’s reach, improving mobile technology, reaching millennials, and splitting Canada from the U.S. Market. Chair Fried also noted that the field of tourism is fluid and evolving, and that HTA has faced challenges with vacancies in the Chief Operating Officer and Vice President of Marketing and Product Development positions. He said that a few stakeholders in the hotel industry expressed concern over Mr. Szigeti’s institutional knowledge.

Chair Fried stated that, in large part to the current political environment, the permitted interaction group, consisting of Fred Atkins, Sean Dee, George Kam, Rick Fried, Kelly Sanders, and Craig Nakamura, decided it would be best for HTA to move in a different direction.

Chair Fried read a statement signed by Mr. Szigeti, stating “Given my recent meetings, it is clear that I will not be permitted to finish the term of my contract that being the case I suggest the best path for all of us is that my date of termination without cause should be October 31, ’18, and pursuant to my contract on November 1, ’18, I will receive six months’ pay upon separation

in a lump sum payment.”

Chair Fried stated that some may question why Mr. Szigeti would remain in his position until October 31, in which he said there were three key reasons. Chair Fried said first that the Global Tourism Summit would not exist without Mr. Szigeti, and that he would see the event through to its completion. He said the second reason is that Mr. Szigeti can provide a strong response to the current emergency situations on Hawai'i Island and Kaua'i. He said the third reason is that HTA would be 'rudderless' without Mr. Szigeti while the Chief Operating Officer and Vice President of Marketing and Product Development positions remain unfilled.

Chair Fried stated that a Chief Operating Officer was coming in on a month-to-month basis, and that interviews for a new President and Chief Executive Officer would begin fairly soon. He said that an Administrative Committee, with Craig Nakamura, Kelly Sanders, and Chair Fried would seek the Board's input on how to best seek a new President and Chief Operating Officer. Chair Fried stated that Mr. Szigeti has been wonderful to work with throughout his term.

Mr. Szigeti thanked the Board and expressed his respect for their work. He explained that, in the three years that he has been with HTA, he emphasized the importance of teamwork, collaboration, and partnerships, and that the success of the Global Tourism Summit was a testament to those values. Mr. Szigeti stated that the last three years were very successful, and through the HTA Board's passion and vision, it has helped the State achieve record tax revenue, access, visitor spend, visitor arrival and job creation. He expressed that, while he remains for the next four months, HTA would not skip a beat and continue with a high sense of urgency. He acknowledged HTA's goals to address HTA's audit, have sufficient staffing, and have a successful Global Tourism Summit.

Chair Fried recognized Mr. Togashi's request to enter into an executive session to discuss one of HTA's markets. Chair Fried stated that the Committee needed to enter into Executive session for the remainder of this topic, in order to protect Hawai'i's competitive edge as an international destination. Chair Fried added that Executive Session is allowed by Hawai'i Revised Statutes sections 201B-4(a)(1)&(2). Chair Fried requested a motion to enter Executive Session. Mr. Kam moved for an Executive Session and Mr. De Mello seconded the motion, which was unanimously approved by all Board members present.

**Board entered its second Executive session at 2:41 pm.**

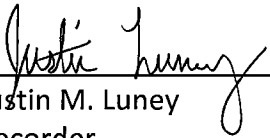
**Second Executive Session ended at 2:45 pm.**

## **12. Adjournment**

Chair Fried requested a motion to adjourn the meeting. Mr. Kam so moved and Ms. Kumukahi seconded the motion, which unanimously approved by all the Board members present.

The meeting was adjourned at 2:45 p.m.

Respectfully submitted

  
Justin M. Luney  
Recorder

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# **Agenda Item**

## **4**

**Report of the CEO Relating  
to Staff's Implementation of  
HTA's Programs During  
June 2018**



## **MEMORANDUM**

TO: HTA Board of Directors

FROM: George D. Szigeti, President and CEO

DATE: July 26, 2018

RE: Report of the CEO

The following narrative utilizes the 2018 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated June 28, 2018. The narrative also describes the actions conducted by staff to implement the Hawaii'i Tourism Authority (HTA) budget previously approved by the Board.

### **I. AWARENESS, CONVICTION AND ACCESS**

#### **A. Access**

##### **ANA Meeting**

HTA staff met with All Nippon Airways' (ANA) Director of Public Relations & Branding for the Americas and General Manager for the Honolulu office and Mitsue Varley of Hawaii'i Tourism Japan to discuss the plan for launching the new A380 aircraft that will serve Hawaii'i, starting in 2019.

##### **Japan Airlines Meeting**

HTA staff met with Japan Airlines' Vice President of International Passenger Sales Strategy and Promotion and Eric Takahata of Hawaii'i Tourism Japan to discuss the situation regarding the Tokyo-Kona route.

##### **Meeting with DOT Harbors Division and Access Cruise**

HTA staff and its cruise development consultant, Access Cruise, met with DOT Harbors Deputy Director Darrell Young, Administrator Davis Yogi and Revenue Enhancement Manager Dre Kalili to discuss cruise line updates and the Honolulu Harbor Master Plan.

##### **Norwegian Cruise Line Meeting**

HTA staff met with Norwegian Cruise Line executives Howard Sherman, Executive Vice President of Onboard Revenue & Destination Development, and Sandi Weir, Vice President of Destination Development & Government Relations, to discuss island of Hawaii'i recovery efforts and the market outlook for the visitor industry.

## **B. Major Market Management**

### **Canada, Oceania & Europe Marketing Advisory Committee Meeting**

HTA staff, along with representatives via teleconference from Hawai'i Tourism Canada, Hawai'i Tourism Oceania and Hawai'i Tourism Europe, met with a joint advisory committee to present HTA updates, 2018 activities, 2018/2019 market outlooks and proposed 2019 brand management plan initiatives. Representatives from hotels, activities and attractions participated.

### **Global Tourism Summit Steering Committee Meeting**

HTA's Global Tourism Summit Steering Committee Meeting was held on June 26. The meeting agenda included a presentation from HTA staff with updates regarding the Summit's program, sponsorships, marketing, website and registration.

## **II. UNIQUE AND MEMORABLE EXPERIENCES**

### **A. Hawaiian Culture Initiative**

#### **Kūkulu Ola Program**

HTA continues to work with 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff continues to work with 2018 awardees on their work for this year. HTA prepared a draft version of the RFP for calendar 2019 programs that was released in June.

#### **Signature Events (Hawaiian Festivals)**

Prince Lot Hula Festival: HTA has finalized planning for 41<sup>st</sup> Annual Prince Lot Hula Festival to be held at 'Iolani Palace on July 21-22, 2018. HTA will be the presenting sponsor. The event is registered on gohawaii.com and we will implement social media marketing for all ten GMTs.

Aloha Festivals: HTA and the various island contractors have finalized contract negotiations for events occurring in September 2018 and will share the event details for each of the island programs as soon as possible.

#### **Strategic Partnerships (Hawaiian Culture Initiative)**

The Native Hawaiian Hospitality Association and HTA continue to work to build stronger ties between the Hawaiian community and the visitor industry. A primary change in this year's contract was a bolstering of support in the area of industry Hawaiian culture training.

The Kālaïmoku Group will continue to organize the 'Aha Mele concert series for 2018. The series has been revamped and will feature four larger concerts in O'ahu's resort areas and feature a stronger list of performers. This results in savings in logistical costs for sound, lights, tents etc. The series will also partner with two organizations for collaborative projects at 'Onipa'a Celebrations at 'Iolani Palace and The Gabby Pahinui Music Festival in Waimānalo, O'ahu.

Hawaii Investment Ready and HTA staff have finalized an agreement to support a cohort of 12 social enterprises with a tourism focus and either previous or former Community Enrichment, Kūkulu Ola, or Aloha 'Āina funding. The intention of the program is to elevate those social enterprises to seek other

forms of capital to enhance and improve their programs. Hawai'i Investment Ready has completed the first four modules which cover individual enterprise assessments, theory of change and social business model canvas. Modules 5-8 will be completed in 2018.

## **B. Natural Resources**

### **Aloha 'Āina (Natural Resources) Program**

HTA continues to work with 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff continues to work with 2018 awardees on their work for this year. HTA prepared a draft version of the RFP for calendar 2019 programs that was released in June.

### **Hawai'i Ecotourism Association**

The Hawai'i Ecotourism Association has executed a contract for services in 2018. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. Further it will provide for training that will be available online via YouTube.

## **C. Community Enrichment Programs**

### **Proposals for the HTA's Community Enrichment Program (CEP)**

Proposal submissions are due Friday, August 3, at 4:30 p.m. HST. CEP supports community-oriented programs, festivals and special events promoting culture, education, health and wellness, nature, agriculture, sports, technology and "voluntourism" for the enjoyment of residents and visitors. A Request for Proposals for CEP programs was issued June 13, with informational briefings conducted on all islands from June 21-29.

## **D. Safety and Security**

### **Visitor Assistance Program (VAP)**

Programs in all four counties are ongoing. The annual VASH meeting is scheduled for August 15.

### **Airport Ocean Safety PSAs**

On July 1, HTA launched an ocean safety PSA campaign at the Daniel K. Inouye International Airport, Kahului Airport, Līhu'e Airport, and Kona International Airport, to inform and educate visitors and residents on ocean safety with four key messages: Never turn your back to the ocean; Snorkel with a Buddy; Use Lifeguarded Beaches; When in Doubt, Don't Go Out. This is part of a statewide ocean safety public information campaign led by the Department of Health and the Drowning and Aquatic Injury Prevention Advisory Committee.

### **III. KNOWLEDGE AND COLLABORATION**

#### **A. Communication and Outreach: June 2018**

##### **News Releases/Statements**

- News Release: Governor David Ige, Hawai'i Tourism Authority Praise Norwegian Cruise Line for Resuming Weekly Hilo and Kona Port Calls (June 8)
- News Release: HTA Issues RFPs to Help Fund Programs Supporting Hawaiian Culture, Natural Resources and Community-Oriented Events (June 13)
- News Release: Registration Opens for 2018 Global Tourism Summit in Honolulu, Oct. 1-3 (June 25)
- News Release: Hawai'i Hotels Statewide Report Continued Strong Growth in May (June 26)
- News Release: Hawai'i Visitor Spending Increased 11 Percent to \$1.42 Billion in May 2018; Statement by George D. Szigeti (GS) commenting on the results (June 28)

##### **Media Relations**

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
  - Hawai'i Hospitality: GS with writer Gary Chun about preparing for hurricane season and business (June 13).
  - KHPR: Jennifer Chun (JC) with reporter Casey Harlow on the hotel statistics results for May (June 26).
  - GS Departure from HTA:
    - GS with the Honolulu Star-Advertiser, Hawai'i News Now, KHON and KITV (June 28).
    - Rick Fried with the Honolulu Star-Advertiser (June 28).
    - GS with Pacific Business News, USAE (June 29).
- **Publicity Support:** Provided the following information and/or assistance:
  - Honolulu Star-Advertiser: Assisted GS with providing a quote to reporter Dan Nakaso commenting on an attack against two Japanese tourists in Kaka'ako (June 1).
  - Honolulu Star-Advertiser: Provided reporter Andrew Gomes with access to information on attendance at attractions statewide in the 2016 State of Hawai'i Databook (June 2).
  - Honolulu Star-Advertiser: Assisted GS with providing a statement to sports reporter Dave Reardon about a potential NFL preseason game at Aloha Stadium involving the Los Angeles Rams (June 5).
  - KHON: Provided reporter Kimberlee Speakman with the news release and statement from GS regarding the April visitor statistics (June 11).



- 'Aha Mele Hawaiian Music Series: Provided input on a news release being issued by organizers to publicize the concert on July 7 (June 15).
- KHON: Responded to reporter Kimberlee Speakman and advised that HTA does not have data on the economic impact of *Jurassic World* (June 22).
- Honolulu Star-Advertiser: Responded to inquiry from reporter William Cole that HTA does not have economic impact data regarding RIMPAC (June 25).
- L.A. Clippers: Assisted GS with providing a quote for inclusion in the L.A. Clippers' news release about the team holding training camp in Hawai'i from September 24-30 and playing a preseason exhibition game against the Sydney Kings (June 26).
- Honolulu Star-Advertiser: Responded to inquiry from sports reporter Ferd Lewis about the L.A. Clippers' plans to issue a news release about the Clippers Hawai'i Classic (June 26).
- USAE News: Assisted GS with a statement for Managing Editor Jon Trager commenting on Governor Ige's veto of HB2432, which would have applied the TAT to resort fees (June 27).
- Travel Agent Central: Assisted GS in providing a written statement regarding his departure from HTA (June 29).

### **Public Outreach**

- Pan Pacific Festival: Assisted GS with drafting welcome remarks for the festival's opening ceremony (June 7).
- Rep. Ward Constituents Briefing: Assisted GS with information and statistics for meeting with constituents of Rep. Ward in East Honolulu (June 7).
- 41st Annual Prince Lot Hula Festival: Assisted GS with drafting a welcome letter for inclusion in the festival program (June 11).
- Hawai'i Hospitality: Assisted GS with drafting a column for the July-August issue (June 21).
- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the June E-Bulletin (June 27).

### **Brand Management**

- GS Departure from HTA:
  - Assisted GS with a letter to provide the GMTs and key industry partners (June 28).
- AVP Hawai'i Invitational (September 14-16):
  - Provided confirmation on the name for the site in Waikīkī where the beach volleyball tournament will be hosted as Fort DeRussy (June 9).
- Global Tourism Summit (October 1-3):
  - Feature in Hawai'i Hospitality July-August column.

- Interview with GS and Katie Murar, reporter for Pacific Business News, on June 25.
- E-Bulletin feature about registration on June 27.
- Participated in Communications/Marketing planning call on June 15 and 29.
- Managing media credentials (ongoing).

### **Crisis Communications**

- Island of Hawai'i: Kīlauea Eruption
  - Media Interviews (HTA): Assisted with the following interviews:
    - Pacific Business News: John Monahan of HVCB and Eric Takahata of HTJ with reporter Katie Murar about marketing programs being implemented to bolster bookings for Hawai'i's tourism industry (June 4, 5).
    - Honolulu Star-Advertiser: GS, Jay Talwar of HVCB and Eric Takahata of HTJ with reporter Allison Schaefer about marketing programs being implemented to bolster bookings for Hawai'i's tourism industry (June 6, 7).
  - Media Interviews (IHVB): Assisted with the following interviews by Ross Birch (RB) regarding Kīlauea and its impact on the tourism industry:
    - Paul Stacey, CBS News (June 1).
    - Grant Broadhurst, USAE (June 1).
    - Robert and Mary Carey, RM World Travel (June 2).
    - Jim Byers, TravelPulse Canada (June 22).
  - Media Relations: Interacted with the following media:
    - CNN: Provided reporter Miguel Marquez with the April visitor statistics news release and the domestic arrivals count for May through May 20 (June 1).
    - Epperson Radio: Referred Brett Epperson to contact USGS about the daily press briefings regarding Kīlauea's status (June 5).
    - Honolulu Star-Advertiser: Assisted GS in providing a quote to reporter Allison Schaefer about Norwegian restarting port calls in Hilo and Kona (June 7).
    - Kiplinger's Personal Finance: Responded to inquiry from reporter Thomas Blanton that no special travel deals have been offered in response to the Kīlauea eruption (June 10).
    - Civil Beat: Assisted GS with providing a statement and background information to Thomas Perala about the impact of Kīlauea on tourism (June 12).
    - Associated Press: Referred reporter Audrey McAvoy to the County of Hawai'i for an update on areas being considered for public viewing platforms (June 12).
    - Time Magazine: Assisted RB in providing reporter Gabby Raymond with a statement about Kīlauea's impact on island of Hawai'i tourism (June 20).

- Siren Sophie, Photographer: Referred photographer to contact Janet Snyder of the County of Hawai'i for media access to view the lava flow (June 22).
- KCBX and NPR: Provided latest update on Kīlauea volcano to Tom Wilmer for NPR Podcast, "Journeys of Discovery with Tom Wilmer." (June 27).
- CNBC: Provided reporter Seema Mody with the news releases for the May hotel statistics and visitor statistics (June 28).
- The Points Guy: Provided reporter Jason Steele with a quote by Dr. Ken Hon, volcanologist at the University of Hawai'i at Hilo, on air quality and pertinent information surrounding vog monitoring (June 29).
- Satellite Media Tour: Coordinated interviews from 'Imiloa Astronomy Center of Dr. Ken Hon, volcanologist at the University of Hawai'i at Hilo, with 31 U.S. television and radio stations, to clarify the impact of Kīlauea volcano to the tourism industry (June 18).
- General Outreach: Interacted with tourism stakeholders and the general public:
  - Chamber of Commerce of Hawai'i: Assisted GS with providing talking points that the Chamber can use to share with membership (June 1).
  - Kona Brewing Company: Provided message points and information on air quality to Amanda Noguchi to share with press trip attendees on the island of Hawai'i (June 6).
  - Four Seasons Resort Hualālai: Provided links to positive, generated media coverage to Morgan Suzuki per her request (June 6).
  - Fairmont Orchid Hawai'i: Provided link to alerts page for the latest Kīlauea information to Noelani Yamamoto (June 8).
  - Ho'omaui Ranch: Responded to suggestion on media outreach and provided links to recent coverage as well as the alerts page to Keala Rafalovich (June 11).
  - Hale 'Oahu Bed & Breakfast: Provided information on air quality monitoring with links to official government sources to Nicole Naughten (June 14).
  - Hilton Grand Vacations: Provided information on Kīlauea updates, the #ExplorelandofHawaii social media campaign and organizations assisting with disaster relief to Erin Pagan (June 14).
  - Marriott, The Americas: Provided information on proactive marketing efforts being conducted to Julie Rollend (June 15).
  - Brand USA: Provided Colleen Mangone of Brand USA with information relating Kīlauea volcano to the rest of the state and its impact on tourism (June 16).
  - Lisa Hoppe Travel Consulting: Provided access to a map and background information about the island of Hawai'i for a travel promotion program (June 22).
  - Destination Residences Hawai'i: Provided HTA maps and link to USGS Kīlauea images for the DRH website to Hillary Sandbach (June 28).

- Communicated with the following visitors:
  - Dave Bruels (June 2)
  - Daniel Dudden (June 5)
  - Vanessa Martinez (June 6)
  - Bindiya (June 19)
  - Jose Pohlmann (June 26)
  - Fois Antonio (ITA) (June 26)
  - Karen Bloom (June 29)
- Alerts on HawaiiTourismAuthority.org website: Posted informational updates and maps provided by HTA, HTUSA, IHVB and government entities on a continuing basis for the public and industry's knowledge.

### **International News Bureau**

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
  - **Hawai'i Tourism Canada**
    - Reviewed and forwarded a request by Rob Lightfoot of T8N Magazine to Laci Goshi (June 11).
  - **Hawai'i Tourism Europe (HTE)**
    - Reviewed and forwarded a request by Dennys Sawellion of Sunday Morning Magazin in Germany to Caroline Anderson (CA) (June 30).
  - **Hawai'i Tourism United States (HTUSA)**
    - Reviewed and forwarded a request by Dennis McCormack who works with the ROOT Sports Network in the Pacific Northwest to HTUSA (June 1).
    - Reviewed and forwarded a request by Matt Bishop Agency on behalf of social influencer Rodiney Santiago to HTUSA (June 4).
    - Reviewed and provided Barberstock image library link to Jasmine DeFoore, freelancer for AFAR.com and United.com (June 4).
    - Reviewed and forwarded inquiry regarding the Work from Hawaii residency by Wendy Recinos to HTUSA (June 4).
    - Reviewed and forwarded a request by Jeff Polly of NoVacancyNews.com to HTUSA (June 6).
    - Reviewed and forwarded a request by Louise Prince of digital marketing company WeAreKomodo.com to HTUSA (June 14).
  - **Other**

- Reviewed and forwarded a request by Danielle Nieves of CCN-TV6 in Trinidad and Tobago to CA (June 5).

## **Social Media**

- **Facebook Posts:**
  - Post on WCPO-TV Cincinnati segment reassuring the public that Hawai'i is a safe vacation destination in light of recent Kīlauea volcano activity. **Total Reach** 3,370 | **Total Reactions** 497 (June 1).
  - Post on USA TODAY article by Christopher Elliott reassuring travelers that Hawai'i is a safe vacation destination in light of recent Kīlauea volcano activity. **Total Reach** 6,483 | **Total Reactions** 750 (June 4).
  - Post on Pan-Pacific Festival. **Total Reach** 2,768 | **Total Reactions** 165 (June 6).
  - Post on King Kamehameha Day festivities. **Total Reach** 1,294 | **Total Reactions** 117 (June 7).
  - Post on Norwegian Cruise Line decision to resume port calls in Hilo and Kona in light of recent Kīlauea volcano activity. **Total Reach** 1,177 | **Total Reactions** 83 (June 8).
  - Post on HTA Request for Proposals for its Kūkulu Ola, Aloha 'Āina and Community Enrichment programs. **Total Reach** 5,683 | **Total Reactions** 1,466 (June 13).
  - Post on HTA informational briefings for the FY2019 community programs. **Total Reach** 892 | **Total Reactions** 56 (June 14).
  - Post on satellite media tour conducted from the island of Hawai'i to provide accurate information about Kīlauea volcano and reassuring travelers that it's safe to visit. **Total Reach** 2,049 | **Total Reactions** 136 (June 25).
  - Post on the Auwahi Forest Restoration Project. **Total Reach** 674 | **Total Reactions** 19 (June 27).
  - Post on May visitor statistics. **Total Reach** 785 | **Total Reactions** 31 (June 28).
- **Twitter:**
  - Retweeted post on USA TODAY article by Christopher Elliott reassuring the public that Hawai'i is a safe vacation destination in light of recent Kīlauea volcano activity. (June 4).
  - Retweeted post by Classic Vacations reassuring travelers that Hawai'i is still open for business. (June 22).
- **Instagram:**
  - Post on Pan-Pacific Festival. (June 6).
  - Post on King Kamehameha Day festivities. (June 7).

## **B. Research and Planning**

TRD issued the May 2018 monthly visitor statistics on June 28, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Air Seat Outlook data tables for July 2018 – Sept. 2018 and the Third Quarter Report 2018 to the Infrastructure Research Section of the HTA website.

State, major market, and island fact sheets were updated with the May 2018 data and posted to the board site. State and market fact sheets were published on the website.

TRD issued the May Hawai'i Hotel Performance Report on June 26. The report and related May 2018 data tables were posted to the Infrastructure Research Section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

TRD continued to work with the State Attorney General's office to analyze visitor data related to the impacts of the national travel ban from seven affected countries.

TRD is participating in the redesign process for the hawaiiitourism.org website.

On June 27, Jennifer Chun presented on a panel discussing Developing Methodologies to Track Alternative Accommodations, at the 2018 Travel and Tourism Research Association International Conference in Miami.

Jennifer Chun was interviewed on KHPR on June 26 regarding the visitor statistics results for May 2018.

TRD continues to reply to requests for information from HTA global marketing team, industry, media, and the general public. Data requests completed include:

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests.
- Attendance data for various Hawai'i attractions, for the Honolulu Star-Advertiser
- 2017 daily spending, visitor characteristics, tax revenue generated, requested by Alaska and Virgin America Airlines.
- Cruise cancellations due to volcanic activities on the island of Hawai'i, for DBEDT.
- 2017 visitor satisfaction, activity participation and visitor profile, for all visitors from U.S. West, U.S. East, Canada and Oceania versus family visitors from these markets, for Destination Marketing.
- 2017 and 2016 visitor spending and visitor characteristic data for the Pacific Asia Travel Association visitor survey

### **C. Career Development**

#### **Department of Education Career & Technical Education (DOE CTE)**

HTA Staff participated in the DOE CTE Hospitality and Tourism Professional Training as a panel speaker on July 19. The three-day training of DOE program teachers consists of lesson planning, site visits, and meeting and working with visitor industry executives to gain industry knowledge.

### **IV. STRATEGIC OVERSIGHT AND GOVERNANCE**

**Contracts List.** A list of contracts executed in the month of June is attached.

## Hawai'i Tourism United States Monthly Marketing Report June 2018

Despite the Kaua'i flooding and the Kīlauea eruption on the island of Hawai'i, May 2018 saw the islands post an impressive +9.9 percent year-over-year growth in U.S. visitor arrivals, as well as a solid +11.3 percent increase in visitors expenditures compared to the same month last year. Meanwhile, the *#LetHawaiiHappen* campaign continues to highlight Hawai'i's unique offerings to shape perceptions of the destination with targeted U.S. travelers.

### Leisure

#### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

In many respects, the tale of the U.S. economy is made up of two discrete and contrasting narratives. On one hand, there is record low unemployment, robust GDP growth, and the overall promise of a "business friendly" climate as expressed by lower tax rates. On the other hand, a looming multi-front trade war and other geopolitical issues are dragging on stocks and creating an aura of uncertainty about what the future will bring for the economy. Perhaps nothing captures the net effect of these conflicting forces more than the recent revision of the Atlanta Fed's GDPNow forecast. In the span of just two weeks, predicted second quarter GDP growth dropped from +4.8 percent to +3.8 percent. In other words, the economy will continue to perform in the near term, but that performance will likely fall short of its potential.

The recent resurgence of the U.S. dollar, if left unchecked, has the potential to depress U.S. leisure travel in the long-term by raising the costs for international visitors and encouraging U.S. travelers to look at destinations abroad. In the near term, however, there is no evidence that that the U.S. leisure travel industry will not see continued success throughout the summer months.

#### **Economy**

**The U.S. Consumer Confidence Index fell -2.4 points to 126.4 in June. While perceptions of current economic conditions remained mostly unchanged from May, consumers are growing increasingly wary of what the near-term future will bring for the economy. It should be noted that the Index remains well above historic norms**

**After dropping to 3.9 percent in April, the U.S. unemployment rate edged down -0.1 points in May. The current 3.8 percent unemployment is the lowest observed since before the 2000 dot-com bubble burst. Year over year, the total number of unemployed persons has declined by more than 750,000, while the long-term unemployed population has declined by nearly a half million.**



### **Competitor Update**

In a stunning reversal of recent trends, U.S. tourism to Mexico declined by -6.8 percent in April 2018. This is the first drop in year-over-year visitation since October 2014, and is the sharpest decline since 2011. An estimated 845,000 Americans travelled south of the border that month compared to more than 900,000 in April 2017.

Though at least some of the decline can be attributed to the fact that Holy Week fell in March this year as opposed to April last year, analysts are pointing to more systemic issues. Travel advisories issued by the U.S. State Department as well prominent news stories highlighting an increase in violent crime in Mexico are both cited as primary drivers of the decline. It is still too early to tell if the decline will continue, or how severe it will become. Indications are that this decline in arrivals will persist for the short to medium term, and then reverse again. This foretells a promising competitive environment for Hawai'i's most important economic engine.

### **Airlift**

While September is expected to see a decline in the number of air seats flown compared to July and August, robust year-over-year growth will continue through the end of summer. Nearly 2.4 million air seats will be flown between July and September, an +7.9 percent increase from the same period last year.

Capacity from the U.S. West market will again increase by +7.7 percent, with Denver (+52.4%), Seattle (+14.7%), and San Francisco (11.2%) adding more than 25,000 new seats each. Other gateways such as Oakland (-16.1%) and Las Vegas (-11.3%) will likely continue to shed seats.

Meanwhile, capacity from the U.S. East market will grow +9.6 percent from the previous July through September period, an increase of roughly +25,000 seats. Chicago (+41.6%), Dallas (+15.5%), and Newark (+12.1%) are again driving this growth, fully offsetting the decline in seats flown from Atlanta (-16.0%) and Washington, D.C. (-15.6%).

## **LEISURE ACTIVITIES**

### **Consumer**

#### **On-line**

June firmwide digital campaign estimates: Central 4.5 million impressions; KVB 4 million impressions; OVB 2.8 million impressions; MVCB 2 million impressions; LVB 611,000 impressions; DMVB 453,000 impressions; IHVB 5.2 million impressions.

#### **– Social Media**

In June, HTUSA continued Episode 5 of the *Hawai'i Rooted* video series which featured Brandon Baptiste through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads. The campaign had been suspended in response to the flooding on Kaua'i and the Kīlauea eruption and was restarted at the end of May.

– Print

Firmwide print programs have been negotiated to deliver the *#LetHawaiiHappen* campaign's influencer content messaging in print, as well as additional added value media exposure throughout the year. In June, HTUSA ran a full-page MVCB Maui consumer brand ad in *Travel + Leisure* (circ. 950,000).

### **Travel Trade**

The Affluent Traveler Symposium was held in Boca Raton, FL, June 6-7. Attendees were a select group of TravelSavers advisors who specialize in luxury travel. HTUSA's participation included a supplier trade show, general sessions and networking events with 184 highly qualified agents. Participating Hawai'i suppliers included Journese, Marriott International and Island Destinations.

HTUSA sponsored Signature's Regional Educational Forum & Supplier Showcase in Philadelphia, PA, Chicago, IL and Dallas, TX on June 6, 8 and 29, respectively. In Philadelphia, HTUSA reached 76 agents in the supplier showcase and gave a Hawai'i Destination Specialist (HDS) presentation to 34 agents. In Chicago, 141 agents experienced the supplier showcase, with 47 agents participating in the HDS training. In Dallas, 72 agents participated in the supplier showcase and 47 agents attended the HDS training.

Pleasant Holidays and HTUSA partnered in a joint sponsorship of TravelSavers Travel Market in Boca Raton, FL, June 7-10. Sponsorship included a joint destination seminar attended by 55 agents, a double booth at the trade show and a hosted table at the gala dinner with hand selected agents. The event drew 592 travel advisors. Participating Hawai'i suppliers included All About Tours, Delta Vacations, Globus Family of Brands, Pleasant Holidays, United Vacations, Norwegian Cruise Line and Travel Impressions.

HTUSA participated in ACT New Jersey's Trade Show Extravaganza on June 7 in Neptune Township, NJ, reaching 80 agents.

Hawai'i training was conducted by HTUSA to the sales team of Mayflower Cruises and Tours on June 8 in Chicago, IL. Sixteen employees attended and learned about Hawai'i's unique brand, its history and culture and an overview of each island with top attractions and experiences.

The Travel Leaders EDGE Conference drew more than 1,350 agents at their six-day event in Las Vegas, NV, June 11-17. HTUSA and the Island Chapters were silver sponsors and participated in three destination seminars, two panel discussions, the Luxury Forum, supplier trade show, general sessions and networking events. The seminars drew 255 agents. Panel discussions were attended by nearly 100 agents and the Luxury Forum provided the opportunity to meet one-on-one with 10 luxury agents. Participating Hawai'i suppliers included Classic Vacations, Pleasant Holidays, Disney Destinations, Funjet Vacations, Globus Family of Brands, GOGO Worldwide Vacations, Hyatt Hotels in Hawai'i, Island Destinations, Marriott Hawai'i, Norwegian Cruise Line, Outrigger Hotels & Resorts, The Westin Maui Resort & Spa, Sheraton Maui Resort & Spa, Wailea Beach Resort and UnCruise Adventures.

HTUSA attended the 2018 TravelAge West WAVE Awards held in Marina Del Rey, CA on June 14. HTUSA was presented with two prestigious awards: U.S. Tourism Board Providing the Best Travel Agent Support and Destination with the Highest Client Satisfaction, USA. Participating Hawai'i suppliers included Outrigger Hotels & Resorts, 'Alohilani Resort Waikiki Beach, Aqua-Aston Hospitality, Classic Vacations, Pleasant Holidays, Delta Vacations and The Mark Travel Corporation.

Pacific Northwest 'Ohana held their 2018 Coconuts & Bolts events in Seattle, WA and Portland, OR on June 20-21. There were 75 agents in Seattle and 90 agents in Portland. The events featured *lei* greeting, live Hawaiian music and dance, a trade show, dinner and presentations from the Pacific Northwest 'Ohana and HTUSA. HTUSA also held an HDS seminar for 26 travel agents in Portland, OR. Participating Hawai'i suppliers included Aqua-Aston Hospitality, Pleasant Holidays, Marriott Hawai'i, Polynesian Cultural Center, The Mark Travel Corporation, Halekūlani plus 18 additional partners.

HTUSA participated in All About Tours Call Center's Open House and Luncheon. There were 45 managers, supervisors and tele-sales agents in attendance. The luncheon included Hawaiian music, a trade show and one-on-one with agents to provide updates on the Hawaiian Islands. Participating Hawai'i suppliers included Goway Travel, Polynesian Cultural Center, Hilton Hawai'i, Outrigger Hotels & Resorts, Marriott Hawai'i, Condominium Rentals Hawai'i, Mana Kai Maui Resort, Aqua-Aston Hospitality and Kā'anapali Beach Hotel.

United Airlines teamed up with HTUSA to co-host two Dinner in Paradise events held in Long Beach and El Segundo, CA on June 26-27. There were 40 agents in Long Beach and 35 agents in El Segundo. The dinners featured Hawaiian music, *lei* greeting and presentations from HTUSA, Pleasant Holidays and United Airlines. United gave away four round-trip tickets to Hawai'i.

### **Public Relations**

In coordination with IHVB, HTUSA worked with CMP Media Café to execute a satellite media tour (SMT) to provide context and accurate information on the Kīlauea eruption. On Sept. 18, Dr. Ken Hon, a geologist and volcanologist from the University of Hawai'i at Hilo, conducted 31 live and taped broadcast interviews from 1:30-7:15 a.m. at the 'Imiloa Astronomy Center, assuring current and potential visitors to continue travel plans or book a trip. SMT interviews ran throughout the week in markets such as San Diego, Chicago, Tucson, Las Vegas, Portland and others. As of June 25, the radio and TV hits reached a total broadcast audience of 11,263,762 people. A b-roll package is being produced to allow other GMTs to pitch the interview to media in their respective global markets, and interview sound bites will also be shared on HTA, HTUSA and IHVB social media accounts.

The HTUSA PR team coordinated programming logistics for the New York Botanical Garden's (NYBG) "Aloha Night" programs on June 9 and 16 to further enhance its current exhibit, "Georgia O'Keeffe: Visions of Hawai'i." Programming included musical performances from Hawai'i contemporary artist, Izik Moreno, as well as Hawai'i-inspired cocktails, cuisine and vendors. HTUSA also assisted with NYBG's Aloha Media Night on June 16 by providing *lei* and on-site assistance during the reception at Grand Hyatt New York and special tour of the exhibit. In conjunction with NYBG Fashion Weekend in July, Manaola Yap was extended the opportunity to design a custom gown for actress and NYBG board member Sigourney Weaver for the NYBG Conservatory Ball on June 7. The couture dress made the celebrity news circuit and local media outlets covered the special opportunity as well as HTUSA's partnership with the Garden.

The first KGO-TV "Aloha Friday" segment integration with Hawaiian Airlines aired on June 8 and featured [North Shore Eco-Tours](#). The PR team facilitated the O'ahu destination shoot for the San Francisco ABC affiliate in April, where the crew captured content from 11 different activities and partners covering culture, soft adventure and cuisine. The segments will continue to appear on either KGO-SF news (243,000 household impressions) or KABC-LA's "Eye on LA" (182,000 household impressions) in the coming months, and video content will be repurposed for the stations' social media channels.

KVB. Kaua'i was featured three times online resulting in an estimated 3 million unique visitors per month (uvpm) and four times in print that resulted in 861,000 in estimated circulation.

OVB. O'ahu was featured three times online resulting in 4.4 million in estimated uvpm.

MVCB. Maui was featured five times online resulting in an estimated 41.7 million uvpm and once in print for an estimated total of 650,000 in circulation.

IHVB. The Island of Hawai'i was featured four times online for an estimated total of 12 million uvpm.

- In May, HTUSA generated:
- 13.8 million social media impressions (*Facebook, Instagram*)
- Publicity
  - o 63.8 million print impressions
  - o 82.2 billion online impressions
  - o 5.1 million broadcast impressions

### **Sales Activities – See Travel Trade above**

### **“COMING ATTRACTIONS” FOR LEISURE MARKET**

The HTUSA Travel Trade Team will participate in Global Travel Marketplace, Fort Lauderdale, FL, July 13-15; Delta Vacations Call Center Trainings and Trade Show, Minot, ND, July 13; Midwest 'Ohana Aloha Week, Itasca, IL, Omaha, NE, Kansas City, MO, July 16-19; Dallas ASTA Meeting and Hawai'i Destination Specialist Program, Dallas, TX, July 19; Mark Travel Corporation Aloha Day, Milwaukee, WI, July 20; Travel Leaders "Millennial Travel" Trade Show, New York, NY, July 25; MAST Summer Workshop, Waukesha and Appleton, WI, Deerfield, IL, July 31-Aug. 2; NorCal 'Ohana Travel Agent Lū'au, Novato, San Ramon, and Palo Alto, CA, Aug. 1-2; Mark Travel Hawai'i Events in Chicago, IL, Kansas City and St. Louis, MO, Aug. 7-9; Virtuoso Travel Week, Las Vegas, NV, Aug. 11-17; ASTA National Conference, Washington, DC, Aug. 21-23; NACTA Conference, Washington, DC, Aug. 24-26; HTUSA Leisure Sales Blitz, Westchester, NY; Jersey City, NJ; Denver, CO; Salt Lake City, UT, Aug. 27-30.

The HTUSA PR team is planning individual media visits for media contributing to regional and national outlets such as *AFAR, Mic, Thrillist* and *Forbes.com*.

## Hawai'i Tourism Japan Monthly Marketing Report June 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

- Total bankruptcies grew for the first time in 3 years and total liabilities declined by 34.1% to roughly 40.95 billion yen, recording two consecutive years of decline. This indicates that major corporations have been performing well, with bankruptcy numbers reflecting smaller firms. This is attributed to the declining workforce, causing difficulties to secure labor.
- The Japanese Ministry of Internal Affairs and Communications announced that average consumption of households were 281,307 yen in May. With inflationary adjustments, consumption declined by 3.9%.
- The Japanese Ministry of Health, Labor and Welfare announced real wage growth by 1.3% in May. As labor shortages ensue, firms have been pressured to raise wages in order to obtain and secure employees.

#### Outbound Travel Market

- HIS announced results of studies on Japanese overseas travel trends, finding Honolulu to be the most popular destination to travel to for 10 consecutive years. The destination showing greatest popularity growth was Australia, at +431%.
- AB-Road Research Center's studies found that the destination where travelers were most satisfied with travels was Spain. Reasons for satisfaction were the variety of sight-seeing locations and diverse food options.
- The Immigration Bureau of Japan announced the launch of facial recognition gates for Japanese travelers at 5 major airports. The new project will be implemented for departures and arrivals at NRT, HND, KIX, NGO, and FUK. Installment of devices is scheduled to be completed by the end of November.

#### Competitive Environment

- Research by Guam Visitors Bureau found that arrivals from Japan were down 22.8% to 36,403 visitors in May. Since the North Korean missile crisis of 2017, arrival numbers consecutively declined by double digit percentages.
- The 2018 Taiwan-Japan Tourism Summit Forum was held in Taichung, Taiwan on 5/31. Attending representatives were optimistic for the future of travels and agreed to a goal of 7 million two-way tourist exchanges by 2019. Continued growth in demand for tourism and the increased flight services are expected to accelerate growth into 2020.
- Many destinations have been utilizing celebrities to endorse travels to countries. Taiwan continues to use actress, Ms. M. Nagasawa as part of their "Meet Colors! Taiwan" campaign. Destination Canada is utilizing popular Japanese TV personality, Beckie for a TV show. Korea Tourism Organization assigned a popular KPOP group, BTOB, as PR spokespeople to showcase Korea from seven perspectives; one for each member.

#### Consumer Trends

- Rakuten's study found that consumption led by consumers were trending, stemming from the increased popularity of SNS and flea market apps. Consumers decide trendy products, and share them on SNS. If other consumers favor the product, it becomes trendy. Rakuten also found that the work reform policies have started influencing consumers on how time is spent at

work and home. Rakuten predicts “life shift” consumption to trend, as consumers begin valuing time spent outside of work.

- Studies performed by JTB Tourism Research & Consulting found that the growing digital era has caused changes in travel styles of consumers. Fewer consumers use paper based guidebooks and have shifted to searching via the internet. Purchases and reservations of trips have also shifted to be made online with over 60% of respondents stating use of smartphones and internet to make bookings.

### **Travel Trends**

- The Japan Tourism Agency established a “Sustainable Tourism Committee” on June 18, to combat growing concerns of overtourism. Current issues being discussed include congestion around sight-seeing spots, negative impacts on residents’ lives, and mannerisms of visitors.
- JTB established an unprecedented unmanned branch within a mall in Fukuoka. Communications between customers and agents will be made via a monitor. Customers will be provided information on the interactive monitor. JTB hopes the branch can serve as a model for travel agency branches of the future.
- Airbnb suspended a number of listings in Japan, in lieu of the new law imposed, regulating short-term rentals. The new regulation requires owners of homes to obtain a registration number and comply with various regulations to rent out residences. Customers of Airbnb who had booked these accommodations will receive a full refund, as well as funds required to change itineraries.

### **Media & Online Trends**

- Instagram launched a new app called IGTV. IGTV increases video upload capacities to a maximum of 1 hour (10 minutes for regular users), from the previous limit of 1 minute. Unlike the previous Instagram “Story” function, users are able to distribute 10 minute videos which will be stored on their channel.
- A number of major publishing companies have been incorporating the digital shift. Publishers increase focus towards web media, from the traditional paper-based medium. Companies such as Shueisha, who focused on digital media earlier, have been performing well.
  - Kodansha newly established the “Fashion Beauty” division which focuses on paper medium contents, and a digital strategy division, which focuses on online media contents.
  - Shogakkan has reformed the women’s magazine division to become the women’s media division, which deals with all forms of media. Personnel now include separate editors for the paper medium and online medium.
  - Shueisha established official web media sites for 8 of their popular women’s magazines and one curation website called Happy Plus One. The curation site alone obtained 160 million page views in May.

### **Airlift**

- Despite worries for load factors in the Kansai market, Tokyo raised more concerns for declines. Through airlift increase in the Kansai region, the two LCCs have been producing strong load factors. The majority of LCC bookings are made directly by FIT consumers, with travel agencies mainly booking with legacy carriers, providing a good balance. Conversely, the Tokyo market has been struggling since the termination of service from China Airlines causing prices to rise, making it more difficult to attract passengers.
- **Hawaiian Airlines + Japan Airlines:** Summer load factors for both have been positive. The new partnership has raised some concerns for the continuation of JAL’s double daily flight service from Kansai. Hawaiian Airlines and Japan Airlines submitted their joint application for

“antitrust immunity for alliance agreements”, to the US Department of Transportation. Various benefits to consumers from the alliance are explained in the application.

- **All Nippon Airways:** ANA has announced the construction of a lounge for ANA passengers at HNL. The lounge will be constructed on the 3<sup>rd</sup> floor of the Ewa Concourse. Direct boarding access from the lounge to the second floor of the Airbus A380 is also planned, allowing for greater convenience to users.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **Hawaii Island Response**

- In response to the difficulties of promoting tourism to the Island of Hawaii with the eruption of Kilauea, HTJ created a three phase plan to revitalize travels to the Island. Phase 1 entailed the monitoring the Japanese market and effects from the eruption, combined with distribution of accurate information to all partners as they were released. Direct consumer approach began in June with phase 2 of the recovery plan, including various campaigns and the education of media sources. Phase three will begin in July, with coop initiatives between airline and wholesaler partners. HTJ has begun discussing details on coops with Hawaiian Airlines and Japan Airlines, which will feature various events promoting the Island of Hawaii. The three phase plan was submitted to the HTA Board of Directors in June, where total additional funds of up to \$700,000 were approved to revitalize Japanese tourism to the Island of Hawaii.
- HTJ launched two campaigns as part of phase 2 initiatives, set to run from June 1 through September 30. The first is a survey campaign, where consumers respond to a survey and are entered to win a pair of tickets to the Island of Hawaii, among other prizes. The second is a SNS campaign where consumers are requested to post on their SNS platforms with the hashtag, #IslandofHawaiiSupportPledge, images expressing their support for the Island. A pair of tickets to the Island of Hawaii will also be provided as a prize.
- Through campaign, HTJ obtained over 5,500 responses in just under one month. Results showed that close to 35% of respondents had intents to visit the Island within 6 months. Close to 30% of respondents stated intents to stay on the Island for more than 6 nights. Results show the willingness of the Japanese to support the recovery of the Island.
- Through the month of June, HTJ distributed 16 Instagram stories using video footage taken by HTJ staff on their FAM tour to the Island. View counts totaled 82,286.
- To further promote utilization of the Kohala Coast Evening Shuttle service, HTJ organized meetings with the 7 participating travel agencies in both Japan and Hawaii. Travel agency representatives stated that they will remind sales agents about the service to raise awareness. HTJ also began discussing plans for the creation of coupons that can be used at hotels and shopping malls to further promote the shuttle.

#### **“Hawaii Festa” Hiroshima**

- HTJ and Chugoku Newspaper Company to host the “Hawaii Festa” in Hiroshima event on June 16, at the Chugoku Newspaper Headquarters. HTJ was able to showcase Hawaii from perspectives of key HTJ initiatives: Gohoubi Hawaii, Aloha Program, 150<sup>th</sup> anniversary of Japanese immigrants, and media exposures. KNT, JTB, Delta Airlines, Hawaiian Airlines, Polynesian Culture Center, and HTJ operated booths where various informational materials were provided to the 786 attendees.
- HTJ decided to hold the event in Hiroshima, as sister-state relationships between Hawaii and Hiroshima are one of the longest. Hiroshima is also one of the major cities highlighted by HTJ

as part of regional city promotions. Relative ease of access from Hiroshima via Fukuoka and/or Kansai also allows for more ease in promotions.

- HTJ arranged booths to be operated by partner companies, and a movie screening for the Japanese version of “Go For Broke”, with a talk show from Director Mr. H. Matsumoto. HTJ invited Ms. N. Ishida (HTJ spokesperson for Hawaii) to host a talk-show, Manoa DNA to host a mini concert, and a Hula show provided by PCC, among a few other events to promote Hawaii in Hiroshima.
- A significant amount of media exposures were generated on the event. Chugoku Newspaper featured a special whole-page advertising article on 556,463 copies of their newspapers promoting the event, Gohoubi Hawaii campaign, Aloha Program, Hawaii Camera Girls, with a section explaining the history, connection to Hiroshima, and tourism of Hawaii. Gohoubi Hawaii advertisements were also displayed throughout Hiroshima station and many articles were published after the event. Impressions generated on Yahoo Japan alone reached 148,500,000. A Hiroshima cable TV station also covered the event, broadcasting their footage within a TV news segment. The segment was able to reach 410,738 people in Hiroshima. HTJ was able to effectively promote travels to Hawaii within the target regional city of Hiroshima.

### **Gohoubi “Rewards” Hawaii**

- Gohoubi Hawaii plans recorded 31,537 downloads as of June 30.
- During the “Hawaii Festa” Hiroshima event, a “Gohoubi Hawaii in Hiroshima” session was held, where 502 attendees received Gohoubi Hawaii booklets. The venue displayed Gohoubi Hawaii banners throughout the facilities to increase awareness of the campaign. Attendees enjoyed talk shows, a mini concert (Manoa DNA), and the Hula dance show provided by PCC.
- The Gohoubi Hawaii vertical videos were played on 38 digital signage stations throughout Hiroshima station. Because this station is a high traffic area for locals, HTJ effectively increased awareness of the campaign to passersby. It is estimated to have reached 240,197 consumers in a week.
- Upon the launch of IGTV, HTJ uploaded Gohoubi Hawaii vertical videos. As of June 30, 5,447 impressions recorded.
- Gohoubi Hawaii vertical videos were advertised on Instagram and Facebook, reaching 4,307,551 impressions.

### **Aloha Program**

- Voting for the Gohoubi Hawaii display contest between the Aloha Program satellite offices ended on June 30. 1,358 Aloha Program Members voted in the contest. The display at the JALPLAZA Yurakucho branch won 1<sup>st</sup> place, followed by the HIS Yokohama branch, and the HIS Osaka branch respectively.
- An Aloha Program beginner level seminar was held at the “Hawaii Festa” Hiroshima event for 22 members. The seminar was held to further develop the Aloha Program and Hawaii specialists within Hiroshima. Attendees learned about the historic and cultural ties between the two areas, and were able to mingle with other members. Beginner specialist exams were also given, which all attendees passed. Members heard the talk show on the history of Japanese immigrants and were provided with a guided tour of the Japanese immigrant exhibit / gallery.
- Aloha Program delivered 5 email blasts with an average click through rate of 22.3%.
- Aloha Program site statistics: Unique users at 22,316; Page Views at 112,737; Average Browse Time at 3:10.
- Aloha Program members totaled 457 youth, 8,018 beginners, 3,228 intermediate and 5,437 advanced members for a total of 17,140 specialists. (Total of 29,565 Aloha Program Members)



### **Hawaii Camera Girls**

- 2,457 women joined HCG as of June 30.
- HTJ organized the second Hawaii Camera Girls photo exhibition at the “Hawaii Festa” event in Hiroshima.
- HTJ performed a special recruitment campaign for the HCG, towards people living in the Hiroshima area. From the campaign, members from the Hiroshima region increased from 18 to 67.

### **Travel Trade**

- HTJ and Hawaiian Airlines collaborated for the FAM tour with key planning department representatives from June 26 to July 1. A total of 14 agents from travel agencies’ Japan and Honolulu branches participated in the FAM to learn about the situation of Kauai and the Island of Hawaii to assist in creation of additional packages. KVB and IHVB provided strong support and accompanied HTJ to showcase the various locations. Partners from the respective islands were invited to provide presentations to provide potential ideas on products. Through the FAM tour, HTJ was able to effectively showcase the current situation and safety of travels to both Islands to key representatives from travel agencies with significant influence on the production of products to Hawaii.
- Cancellations to the Island of Hawaii have started slowing down, with total number of cancellations reported by travel agencies being around 7,100 as of June 20. In response, Japan Airlines, Hawaiian Airlines, and HTJ began discussions for collaborative campaigns. In July, HTJ will be hosting a media briefing session with the managing director of Island of Hawaii Visitors Bureau Mr. R. Birch, and a scientist from UH to educate the Japanese market on the volcano.
- HTJ hosted Hawaii seminars with the Hawaii Association. Seminars toward travel agents were held on June 14 in Sendai and June 15 in Sapporo. Concurrently, a seminar directed solely towards HIS agents was held to a total of 80 HIS agents. The seminar for all agents was held to 21 agents from 10 companies in Sendai, and 50 agents from 15 companies in Sapporo. Because the majority of agents in attendance were new recruits with limited knowledge of Hawaii, the contents were adjusted to accommodate for people with less knowledge.
- HIS attended the “Love Hawaii Collection” consumer event hosted by HIS on June 16 and June 17. Total attendees for the event were close to 21,000 over two days. HTJ held a booth at the event, and hosted a seminar on both days to over 80 participants. HTJ was able to effectively promote the safety of travels the Island of Hawaii through the seminar and booth to consumers. HTJ also invited Manoa DNA to perform at the event, which was well-received, as the majority of attendees were fans of Hawaii.

### **Public Relations**

- HTJ generated a total of 86 exposures, 2,061,927,083 impressions, and \$6,463,088 ad value.
- Two press releases were distributed in June. One was for the Hawaii Expo in Sapporo, and the other was for the Island of Hawaii Support campaign.

### **Sales Activities** – HTJ conducted 22 sales calls and met with 56 agents in its effort to promote Hawaii.

- Travel agencies have stated significant declines in passengers to the Island of Hawaii from the volcanic activity at Kilauea. Although cancellations have bottomed out in mid-June, because Volcanoes National Park remains closed, difficulties in obtaining new bookings continue. Significant reductions have not been seen for Honolulu, but concerns have been raised with the expected rise in fuel surcharge rates (August), loss of China Airlines from the Tokyo market

(causing prices to rise), and the unfavorable movement of exchange rates causing prices of tours to rise. In response to the situation, HTJ began the three phase recovery plan explained above.

- Travel agencies have expressed difficulties in sales for September. Specific reasons have not been disclosed, but travel agencies have pointed out that effects from the volcanic activity cannot be ruled out. With new bookings continuing lackluster growth, satellite office branches carried out campaigns in collaboration with the Gohoubi Campaign (explained above) amongst other various promotions in an effort to reobtain bookings.

#### JTB

- **Performance:** Effects of the volcanic activity remain. Although cancellations have slowed down since the initial eruption, cancellations for the Island of Hawaii continue. Difficulties to obtain new bookings have also been struggling as well, with issues in fully selling the seats blocked on JAL's Kona route.
- **Initiatives:** They have stated continuations of promotions to the extent possible at branches. JTB's various divisions have become amalgamated, but effects appear to be lagging, as effects of divisions seem to continue.

#### HIS

- **Performance:** HIS' Super Summer Sales event has allowed HIS to maintain relatively strong performance. Cancellations for the Island of Hawaii have also started slowing down, but difficulties in obtaining new bookings have been expressed. From previous examples with Bali's Mt. Agung eruption, HIS predicts that it will take close to 1 year for a full recovery.

#### JALPAK

- **Performance:** The strong performance of JALPAK's products exclusively for the Island of Hawaii caused effects of cancellations from the volcanic activity to affect performance. Because JALPAK products are consigned to other travel agencies, when customers cancel products for Island of Hawaii and switch to Oahu, customers may be guided to products offered by other travel agencies, leading to greater potential for losses.

#### KNT-CT

- **Performance:** KNT struggled to obtain customers for the months of July and September with no apparent reason. Similar to other travel agencies, cancellations have slowed down, but difficulties in obtaining new bookings remain. The Club-Tourism (CT) division remains optimistic towards the neighbor islands from their potential for growth.
- **Initiative:** KNT-CT has been making efforts to promote Hawaii by performing Hawaii seminars to customers. Amount of pamphlets in the Osaka market has been greatly increased to strengthen sales in the region. KNT-CT has also greatly increased the number of HTJ satellite offices, exhibiting their strong will to sell Hawaii.

#### Hankyu Travel

- **Performance:** Performance for Hankyu Travel has been similar to the other travel agencies.
- **Initiative:** Hankyu Travel has been strengthening efforts in the regional areas of Japan, utilizing charter flights from Kagoshima and Hiroshima in June for some of their products. Customers of products to the Island of Hawaii have remained hesitant to travel to the Island until the volcanic activity calms down, causing them to speculate that recovery may take longer.

#### ANA Sales

- **Performance:** ANA Sales also reported difficulties in sales for July and September.
- **Initiative:** ANA Sales and ANA have reported different approaches for the Airbus A380. ANA maintains an approach of not prioritizing promotions towards regional cities, while ANA Sales prefers to do so. HTJ will continue monitoring the situation regarding methods for promotion, undertaken for the A380.

#### Honolulu Office Sales Calls

- HTJ continued performing hearings with wholesalers in travel agency's respective Honolulu offices, to stay updated on the effects of the volcanic activity. Results were similar to those found from the Japanese offices: difficulties in obtaining new bookings from the summer period onward. However, HTJ found that Oahu and neighbor islands excluding the Island of Hawaii have been receiving more future bookings due to the alteration of destinations from the Island of Hawaii. Travel agencies requested HTJ to continue providing updated information about the volcano for them to effectively communicate the information to their Japanese offices.

#### Partner Relations

- HTJ performed a partner education webinar on June 1 to 40 partner participants. The purpose of the webinar was to educate partners on the SNS trends of Japan, and how to effectively utilize them. Ms. S. Miyamoto, PR manager for HTJ was the host for the webinar. HTJ is planning two additional similar style webinars in 2018.
- HTJ performed two travel trade webinars in June, with representative from USS Battleship Missouri and Sea Life Park respectively, as lecturers. Over 70 participants learned about the two facilities and services offered.
- HTJ conducted a briefing session for the Hawaii Expo 2018 in Sapporo event for partners on June 25. A total of 10 representatives attended the meeting. HTJ covered the purpose of the event, and details regarding the booths. HTJ also explained the importance and reasons for switching the location to Sapporo: 1) regional city promotion, 2) Direct flight from Hokkaido and 3) Sister state relationship between Hokkaido and Hawaii.

#### Brand Experience Update

- Spread information on various events such as the King Kamehameha Celebration via email magazine, portal site, and SNS.

#### Island Chapters Engagement Update

- IHVB: Please refer to Island of Hawaii response section and Planning Staff FAM section
- KVB: Please refer to Planning Staff FAM section

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

#	Event Name	Date	Location
1	Press Tour for Hawaii Island Recovery Initiatives	6/28 – 7/3	Hawaii
2	Mc Donald’s Press Conference (Locomoco Hamburgers)	7/4	Tokyo
3	Umeda Hankyu Hawaii Fair	7/4 – 7/10	Osaka
4	Hankyu Hawaii Seminar	7/5 & 7/12	Kagoshima
5	Kobe Suma Beach Hawaii Event	7/7	Hyogo
6	Aloha Program Event @ Aloha Table Daikanyama	7/12	Tokyo
7	Hawaii Camera Girls Photo Tour	7/13 – 7/16	Oahu
8	Aloha Program Webinar: Hawaiian Music	7/14	Honolulu
9	Media / Travel Agent Briefing	7/19	Tokyo
10	Tommy Bahama Ginza Island of Hawaii Fair Sponsored by HTJ, JAL, & HA	7/19	Tokyo
11	Travel Trade Webinar: Rental Car Companies	7/20	Tokyo
12	Tommy Bahama Ginza Island of Hawaii Fair	7/20 – 9/30	Tokyo
13	Travel Trade Webinar: The Residence at Waikiki Tower	7/26	Honolulu
14	Hankyu Hawaii Seminar	7/28	Hiroshima
15	Hawaii Expo in Sapporo	9/1 – 9/2	Sapporo

## **Hawai'i Tourism Canada Monthly Marketing Report June 2018**

### **Leisure**

#### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

The largest threat to Canadian visits to Hawai'i is the US exchange rate. The escalating friction between Canada and US on trade has sparked fears of a full-on trade war. The exchange rate is hovering just above \$0.75, close to a point where Canadians seem to reconsider their US travel plans. HTCAN has been closely monitoring the impact of the Kilauea volcano in terms of cancellations and future bookings. We remain in contact with our key Tour Operator partners and it appears the impact on Canadian travel to Hawai'i has been minimal.

#### **Economy**

The GDP for Canada increased by 0.1% from March, the seventh time in the past 8 months the economy has expanded. Canada's job market in June added 31,800 new jobs, but the unemployment rate rose to 6% as more people were actively seeking work. This combination of more jobs and more people actively looking is viewed by economists as good news for the Canadian economy. As a result, there is speculation that there will be an interest rate increase in July. The Canadian Dollar has been slightly unstable, ending the month at close to \$0.75 cents US.

There is increasing uncertainty around a growing trade dispute that is occurring between Canada and the United States. Should the dispute escalate into a trade war, it would have a severe impact on the Canadian economy. With this potential escalation and the NAFTA renegotiations slowing down, there is considerable uncertainty. Without favorable resolution, economists predict Canadian job losses, a significantly weakened Canadian Dollar, and a corresponding decrease in consumer spending and confidence. Many economists are predicting a full recession if a full trade war develops.

#### **Consumer Confidence**

The national consumer confidence rating was 116.3 points in June 2018, a 4.8-point increase compared to last year. More positive consumer confidence was reported by residents of Quebec, Ontario, and the Prairies, while a decline was registered in Atlantic Canada, Alberta, and BC. Purchase intentions also declined in Atlantic Canada and BC. Despite this drop, three-in-ten (30.8%) Canadians reported that June would be a good time to make a major purchase; a similar level as recorded in 2017.

#### **Outbound Travel Market & Competitive Environment**

##### **Total Canadian Outbound Travel**

Canadians made almost 12.2 million overnight trips to the U.S. and other destinations throughout the first four months of 2018. Of this total, an estimated 9.4 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 5.0 per cent, while leisure travel to the U.S. has grown 5.5 percent.

The 2017-18 winter travel season saw Canadians make 13.8 million overnight trips to the U.S. and other destinations; an increase of 6.2 percent. Canadians made almost 7.5 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew 4.6 per cent. During the period, visits to sun destinations increased 5.1 percent due to strong growth in travel to Mexico and Central America. Destinations in Europe (7.9%) and the Asia/Pacific region (5.6%) also experienced increases in winter season arrivals.

### **Canadian Travel to the United States**

The first four months of 2018 saw Canadians take 6.8 million trips to the U.S., an estimated 5.2 million of which were for leisure purposes. During the period, overnight auto trips (for all purposes) grew 6.6 percent, while travel by other modes increased 4.9 percent.

Direct deplanements in Florida destinations surpassed 993 thousand throughout the first four months of 2018, a 2.7 percent increase compared to last year. In addition, Las Vegas (4.5%), New Orleans (2.5%), and Phoenix (9.6%), as well as most destinations in California, Texas, and Hawai'i all recorded an uptick in direct arrivals from Canada during the period. Due to a stronger exchange rate, the average daily hotel rate in Canadian funds fell -2.0 percent to \$162.09. The Canadian Dollar averaged \$0.79 USD during the period, compared to \$0.75 USD the previous year.

### **Canadian Travel to the Caribbean, Mexico, and Central America**

More than 2.8 million Canadians visited destinations in Mexico, the Caribbean, and Central America throughout the first four months of 2018, an increase of 4.7 percent compared to 2017. Of the larger volume destinations, Mexico saw its arrivals jump 11.9 percent and the Dominican Republic experienced an increase of 5.9 percent. In contrast, travel to Cuba declined an estimated -4.9 percent. Mexico and the Dominican Republic accounted for 57.4 percent of activity in the region during the period; this proportion was 54.6 percent last year. The winter 2017-18 travel season (Nov-Apr) saw arrivals in the Caribbean fall 1.3 percent, while visits to Mexico grew 13.4 percent and destinations in Central America experienced growth of 9.6 percent.

### **Canadian Travel to Europe**

Canadians made more than 1.1 million visits to European destinations during the first four months of 2018 (based on reporting by 25 countries). This represents an increase of 8.1 percent compared to last year. With year-over-year growth of more than twenty-five percent, Croatia, Denmark, and Turkey all saw significant proportional increases during the period. Throughout the winter 2017-18 travel season Canadian residents made more than 1.6 million visits to European destinations, an increase of 7.9 percent.

### **Canadian Travel to Asia and the South Pacific**

Canadians made more than 1.3 million visits to key destinations in the Asia/Pacific region throughout the first four months of 2018. This volume represents a 6.2 percent increase compared to last year. During the period, Sri Lanka, Singapore, and Taiwan experienced the largest proportional increases in arrivals. China welcomed an estimated 264 thousand visitors; 20.1 percent of the region's Canadian market. The 2017-18 winter travel season recorded 1.7 million visitors from Canada, an increase of 5.6 percent.

### **Consumer Trends**

#### **Increase in Proportion of First-Time Visitors**

- Less than two-thirds (65.3%) of Canadians who visited so far in 2018 were repeat visitors.
- This represents the lowest share for the period since 2011.

- The share of repeat visitors for the period reached 69.2% in 2015, but has contracted each year since.
- The number of stays so far this year in both condos (-2.8%) and timeshares (-8.2%) have decreased.
- In contrast, hotel stays have increased 6.0%.

### **Travel Trends**

#### **Indirect Arrivals to Hawai'i Continue to Grow**

- Compared to 2017, arrivals from Canadian airports grew 2.4% during the first five months of 2018, while arrivals via U.S. airports jumped 19.4%.
- Almost 12 thousand Canadians arrived via a U.S. airport in April—the sixth month of increases.
- Year-to-date, 75% of visitors arrived direct from Canada, a smaller share than 2017 (78%) and 2016 (81%).
- While it faltered a bit, the Canadian Dollar averaged \$0.79 USD throughout the first five months of 2018; a gain of .04¢ compared to the same period in 2017.

### **Airlift**

- Air Canada and WestJet offered 267,000 direct seats during the first five months of 2018, 2.3% more than 2017.
- Compared to last year, Air Canada offered 8.1% more seats, while WestJet's capacity fell slightly.
- Air Canada offered 7,300 more seats from Vancouver, but capacity on other routes saw little change.
- The overall load factor for the period was 83.0%, compared to 82.8% in 2017.

### **LEISURE ACTIVITIES**

#### **Travel Trade**

- Pacific Northwest 'Ohana Group – Coco Nuts and Bolts Bash**, Burnaby (Vancouver) – June 19
  - 25 Hawai'i partners and Hawai'i Tourism Canada participated in a trade show and dinner hosted by the PNW Ohana Group for the 80 travel professionals in attendance for their continued support of the Hawaiian Islands
  - Many attendees were well-informed of the volcano activity and have been diligent in reading the special alerts
  - Strongly encouraged participation in the Hawai'i Destination Specialist Program

#### **Baxter Media Agents' Choice Gala**, Toronto – June 14

- 350 agents and suppliers gathered at the Eglinton Grand Theater in Toronto to celebrate the presentation of the 2018 Agents' Choice awards to the favorite suppliers in 43 categories
- Hawaii was voted by Canadian travel agents as their Favorite Honeymoon Destination
- "Hawai'i topped this year's poll nationally, as well as regionally in Ontario, the West and Atlantic Canada. After three years in the top spot, French Polynesia dropped into second place", Baxter Media

#### **The 10<sup>th</sup> Annual Longest Day Walk/Run**, Richmond (Vancouver) – June 24

- 100 travel agency owners/managers/consultants and supplier partners participated in the fundraising event coordinated by The Travel Group.

### **Public Relations**

- 2018 to date: 35 journalist requests have been received, 14 journalists have travelled via HTA Canada, with **227 articles published in 2018 to-date. 27 articles published online and in print for the month of June**; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs

- Crisis communications for Kaua'i flooding and Island of Hawai'i volcano still active; HTCanaa issued two reports weekly, continued monitoring, responding to media, and directly to consumer inquiries continues. Currently reporting on volcano is on a bi-weekly basis.
- Honolulu selected as a top traveler destination in Canadian Traveller Magazine after HTCanaa submitted for the coveted spot; journalist attended group media fam to O'ahu and Kaua'i. Awaiting publication in July.

### **Sales Activities**

Hawai'i Tourism Canada held meetings with key partners:

**Uniglobe Western Canada**, Vancouver – BeeBee Prangchan, Director Partner Relations (Head Office)

**Champagne Weddings & Travel**, Vancouver - Wilfred Kwok, Director

**Distinct Occasions**, Toronto – Crystal Adair-Benning, Owner

**AM Resorts**, Vancouver - Carlo Trinidad, BDM Western Canada

**Expedia CruiseShipCenters**, Burnaby – Arrif Meghji, Franchise Owner

**Compass Vacations (The Travel Agent Next Door)**, Calgary – Stacey Knight, Travel Consultant

**Paul Travel**, Calgary - Julie Bekdashe, Travel Consultant

**Groupe Voyages Quebec** – Brian Lane Buyer & Account Manager

**Tours Chanteclerc** – Evelyn Cassis South Pacific Director & Claude Lariviere D of Product

### **COMING ATTRACTIONS FOR LEISURE MARKET**

Jurassic World – Fallen Kingdom promotion will continue with 30 second ads running prior to movie screenings on over 80 screens in western Canada. Activity continues until August 2<sup>nd</sup>.

Canadian Traveller Magazine will release its “Yours to Discover” issue which includes Hawaii editorial and an ad.



## Hawai'i Tourism Oceania Monthly Marketing Report June 2018

### Leisure

#### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

##### Economy

###### **Australia:**

Australia's economy has performed well in the first six months to June, primarily due to a strong export market. The outlook for the remainder of 2018 is for minimal growth as slow wage growth and the high cost of real estate limits consumer spending. The Australian dollar achieved a high of US\$0.76 at the beginning of June before faltering and finishing at US\$0.73 at the end of the month.

###### **New Zealand:**

A leading NZ economist gave the following synopsis of the NZ economy for the 1<sup>st</sup> half of the year: The local economy remains solid, but there are increasing signs of a slowdown. Unemployment is at its lowest in a decade, although economic growth for the March quarter was equal slowest since 2013. Business confidence has been in negative territory for nine consecutive months, the longest stretch in more than 10 years.

On a more positive note, the export sector is picking up some of the slack. Fonterra is forecasting a milk payout this season of \$7.00, which would be the highest in five years. It's not just a dairy story either, with numerous other industries performing very well on the global stage. A bit of currency weakness is helping push that theme along. The NZ\$ is down against most trading partners, in particular the resurgent US\$. Our currency is down almost 5 % against the greenback, and is at the lowest levels in more than two years.

#### Outbound Travel Market & Competitive Environment

###### **Australia:**

Outbound resident travel from Australia during April 2018 increased 0.8% when compared with March 2018. Japan, India and Vietnam again recorded the highest percentage increases for visitation. Travel to the USA increased 1.1% from the previous month.

###### **New Zealand:**

The NZ Dept of Statistics have released the May departure figures.

Overseas trips by New Zealand residents were up 16,800 to 249,900. The biggest changes were in departures to: Vanuatu (up 2,500); Australia (up 1,700); and Indonesia (up 1,300).

Interestingly the USA was recorded as being up 1,200 visitors, yet we know that Hawai'i was up by 2,600 visitors for the month. This statistic indicates that Hawai'i is performing better than the rest of the country for arrivals from NZ.

#### Consumer Trends

###### **Australia**

New research from Booking.com has found that 64% of travelers are choosing their next travel destination based on its food and drink options. Pulling data from over 50,000 travelers, the online

booking platform also found more than a third of global travelers – rising to 40% of millennials – plan to take a dedicated food adventure in 2018.

### **Travel Trends**

Travel Counsellors has confirmed its sale to private equity firm Vitruvian Partners, its second sale in almost four years. The home-based group announced it had been sold in a secondary management buy-out from Equistone Partners Europe.

The \$1.2 billion acquisition of Mantra Group by AccorHotels is now final, with the deal seeing the firm's portfolio grow by 138 hotels across Australia, New Zealand, Hawai'i and Bali.

Booking.com has signed a global agreement with mobile loyalty company PokitPal in a bid to improve its marketing efforts to Millennial customers. The deal will see PokitPal's customers receive 5% cash back on 20 million listings when they complete a transaction with Booking.com

The frequency of holiday travel continues to grow and this year's mid-winter school holiday period looks set to see more overseas holidaymakers than ever before.

### **Media & Online Trends**

Coverage promoting Hawai'i as a holiday destination has picked up, and there has been a substantial decline in media stories about volcanic activity on the Island of Hawai'i.

### **Airlift**

#### **Australia:**

Hawaiian Airlines will increase frequencies between Brisbane and Honolulu over the summer peak. From December 10 to January 8, services from Brisbane will increase from three to four times weekly.

Qantas announced additional services on parts of its Asia-Pacific network in response to increased demand. From December, the carrier will add a third Sydney-Singapore A330 service giving it 17 flights per week. It will also lift its Sydney to Jakarta services from five to six weekly, also aboard an Airbus A330. Sydney-Noumea services will increase from three to four times weekly from December.

#### **New Zealand:**

Hawaiian Airlines has been very rigorous in the matching (or better) the same fare level as being offered to Bali. With the arrival of Emirates on the route, we have seen more price initiatives than previously. Air NZ are the other airline who fly from NZ to Bali.

### **LEISURE ACTIVITIES**

#### **Consumer**

- **Aloha Apprentice Integrated consumer campaign (May + June):**
  - **Digital/ Social Media Campaign:** HTO launched a consumer campaign to celebrate Hawaiian culture. A job advertisement for an "Aloha Apprentice" was created giving one person will have the opportunity to fly to O'ahu and the Island of Hawai'i and experience an "aloha immersion" with local residents of Hawai'i and learn how to share the spirit of Aloha with Australia. The "Aloha Apprentice" selected was Jamie Scroop. Jamie's experience was filmed and videos have been produced for social media and the gohawaii.com website. Six videos on Jamie's trip went live in June and received great engagement and views across

Facebook, Instagram and youtube. **June results (final results pending):** 1.5 million social media impressions, 902,274 video views and 11,408 click throughs to the website.

- **7 Travel Co-op campaign (May 1 – June 17):** To align with our Aloha Apprentice consumer direct campaign HTO partnered with channel 7's 'The Morning Show' (TMS) and 7travel (Channel 7's e-commerce booking platform) to launch a cooperative campaign. The activity also included a multi -platform strategy across TMS's commercial segments and digital assets, with 7travel providing bookable Hawai'i packages on these channels. The commercial segments included pre-recorded stories promoting the 'Aloha Apprentice' campaign. As part of the campaign 'Sunrise' - Australia's number one breakfast show, will also run a segment to cover the 'Aloha Apprentice' consumer activation.
- **House of Travel Consumer Show:** HTO promoted the Hawaiian Islands via a booth at this Auckland consumer show. Around 3,000 people attended with excellent interest in Hawai'i. And surprisingly very few concerns about the volcano

### Travel Trade

- **Aloha Fridays Launch (June 1) –** HTO in conjunction with Hawaiian Airlines launched Aloha Fridays with Travel Weekly. Every second Friday, Travel Weekly will include an 'Aloha Friday wrap' featuring Hawai'i news in their Friday newsletter that goes out to 14,200 people in the travel industry. This has an open rate of 45-50% per cent and a click through rate of 16%. All the content will be added to a dedicated Hawai'i section on the Travel Weekly website for a 12-month period. This month the articles featured the following activities:
  - 2018 Global Tourism Summit early bird registrations
  - Registrations for Aloha Down Under open
  - The Launch of the new [www.agent.gohawaii.com](http://www.agent.gohawaii.com) Australia Hawai'i Specialist Program
  - Experience Aloha Business Exchange
  - The release of our New Romance Guide
- **Hilton Hotel Events –** In June HTO partnered with Hilton Hotels Hawai'i on their annual trade and media mission, speaking at, and supporting a Sydney media event attended by approximately 30 of Sydney's top travel and lifestyle media; and a trade event, which 30 key retail and trade partners attended.
- **Aloha Down Under marketing push:** HTO spent most of June focusing its efforts on the Aloha Down Under road show. We promoted ADU to our database across Australia and New Zealand (5,000), key trade contacts and on popular online trade publication Travel Weekly. The online advertising worked to push the Aloha Down Under website. There were 420 registrations on the first day of promotion.

### Public Relations

- **The Living Room:** The Living Room is an Australian award-winning lifestyle program hosted by Amanda Keller, Dr Chris Brown, Miguel Maestre and Barry Du Bois which airs at 7:30 p.m. on Friday nights on Australia's TEN network. The program consistently brings in solid ratings, particularly in the much-sought-after 28-45 female demographic. In 2018, HTO sponsored the program to bring the show's four celebrity hosts to the islands of O'ahu and Kaua'i to film a "Hawai'i special" episode, and additional content for a second Hawai'i episode. Hawaiian Airlines was the airline partner for this project, and Hilton Hawaiian Village came on as accommodation partner for the program also. Filming took place from April 7 – 20, with the two Hawai'i episodes airing on Friday June 1 and Friday June 15. In addition to these two episodes, a Hawai'i holiday competition ran across three weeks, with an all-expenses paid holiday for a family of four as the main prize.

The Hawai'i episodes of The Living Room, as well as surrounding PR for the programs reached a total of **1,270,952** people nationally, and the total value of the PR generated from these episodes and associated coverage totalled **\$14,810,936 AUD**. The competition garnered a record **89,611 entries**, with **23,800** of these opting in to receive information from Hawai'i Tourism Oceania.

- **Triple M Radio:** In June, Hawai'i Tourism Oceania teamed up with Outrigger Hotels and Resorts and Jetstar to provide a family holiday prize to Hawai'i to coincide with and promote Duke's Oceanfest to an Australian audience. Triple M Melbourne's Hot Breakfast team held a competition for one lucky winner who was in need of a family holiday, and also promoted Hawai'i as a family travel destination, with a focus on Duke's Oceanfest 2018. The competition ran over two weeks, with 17 different broadcasts referring to the destination and competition during this time. This activity reached a total of **1,193,000** people, with the associated radio broadcast generating **\$253,022.00** in PR value.

### **Sales Activities**

HTO have met with key partners during the month while in Hawaii, during EABE, and also in market to explore opportunities and partnerships.

### **"COMING ATTRACTIONS" FOR LEISURE MARKET**

- Aloha Down Under – July
- Flight Centre National Cooperative campaign – July
- Sydney Kings Partnership – July/August
- Jetstar Family Holiday Campaign – July/August
- Travel Managers Conference – August
- Helloworld TV show filming - September

## Hawai'i Tourism China Monthly Marketing Report June 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

#### Economy

- **GDP:** In Q1 of 2018, the Chinese economy grew by 1.4% quarter-on-quarter, compared to 1.5% in Q4 of 2017. With the looming trade war between China and the U.S., many economists believe that the GDP growth rate may decelerate to an estimate 6.7%, compared with the 6.9% growth in 2017.
- **Currency:** Chinese Yuan weakened to 6.65 per U.S. dollar on July 3<sup>rd</sup>. The depreciation of RMB might influence Chinese travelers' spending power when travelling in America.
- **Unemployment Rate:** China reached a record low of 3.89 percent in the Q1 of 2018.
- **Consumer Confidence Index:** Consumer confidence in China remained unchanged in May, standing at 122.90 Index Points.

#### Outbound Travel Market

- According to OPI (China Outbound – Tourism Price Index), the average price of Hawai'i group products in June had declined by 4% compared to May from RMB 19,500 (USD 2,984) to RMB 18,720 (USD 2,864). The eruption of volcano Kilauea had been influencing the price and forward booking pace of Hawai'i products.
- A recent report from the China Tourism Academy revealed that China's outbound tourists reached 131 million in 2017, an increment of 7.38% from the previous year. The number of countries and regions who offer visa-waiver entry for Chinese citizens has increased to 66. As of June 2018, there are a total of 784 international routes connecting China gateways with 61 countries and 167 cities. HTC continues to work with Chinese air carriers to facilitate access into Hawai'i from Central and Southern China.

#### Consumer Trends

- Recent survey announced by major OTA Ctrip saw 1 million Chinese respondents sharing their travel experience in the last year since May 2017. Over 89% indicated that they have traveled with their children; half of them have children between ages 6 to 14. About 50% of Ctrip's interviewees are likely to choose luxurious hotels equipped with better bathroom amenities, additional beds and breakfast in their travels with children. The report unveils new business opportunities for family travel out of China.

#### Travel Trends

- Major OTA Ctrip has offered a new foreign exchange service via its 500 brick-and-mortar stores in 15 cities. Travelers can now place an order through the Ctrip app and collect foreign currencies at retail travel agencies for added convenience.

## **Airlift**

- Civil Aviation Administration of China announced on July 3 that Hainan Airlines has applied for a new international route between Xi'an and Los Angeles scheduled to launch this December. HTC intends to work closely with Xi'an travel agents to seize this opportunity to develop West America + Hawai'i travel packages.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **Aloha Music For The Minds – 2018 Hangzhou Ukulele Festival**

To continuously promote the unique Hawaiian culture in China and attract the numerous Ukulele lovers to visit Hawai'i, HTC actively participated in the 2018 Hangzhou Ukulele Festival on May 20. Around 1,000 Ukelele enthusiasts enjoyed performances by 30 professional Ukulele bands and hula dancers.

During the carnival, HTC partnered with Zhejiang CYTS, one of the top travel agencies in Hangzhou, to promote mono-Hawai'i Island travel packages targeting the summer peak season. Over 50 families expressed interest in CYTS' Hawai'i product. HTC will continue to monitor sales figures from CYTS.

#### **Little Astronomer Campaign broadcasted on Guangzhou TV**

Hawai'i Little Astronomer reached a climax with the final contest broadcasted to 1 million TV viewers on June 9 to 10. Out of the 1,000 telescope entries, 30 students and their families were shortlisted to display and introduce their uniquely handcrafted telescope to the audience. The family with the most outstanding DIY Telescope, as voted by a panel of judges, won a Stargazing Tour to Hawai'i.

The program resulted in Hawai'i stargazing travel packages gaining grounds in Southern China. 4 groups of **100 pax** are scheduled to visit the Island of Hawai'i during July and August.

### **Travel Trade**

#### **HTC Meets Sichuan Airlines to Explore New Airlifts**

HTC initiated a meeting with Sichuan Airline and travel trade partners in Chengdu on June 20 to present the opportunities from increasing airlifts connecting Southern and Central China into Honolulu.

Besides HTC, 4 key departments from Sichuan Airlines (the International Route Management, Flight Management, Sales & Marketing, Revenue Department) together with 4 major wholesalers in Chengdu market (Champion Holiday, Sichuan Sunny Trip, DITSA Tour, America Galaxy) attended this meeting. HTC will continue to liaise with both Sichuan Airlines and wholesalers to explore the new opportunities.

#### **HTC Meets Tibet Airlines to Explore New Airlifts**

HTC also initiated a meeting with International Route Management Department of Tibet Airlines in Chengdu to strengthen relationships for further cooperation. HTC will follow up in accordance with the needs from both side and try our best to realize new potential air routes.

#### **Happy Healthy Hawai'i at Beijing Subway Station (Update)**

Hawai'i ads on 60 billboards were displayed from May 15 to June 11, at 4 Beijing subway stations: Xi Zhi Men, Jian Guo Men, Ping An Li and Nan Luo Gu Xiang, reaching **61.6 million** Chinese commuters. The ads featured the beautiful charms of stargazing, sunrise at top of Haleakalā, shoreline of Napali, and

Aloha spirit, which represents the images of the Island of Hawai'i, Maui, Kaua'i and the Hawaiian Islands respectively.

The billboard advertisement is part of the co-op with Air China and CYTS Aoyou.com that started in April, targeting small group travelers and family travelers in Northern China.

**HTC Educational Training to OTA and Travel Agent**

HTC organized 2 in-house trainings to Toursforfun in Chengdu and to Zhuyuan QTravel in Xi'an to deepen the travel agents' understanding of Hawai'i's travel resources. HTC also provided the latest safety information on volcano Kilauea's eruption. More than 10 trade representatives attended the sessions and they also had the opportunity to test out the newly launched Gohawaii official Chinese website.

**Public Relations**

**Ohana Memories on O'ahu Family Press Trip**

HTC partnered up with OVB to bring a media couple and their 3-year-old child on this special family-themed press trip. Chinese media representatives – Ms. Yi Feng (Deputy Director, Reporter & Editor Department, Traveler Magazine) and her spouse Mr. Yanbin Zhang (Chief Editor, First Video Network), attended the Ohana Memories on O'ahu Press Trip from June 7 to 12. They visited the Bishop Museum, KCC Farmer's Market, Pearl Harbor, Waimea Valley and Kualoa Ranch. The target media exposure is expected to reach **510,000** Chinese travelers.

**HTC Fashion & Luxury KOL FAM Trip**

To promote The Hawaiian Islands as a premium destination for upscale Chinese travelers and to showcase luxury properties and experiences, HTC invited 6 leading fashion and travel social media influencers. They include Shenwei, Patty Zhou, Anacoppla, Hmily, Nono and Shiran Cheng, who joined the Fashion & Luxury KOL FAM from June 21 to 26.

Hawai'i partners supporting this FAM include OVB, IHVB, Hawaiian Airlines, Ritz-Carlton Residences Waikiki Beach, Prince Waikiki, Hilton Waikoloa Village, Hilo Hawaiian Hotel, Kualoa Ranch, 'Iolani Palace, Ala Moana Center, Umauma Zipline, UCC Hawai'i, Hard Rock Café, Herringbone and Ruth's Chris Steak House. The FAM achieved a reach of over **10 million** Chinese travel and fashion lovers.

**Media Highlight - Voyage (新旅行) & Conde Nast Traveler (悦游)**

- **Voyages**, a leading travel publication (**968,000 impressions**) targeting at the high-end travelers, posted a 3-page feature to introduce local cuisines and experiences of Hawai'i, such as the shrimp truck, shaved ice, Poke and Luau, as well as the beautiful charms in North Shore.
- **Conde Nast Traveler China** posted a 1-page story to introduce the Surfjack Hotel & Swim Club in Hawai'i to leisure travelers, generating a total of **760,000** impressions.

**COMING ATTRACTIONS**

No	Event Name	Date	Location
1	Fashion & Men's Lifestyle Media FAM	Sep – Oct, 2018	O'ahu, Kaua'i
2	Happy Healthy Hawai'i – Aloha! Diamond of Islands ( Air China 2018 Co-op)	May – Aug, 2018	China

3	Toursforfun Co-op – Adventure Hawai'i	Jul – Sep, 2018	China
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## Hawai'i Tourism Korea Monthly Marketing Report June 2018

### Leisure

#### **SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS**

- Except for several large-scale wholesalers, most travel agencies in Korea have recorded an unprecedented decrease in securing customers for overseas travel in June. Compared to the corresponding period last year, the sales volume of tour products has dropped by 20-30% on average. A few small and medium-sized travel agencies have experienced sales drops of more than 50%. Travel agencies struggling to achieve sales growth say the major causes of the decline are domestic and international events such as the local election on June 13 in Korea and the 2018 Russia World Cup.

#### **ECONOMY**

- South Korea's economy grew at a slower pace than expected in the first quarter because of sluggish construction and facilities investment, central bank data showed on June 1. The country's gross domestic product expanded 1% in the January-March period, rebounding from a 0.2% contraction three months earlier. The latest reading marks a slight decrease from an earlier estimate of a 1.1% expansion issued in April. The Bank of Korea explained that investment in construction and facilities rose 1% and 1.8% respectively lower than the April estimate. The local economy grew 2.8% year-on-year in the first quarter compared with a 3.8% year-on-year expansion in the previous quarter.
- South Korea's consumer price growth continued to hover above 1% in May due to price increases in agricultural goods and services, government data showed. The country's CPI climbed 1.5% last month from a year earlier, slightly decelerating from the previous month's 1.6% year-on-year gain according to Statistics Korea data. The index gained 0.1% from the previous month. Core inflation, which excludes volatile oil and food prices, grew 1.3% year-on-year.
- South Korea's exports spiked 13.5% in May from a year earlier, rebounding from a brief dip in the previous month due to a rise in prices of key products and a global boom in the IT sector, government data showed. Outbound shipments reached \$50.98 billion last month, compared with \$44.92 billion a year ago, said the Ministry of Trade, Industry and Energy. Imports surged 12.6% year-on-year to \$44.25 billion.
- The average USD/WON exchange rate in June was 1087.28 won, a slight increase from the previous rate of 1075.14 won in May. Fuel surcharges were imposed in June up to 145,200 won (\$130) for a round trip between Korea and the U.S.

#### **OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT**

- Korea Tourism Organization reported the number of Korean outbound travelers in May was 2,331,565, a year-on-year increase of 16.3%.

#### **CONSUMER TRENDS**

- Music festivals have become some of the most popular cultural events for young Koreans and the genre of music being performed doesn't seem to deter them. People flock to outdoor festivals where they take the opportunity to check out artists from both home and abroad. Young Koreans in the early 2000s could choose from only a couple of large music festivals but now they can take their pick from about 30 held throughout the country. An element of a music festival that is especially appealing to younger crowds is their social media friendliness. This aspect allows

patrons to "look hip" while uploading photographs and videos of themselves enjoying the festival on Instagram accounts. Linkbricks, a firm that specializes in analyzing social media big data, claims music festival hashtags have increased by nearly 100% every year from 2015 to 2017.

- The amount of payments made electronically in South Korea continued to increase in the first quarter as a growing number of people used mobile shopping and remittance services. The daily average amount of electronic financial transactions was a record 581.53 billion won (\$521.6 million) in the January-March period, up 13.2% from the previous quarter. The quarterly figure marks the highest transaction value since the central bank started collecting data on electronic payments in 2008.

## **TRAVEL TRENDS**

- The historic summit between U.S. President Donald Trump and North Korean leader Kim Jong-un on June 12 signaled the start of warming ties between the Cold War foes and the possible onset of peace on the Korean Peninsula, experts said. The event is expected to have a positive influence on the wider Korean economy through labor and resource exchanges between South and North Korea, leading to a stronger and more stable Korean economy. The travel industry also expects to see a positive impact on both Korean inbound and outbound tourism as the threat of conflict disappears.
- A "sheconomy" trend is developing in the Korean travel industry, according to the Korea Association of Travel Agents. It is emerging due to the number of women, 12.45 million, who traveled to foreign countries last year and exceeded male travelers, 12.38 million, for the first time in number. The 2.79 million women aged in their 20s who traveled abroad made up 60% of the total. Hana Tour, Korea's largest travel agency, said that even in family travel, most of the purchasing decisions are made by women. Agencies, therefore, are trying to develop packages that reflect female preferences. Women's purchasing patterns used to center on specific sectors, such as fashion and cosmetics but have recently expanded to others such as overseas trips and sports events.
- As the number of Koreans traveling overseas with family rapidly increases, the destinations and themes they favor are diversifying. A Korea Tourism Organization (KTO) survey shows the ratio of respondents who said they traveled with parents had steadily increased, from 11.6% in 2016 to 12.3% in 2017. The reservation rate of family trips to long-distance destinations like Europe and the U.S. has grown by 27% this year compared to last year. The themes for family travel also vary and include gourmet foodie tours and edu-culture tours. Accordingly, travel agencies are launching exclusively themed family travel products which are mainly focused on rest and recreation.
- The four-day 2018 Hana Tour International Travel Show (HITS), held from June 7 to 10 at KINTEX, Ilsan, Korea, attracted approximately 100,000 tourism industry partners and public consumers. It reported achieving KRW 22 billion in on-site sales. More than 600 travel partners (DMOs, airlines, hotels, and attractions, etc.) participated and shared latest travel information with spectators. On the first day, Hana Tour organized a B2B Day for participating partners and their retail agency personnel to have networking meetings at booths. Hana Tour will host another show, HITS Busan, in November to target travelers in the nation's second largest outbound market.

## **MEDIA & ONLINE TRENDS**

- Global travel technology company Expedia conducted a survey of 600 Koreans aged from their 20s and 50s to analyze the influence of media on travel patterns. The results showed the best media to stimulate a desire to travel were TV programs (57.7%). The runners-up for those in their 20s were Instagram (45.1%) and Facebook (44.5%), while those in their 30s were influenced by blogs (39.3%) and Instagram (36.7%). People aged in their 40s (42.2%) and 50s (43.4%) appeared to become interested in travel by watching TV home-shopping programs. The majority

of respondents (84%) said they became attracted to destinations introduced in TV programs and more than half (53.5%) actually visited the featured locations.

- South Korean smartphone users spent more time on Instagram and correspondingly less on Facebook in May compared to a year earlier, new research shows. A report by industry tracker WiseApp said South Korean smartphone users spent a combined 4.2 billion minutes on the popular U.S.-based social media service Facebook in May, down 35% from a year earlier. As for its sister service, Instagram, local users spent 1.5 billion minutes on the service, up 35% from the same month in 2017. The research only included users of Android-powered smart phones, WiseApp said, adding that Instagram was the most popular social media platform for women in their 30s.

## AIRLIFT

- New long-haul South Korean LCC Air Premia plans to start service at the end of 2019. The airline completed its incorporation in July last year and has started preparing a license application to South Korea's Ministry of Land, Infrastructure, and Transport. Former Jeju Air president Mr. Kim, Jeong Cheol will lead the airline. Air Premia aims to provide "differentiated" routes and comfortable seating at LCC prices and plans to operate a dedicated fleet of either Boeing 787-9s or Airbus A330neos. These will be operated on medium-haul routes such as Singapore and Ho Chi Minh City and long-haul destinations such as San Francisco and Munich. The airline will offer premium economy and standard economy classes.
- Korean low-cost carriers (LCCs) are seeking to open new flight routes departing from regional airports in a bid to continue their "unprecedented huge" success from last year. Leading LCC Jeju Air plans to launch routes connecting Cheongju in North Chungcheong Province to Osaka in Japan on July 21, and Muan in South Jeolla Province to Taipei, Taiwan, on July 27. The nation's largest budget airline has been operating routes from Muan to Vietnam's Danang and Thailand's Bangkok since May.
- Korea's Transport Ministry is seeking to revoke the license of major LCC Jin Air following an alleged violation of a transport law preventing a foreign national from being a board member. After giving the airline a 1~2 year grace period, the ministry announced it is moving toward canceling Jin Air's air operator certificate. It is adopting various review measures to absorb the possible fallout. A final decision is yet to be made, but the ministry plans to announce a decision imminently.

## LEISURE ACTIVITIES

### Consumer

- **Consumer Promotion for Jin Air Service Resumption:** HTK launched a new co-op promotion with Jin Air to celebrate its resumption of flights from Incheon to Honolulu. The airline resumes its services on July 21, initially with 6 flights a week. HTK also produced a collaborative giveaway item and launched another consumer promotion for July on its website and social media about the flight resumption.
- **Online AD with KAYAK:** HTK launched an online advertising campaign on KAYAK, the online meta-search engine platform for flight/travel products. The aim is to maximize visitation and clicks on the Korean version of the GoHawaii website which helps consumers plan their travel to Hawai'i.
- **Aloha Report Season II:** HTK will start a second round of its Aloha Report, the bi-weekly video series with local correspondents. It will change the format/frequency to create a new energy for HTK's social media.

### Travel Trade

- **Eco/Edu Tourism Sales Contest with Asiana Airlines:** HTK is in co-op with Asiana Airlines to run a sales promotion for nine invited travel agencies following the successful "Discover Hawai'i's Roots" eco/edu-tourism Fam tour. The promotion runs from June 15 to July 15 and involves Hana

Tour, Mode Tour, YB Tour, Very Good Tour, Jau Tour, Online Tour, Tour 2000, KRT, and Lotte Tour. Newly developed edu/eco-Tourism Hawai'i package products are currently advertised on travel agents' multiple channels along with the #SafeHawaii campaign's key messages. HTK and Asiana Airlines will allocate sales awards once the booking data is collected up to July 15.

- **2018 Hana Tour International Travel Show:** HTK participated in the nation's largest annual travel fair, the 2018 Hana Tour International Travel Show (HITS), from June 7 to 10 at KINTEX, Ilsan. It attracted approximately 100,000 spectators and 600 industry partners and achieved on-site sales of around US\$20 million. About 60,000 spectators visited the Hawai'i Pavilion where 16 partners shared the aloha spirit and travel information. In addition, HTK conducted a #SafeHawaii promotion during the show using various online/offline channels to assure Korean consumers of the safety of travel to Hawai'i. Hana Tour generated sales of 4,989 bookings (down 55% year-on-year) for Hawai'i during the show, reflecting Korean sensitivities to natural disaster in light of the Kilauea volcano eruption and after effects.
- **Hawai'i SIT Promotion - Fishing Tour Promotion with Mode Tour:** HTK conducted 'Hawai'i Fishing Tour Promotion' with Mode Tour to pitch Hawai'i as an ideal fishing destination as part of SIT Promotion. Mode Tour proactively exposed the promotion on multiple media channels - Mode Tour's owned media including the official website, press releases, and e-DM as well as nation's leading fishing channel "FISHING TV" from March 19 to June 8. The promotion especially invited professional fisherman Mr. Kong, Youngseok to offer one-on-one fishing lessons on the charter boat in Waikiki Beach.
- **Hawai'i SIT Promotion - Active Senior Trekking Promotion with Lotte Tour:** HTK implemented 'Active Senior Hawai'i Trekking Promotion' with Lotte Tour as part of SIT Promotion from January to May 2018. It targeted amateur trekkers and active seniors in their 50s and 60s to promote the island's trekking spots on Kaua'i, O'ahu, Maui and the island of Hawai'i. The 6N8D trekking-specialized product was widely exposed from February to June through Lotte Tour's media channels such as Lotte Tour's official website, social media, press releases, and e-DM.
- **Hawai'i Hotel Promotion with Evasion:** HTK collaborated with high-end OTA Evasion for a Hawai'i Hotel Promotion from June 18 to July 1. The promotion partnered with four upscale Hawai'i hotel partners, Andaz Maui at Wailea Resort, Trump International Hotel Waikiki, The Kahala Hotel and Resort, and Hyatt Regency Maui Resort & Spa. HTK extensively advertised the properties through a variety of channels, including e-DM, social media and PR, and generated over 80,000 hits and a 300% increase in room night sales compared to the three months from June to August 2017.
- **Mother & Daughter Promotion with TMON Tour:** HTK is launching a Mother & Daughter Hawai'i promotion in July in co-op with TMON Tour to target the new niche market segment and vacation seasons. The promotion will be designed to generate strong customer support by utilizing TMON Tour's various media channels. The campaign will kick off from mid-July for a month.
- **Kona Card Co-promotion:** HTK is discussing a promotion collaboration with a technology company involving a tailored credit card and a major consumer festival. HTK plans to work with Korean IT/Fin-Tech corporation 'Kona I,' named after Kona Coffee, to design and produce an Aloha Limited Edition Kona Card and host a mega Kona Festival consumer event. The promotion will involve online/offline events targeting consumers in their 20s and 30s who are issued with the Aloha edition Kona Card.

- **#SafeHawaii Campaign Sales Promotion:** HTK is carrying out new sales oriented incentive promotions to generate immediate bookings for summer peak season. The aim is to minimize the effects of cancellations due to the recent volcano issue. Eight major participating travel agents will deliver the key message that Hawai'i is safe to visit and is still open for business.
- **#TastyHawaii Promotion:** HTK will tie in with Korea's leading culinary brand to produce a Hawaiian menu to promote the Hawai'i Food & Wine Festival which will take place from October 6 to 28. The promotion will involve online/offline events and issue Hawai'i menu coupons which will be distributed to travel agencies through sales contests.
- **2018 Pre-GTS Fam Tour:** HTK will host a pre-Global Tourism Summit Fam from September 29 to October 6 in conjunction with the 2018 event. The Korean Fam group will visit three islands – O'ahu, Kaua'i and the island of Hawai'i – to experience the islands' diverse attractions and cultural heritage. It will involve 20 team leaders of major wholesalers, retailers, OTAs and MCI operators based in Seoul and Busan. After the Fam, follow-up sales contest will be conducted to stimulate participating travel agents to produce various Hawai'i package/FIT products.

### **Public Relations**

- **2018 Aloha Media Day:** HTK successfully held its 2018 Aloha Media Day in Seoul on June 11. The one-day event was designed to provide Hawai'i partners with exclusive networking opportunities with major Korean media. They were encouraged to develop relationships and discuss possible PR opportunities for their property and products. Eleven Hawai'i partners join the event.
  - Aloha Media Marketplace - This was HTK's newly developed meeting format designed to foster extensive business relationships between partners and 16 key publications to generate mutual opportunities. Each publication was provided with an individual table which partners could visit for meetings. The format enabled both parties to have in-depth discussions about advertorial, advertising and upcoming promotion opportunities. A total of 23 editors from 16 media attended.
  - Hawai'i Media Reception - HTK invited senior executives from major publishers, including key print media, digital media, entertainment companies and HTK's appointed celebrity ambassador, Mina Sohn, to provide networking opportunities. The reception included interviews with Ms. Sohn, a social media posting event and lucky draw. HTK decorated the venue with Hawaiian objects and supplied Kona beer and Hawaiian macadamia nuts to enhance the theme. A total 50 editors from 40 media attended.

### **Sales Activities**

- The Korea team had 34 meetings in June with industry trade partners for regular sales calls and to discuss co-op opportunities as following:
  - **Airlines** (4): Korean Air for sales calls and airlift updates; Asiana Airlines for Eco/Edu Tourism Fam tour and follow-up sales promotion; Jin Air to update airlift status after its resumed service from July 21; and Hawaiian Airlines to follow-up on cancellations on inter-island flights to Kona/Hilo due to volcano issues.
  - **Travel Agents** (18): Evasion, Kayak, TMON Tour, Hana Tour, Mode Tour, Hanjin Travel, Very Good Tour, YB Tour, Lotte JTB, KRT, Tour 2000, Jau Tour, Online Tour, Interpark Tour, Tidesquare, Redcap Tour, Bomul Tour, and Tour Baksa.
  - **Hotels** (6): Westin Maui, Hilton Busan, Lotte Hotel Busan, Grand Hyatt Seoul, Westin Busan, and

Hilton GSO in Seoul.

- **Rent-a-car/Transportation** (2): Hertz and Roberts Hawai'i.
- **DMOs, U.S. Government/Organizations** (1): Brand USA.
- **Consumer Brands** (3): Hyundai Department Store, Kona Card, and SPC (culinary brand).

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

- Aloha Hawai'i Week with Hyundai Department Store (July)
- 2018 Mode Tour International Travel Show (Aug 30 – Sep 2)
- 2018 Global Tourism Summit (Oct 1 – 3)

## Hawai'i Tourism Taiwan Monthly Marketing Report June 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

- The average GDP growth rate grew 2.86% in the year of 2017. In the first quarter of 2018, GDP grew 3.02%; however, still falls short of the preliminary reading of 3.04%. The unemployment rate in May is 3.63%, slightly decreased by 0.01% compared to April 2018.
- Taiwan's consumer confidence index (CCI) dropped from 85.61 in May to 83.82 in June, the weakest reading since October 2017. The Taiwan currency exchange rate went up to 30.08 (average) for the month of June, which is 0.202 higher when compared with the previous month.

#### Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,441,110 in May 2018 with a 5.09% increase compared to May 2017. The outbound number to U.S. went down by 4.14% to 50,933 in May 2018 compared to the same period last year. The Taiwanese arrival number to Hawai'i increased by 2.2% to 1,511 in May 2018 when compared year on year to May 2017.

#### Competitive Environment

##### **Vivid Sydney: World's most incredible light festival turned 10**

Vivid Sydney was held from May 25th to June 16th, 2018. Marking Vivid Sydney's 10-year anniversary, the shows featured even more spectacular light art, cutting-edge music and innovative ideas programs this year. From 6pm to 11pm every evening, the Sydney Opera presents "Audio Creatures" on its rooftop accompanied by the orchestra Spinifex Group. Furthermore, every evening at the Taronga Zoo, the zoo presents a light show "Lights for the Wild" with huge animal statues. Lastly, at the Circular Deck of Sydney, a ferry will light up the waters of Sydney from 6pm to 11pm every day.

#### Consumer Trends

##### **The rise of "bleisure travel"**

By combining business trips with leisure and vacations, employees and companies are rapidly adopting the trend of "bleisure travel." A study by the Global Business Travel Association found that 37% of North American business travelers (48% were millennials, and only 23% were baby boomers) took a bleisure trip in 2017. Bleisure travelers are mostly individuals who are extending business trips to decrease the overall cost of taking a vacation, while others try to take an advantage of flexible corporate travel policies. Not only are employees catching on this trend, but according to Forbes, 57% of companies now have a policy for employees to extend a business trip into vacation time. As most millennials are trying to achieve as much success as possible early on in their careers, bleisure travel satisfies their desires to combine work and personal vacations. Many companies are taking advantage of this trend and specifically targeting this growing group of bleisure travelers to create services that will appeal to them.

#### Travel Trends

##### **LINE launched "LINE Travel" in Japan**

LINE Corporation launched "LINE Travel" on June 28th, a comprehensive travel service enabling users to search for, compare, and book domestic and overseas trips. The service is one of the largest price comparison travel websites in Japan that will enable users to search through more than 250 travel companies and airlines for domestic and overseas hotels, package tours, and flights, and compare prices

to find the best deal. LINE Travel is directly accessible through LINE, eliminating the need to install a separate app. Furthermore, messages will be sent to users from the LINE Travel Official Account about trip recommendations and trending topics featured on travel TV shows.

## **Media Trends**

### **Hashtag marketing**

Hashtags are vital to Instagram, especially when it comes to growing brand awareness. Hashtagging allows for more exposure: Instagram posts with at least one hashtag have 12.6% more engagement than those without. On the other hand, hashtags cannot be overused, and research shows that posts with over 10 hashtags start seeing a dip in likes and comments. Instagram recognizes this hashtag trend, and recently brought out a new feature of being able to follow a hashtag, like following an account. Hashtags can also be categorized differently; branded hashtags are specific to a business, and possibly containing a brand name, product, or specific campaign. Using branded hashtags allow others to share a brand more easily, by just simply using that branded hashtag in their posts or story when using the product.

### **Airlift**

#### **Mandarin Airlines offers daily Taichung-Tokyo service starting June**

Mandarin Airlines launched on June 14th daily flights from Taichung International Airport to Tokyo Narita International Airport once a day, seven days a week. The flights will take off in the early morning and return in the afternoon, and therefore should be very convenient for travelers to fit into their travel plans.

#### **Tigerair Taiwan announced new charter flights to Japan**

Tigerair Taiwan announced that it will be launching two scheduled charter routes in July to Japan: One between Taoyuan International Airport and Saga (operating between July 29th and October 27th), and the other between Kaohsiung International Airport and Nagoya (operating between July 1st and October 27th). Tigerair Taiwan will be now operating 19 routes across 14 destinations between Taiwan and Japan.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **Planning & Preparations for the first Hawai'i Aloha Festival in Taiwan**

As the fun-run and marathon scene has simmered down and seen a huge decline in participation for the past 2 years, HTT decided to replace its Hawai'i Run with a Hawai'i Aloha Festival, which would gather more crowds as well as more exposure with the media and celebrities. In order to replicate authentic Hawai'i ambience and experiences in Taipei, HTT has been working on the plans along with the Hawai'i culture groups in Taiwan, including Annier Lee (a famous ukulele artist/teacher nominated for the 2017 Nā Hōkū Hanohano Awards) and Zing Cheng (a hula performer/teacher in Taiwan). The festival will take place on September 15th and 16th and the outdoor venue is Huashan Cultural Park's lawn, a highly popular weekend hangout location for locals with busy foot traffic.

#### **Co-op with Fashion Vlogger Nancy Tsai Featuring Vacation Hot Spots in O'ahu**

HTT worked with one of the leading fashion vloggers in Taiwan, Nancy Tsai, to showcase the natural beauty and fun activities in O'ahu on her social media platforms. Nancy is an influential vlogger in fashion and cosmetics with 155K followers on Facebook and 105K subscribers on YouTube. Nancy featured and shared the virtual tours of the hot spots and attractions in O'ahu, including Diamond Head, Turtle Bay, Prince Waikīkī, Four Seasons Resort O'ahu at Ko Olina, Halekulani Hotel, Giovanni's Shrimp Truck and Monkeypod Kitchen. The video has achieved 14K views on YouTube (as of July 5th).

### **Public Relations**

Media Monitoring (Clippings & Publicity Calendar): In June 2018, Hawai'i Tourism Taiwan secured over 47 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$794,920.



### **Sales Activities**

<b>Company</b>	<b>Name</b>	<b>Location</b>
Lion Travel	Manager, Mr. James Huang	Taipei
	Hawai'i Line Route Planner, Ms. Jean Wu	
Phoenix Tour	Vice General Manager, Mr. Stanley Shao	Taipei
Cola Tours	MICE Dept. Vice General Manager, Ms. Julia Hsu	Taipei
Life Tour	MICE Dept. Vice Manager Mr. Ray Ko	Taipei
Dragon Tours	American Line Manager, Ms. May Sun	Taipei
KKDay	Senior Business Developer, Nina Huang	Taipei
China Airlines	Assistant Manager Mr. Sung Tao Ming	Taipei

### **COMING ATTRACTIONS**

- **July [Aloha with Locals Videos Launch with Black Buddha], Taiwan**
- **August [Hawai'i Digital Tour Platform Launch], Taiwan**
- **August-September [“Global Focus” TV Show Filming]**
- **September [Hawai'i Aloha Festival]**
- **September [Taiwan Agent FAM]**

## Hawai'i Tourism Europe Monthly Marketing Report June 2018

### Leisure

#### **EUROPEAN SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS**

##### **Economy**

- UK economy has picked up speed as service sector growth hits eight-month high. IHS Markit's chief economist said, the improvement shown by the service sector suggested the economy would expand by 0.4% in the second quarter
- Reports show that there is now a higher demand for business and financial services as the recent warm weather encourages consumer spending
- If England win the World Cup, the economy could receive a boost worth billions according to the Centre for Retail Research (CRR). Reports show that much of the spending will be at shops with fans stocking up on food and drink before watching matches at home. Already, statistics show that the amount spent so far was about £800m more than during the 2014 World Cup
- Comprehensive data confirmed that the Swiss economy started the year on strong footing, with healthy quarter- on-quarter GDP growth in Q1. Higher wages, muted inflation and low unemployment supported an acceleration in private consumption growth
- Growth is predicted to peak at 0.3% in France in Q2. The Bank of France has forecast that activity should increase in all sectors in June

##### **European Outbound Travel Market & Competitive Environment**

- Travel2 has seen an increase in sales to the Indian Ocean including Mauritius, with 20.8% growth. In response, Travel 2 have released a new brochure with 12 new properties including Maldives, Sri Lanka, Mauritius, Seychelles and Goa
- The Islands of Tahiti are working to change perceptions and highlight the destinations affordability, accessibility and range of activities available using new Tahiti Specialist online training programmes
- G Adventures' have implemented a responsible tourism strategy, which includes marine policies to ensure seafood on its menus is 90% sustainable, and guests and crew can take part in beach clean-ups in destinations such as Svalbard, Cuba, Sri Lanka and Thailand

##### **European Consumer Trends**

- Nearly 40% of European travellers to spend more on holidays in 2018, with Brits being the highest potential spenders. A recent report from global travel technology company Sabre Corporation, found that a significant percentage of European travellers plan to spend more on holidays in 2018. Sabre surveyed more than 4,000 people in the UK, France, Germany and Italy who had travelled within the past 24 months to identify emerging trends when spending on travel and booking flights, hotels and extras
- The market researchers' analysis of sales by 2,000 representative travel agencies, OTAs and tour operator websites found that sales revenues for holidays between May and October 2018 are now 15% ahead of the same period last year, and 75% of summer 2017 revenues have already been secured

- There's a new type of clientele emerging in France called the 'Jeuniors', with comfortable incomes and a desire to enjoy retirement. These individuals represent a potential market of 15million customers and expected to reach 20 million by 2030

### **European Travel Trends**

- A new video documentary has been released 'Crowded Out: The Story of Over tourism' with the company warning that the issue is reaching a critical point. The film produced by activist travel company
- Responsible Travel is highlighting the issue of over tourism ahead of the peak summer holiday period
- OTAs profited more than travel agents last month as Germans mostly booked summer holidays online and generated solid overall 8% market growth, according to the latest monthly GfK analysis
- Most of the other summer season months, from July to October, have double-digit increases so far this year in Germany
- E-tourism still shows sustained growth with + 13% in a context of growth for all travel distributors. Mobile sales have also increased by 25% in Q1 of 2018 compared to Q1 of 2017 according to iCM index

### **European Media & Online Trends**

- Ian Kehoe, the editor of Sunday Business Post in Ireland, has announced that he is stepping down. During his four years as editor, he launched the Sunday Business Post website and app, as well as fighting the declining print circulation seen across the newspaper industry
- The Funke media group joins the travel business and is planning to sell trips via a newly launched online travel portal called Globista. Launching on 29 June, the media group will be able to sell the best holiday offers at best rates. The launch of the site will be accompanied by a competition for subscribers, which will be a trip to Dubai. This will be promoted within a supplement, which is added to all of Funke's national magazines and daily newspapers
- The French market is supported by the constant growth of digital. In the first three months of the year, net advertising revenues for the media amounted to €1.92 billion
- Facebook remains the most popular social network in the world. The number of monthly active users is 2.2 billion including 377 million in Europe and 33 million in France. The number of daily active users is 1.45 billion, including 22 million in France

### **European Airlift**

- Growth in carryings on transatlantic routes to the US from Gatwick drove the airport's busiest-ever May.
- Passenger numbers rose by almost 43% year-on-year with Boston, New York and Los Angeles being the most popular US destinations
- Air Canada now offers non-stop service from Zurich to Vancouver also on a season basis from June 7<sup>th</sup> until October 14<sup>th</sup>, 3 times a week
- Air France-KLM, Delta and Virgin Atlantic, finalised the conditions of their joint venture on Tuesday 15th May 2018. This agreement proposes a program with adapted and competitive flights, as well as advantages in loyalty programs of each company for the travellers and joint lounges in airports
- Air France and Hop! create "The Pass", a new prepaid book of flight tickets to give their customers the opportunity to organise their trips in a flexible way

**Leisure Activity Update**  
**European co-ordination**

- European offices have dealt with consumer requests on an adhoc basis
- Responded to all consumer enquires following the recent activity on Island of Hawai'i and Kauai
- Implementation of tour operator training online and face-to-face across Europe

**UK & Ireland**

- Continued with 'Hawai'i on screen campaign' activity
- Coordinated further filming for 'Experience our Aloha' campaign in Hawai'i to take place in July
- Wrike request submitted to revise the collateral ordering process on the GoHawaiiUK website
- Attended Global Megatrends Shaping the Consumer Markets webinar

**Germany**

- Continued to update GoHawaiiDE website

**France**

- Ongoing activity following the launch of the French website

**Travel Trade**

**UK and Ireland**

- Final Brand USA and Bon Voyage results shared:
  - The campaign to date has delivered total impressions of just under 2.4 million
  - Overall reach and exposure has exceeded 886K UK unique users
  - Total combined Lightbox interactions were 13,267
  - Lightbox open rates were 1.73%: almost than double the target
- Conducted Jurassic World: Fallen Kingdom event with 18 key tour operators including Best At Travel, Bon Voyage and Charter Travel
- Follow up with all UK and Ireland trade following meetings at IPW in Denver
- Ongoing coordination ahead of Aloha Europe 2018
- Continued liaison with Aloha Europe 2017 prize winners to coordinate upcoming trip to Hawai'i
- Continued to monitor and respond to all trade enquiries regarding bookings to Island of Hawai'i
- Distributed quarterly newsletter to key UK and Ireland trade
- Held destination training at Quintessentially Travel for 4 agents
- Further liaison with key tour operators to discuss Experience our Aloha proposals for cooperative marketing.
  - Campaign to launch in September 2018
- Ongoing liaison with trade ahead of GTS Summit/ FAM trip in September
- Ongoing collation of feedback from tour operator survey, gathering UK market information, to update TAMs Matrix Segmentation

**Scandinavia**

- Follow up with all key Scandinavian tour operators meetings at IPW in Denver

**Germany and Switzerland**

- Planning and preparation for Aloha Europe 2018
- Provided trade partners with information material via regular mail, phone calls and email

- Follow up IPW
- Updated tour operators and travel agencies on Hawai'i Island volcano and Kaua'i flooding
- Updated trade partners on new data protection law

### **France**

- Ongoing liaison with 6 tour operators to discuss current updates surrounding Volcano and flooding
- Ongoing liaison with 2 tour operators with FAM interest
- Meeting with Directours to discuss current Hawai'i performance and how HTE can support

### **Public Relations**

#### **European co-ordination**

- Issued June press release to all European markets
- Ongoing media liaison and press trip organisation across target European markets including:
  - o Individual press trips, media meetings and media liaison across all markets

### **Germany**

- May 1-11, 2018: Claudia Zaltenbach (food blogger & author of cook books) travelling to O'ahu and Maui – very successful trip, f/u was done, first results were sent to IC and partners
- Press release: May press release (Jurassic Park) was sent to 1,063 German speaking contacts
- IPW: Provided HTA with feedback on German/Swiss media appointments
- Group press trip: Approached United/Switzerland to support group press trip in 2019 – details tbd, but United is keen to coordinate a joint press trip in Q3/4 2019

### **France**

- Issued 3 Press releases

### **Sales Activities**

#### **Europe**

- Ongoing liaison and training carried out with trade
- 95 sales calls carried out in total

### **“Upcoming Attractions ” for Leisure Market**

#### **UK & Ireland**

- Training with key tour operators including First Class Holidays, Flight Centre and British Airways Holidays to take place in July 2018
- Hawaiian Airlines event in July 2018
- Ongoing discussions for 2018 activity with potential TO partners
- *Experience Our Aloha* campaign to launch in September 2018
- Joint Tour Operator marketing to launch in September 2018
- Product Manager FAM and Global Tourism Summit in September
- Aloha Europe to take place in October 2018

### **Scandinavia**

- Aloha Europe to take place in October 2018

### **Germany**

- Ongoing trade and media maintenance and support
- Ongoing discussions for 2018 activity with potential partners
- Training with key tour operators
- Experience Our Aloha campaign to launch in September 2018
- Aloha Europe to take place in October 2018
- Providing specific information to consumer magazines on upcoming events
- Regular posts on social media (Facebook, Instagram)

### **France**

- Ongoing trade and media maintenance and support
- Individual press trip in July with Jurassic Park theme
- Trade FAM Trip to take place in October 2018
- Training in Paris in a Poke Bowl restaurant in July 2018

## Hawai'i Tourism Southeast Asia Monthly Marketing Report June 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

**Malaysia:** The Malaysian economy grew 5.4% in the first quarter of 2018 due to the successful diversification experience of some energy producers in Malaysia, hence pressing the need to support both vertical diversification in oil, gas, and petrochemical sectors, as well as horizontal diversification beyond these sectors. According to our financial report for Q1, the real GDP stands at 5.4% and the inflation rate is moderated at 1.8% due to relatively slower increase in fuel process and stronger currency. The Goods & Services tax of 6% has been abolished and now stands at 0%, effective 1st of June 2018.

Currency Exchange: USD 1 = MYR 4.04 as of June 30, 2018 vs MYR 3.98 as of May 31, 2018.

**Singapore:** The economists expected Singapore economy to grow 3.2% in 2018. Meanwhile, the official forecasts from the Ministry of Trade and Industry (MTI) tip full-year economic growth of between 2.5% and 3.5% this year. Inflation is expected to rise gradually over the course of 2018, averaging in the upper half of the 1% to 2% forecast range for the full year

Currency Exchange: USD 1 = SGD 1.362 as of June 30, 2018 vs SGD 1.3380 as of May 31, 2018.

**Indonesia:** Indonesia's Purchasing Power, Retail Sales & Consumption on the Rise ahead of Ramadhan 2018 holiday - This would be a great boost for Indonesia's overall economic growth as private consumption accounts for around 57% of the nation's total economic growth. The private consumption is expected to grow further on the back of 2018 local elections, 2018 Asian Games in Jakarta & Palembang and IMF-World Bank meeting in Bali and it is predicted that 2018 GDP growth which has been set at 5.2% can be achieved after a slow start.

Currency Exchange: USD 1 = IDR 14.29 as of June 30, 2018 vs IDR 14.03 as of May 31, 2018

**Thailand:** Thailand's economic growth this year to 4.1% from its previous estimate of 3.6% given the country's robust performance. Forecast of Thailand's economy in the year 2019 and 2020 to 3.8 % for both years, up from its previous estimate of 3.5% and 3.4 % respectively.

Currency Exchange: USD 1 = THB 33.22 of June 30, 2018 THB 32.03 as of May 31, 2018

#### Outbound Travel Market

**Malaysia:** Domestic travel has boosted due to the zero-rated GST (Goods and Services Tax) effective June 1, 2018. Demand for travel is partly spurred by cheaper costs of holidaying. The zero-rated GST has moderate benefits to the end consumers traveling abroad as it allows travelers better spending power. The outbound traveling for June during Eid festival as well as the mid-term school holidays were good, with 3 groups from 3 travel agencies traveling to Hawai'i.

**Singapore:** Travel trade is now gearing up for the next round of travel fair season, starting in July leading up to the mega NATAS and Travel Revolution Fairs in August. Chan Brothers will have their much anticipated CBTF between July 21-22, and Dynasty's Thanksgiving Fair will be on July 7-8.

Most agents' focus will be for the 4th quarter travel season with emphasis on the popular destinations – Europe, Japan, and Cruises. New destinations that agents will be promoting and fast gaining traction include Central Asia and Caucasus.

**Indonesia:** Finland is another up and coming destination for Indonesia market, especially for the history of Nokia invention as well as the Santa Claus village at Lapland. On the other hand, Maldives offers free-visa entry for Indonesia citizens which has helped in boosting the tourist arrival into the destination.

**Thailand:** June is the month of short-haul travel season. Many travel trade partners and airlines have encouraged their customer with special officers and promotion & travel during weekend. Examples include Thai Airways organizing a B2C event, THAI MARKETPLACE, at Central Festival Ville June 8-10, 2018 as well as H.I.S tour & Travel offering discounted tickets to Hong Kong, Japan, Singapore and Europe.

### **Competitive Environment**

#### **Malaysia:**

- **Tourism Authority of Thailand (TAT)** had a Gastronomical familiarization trip to Betong and Hat Yai, Thailand from June 6-10, 2018. TAT also organized another familiarization trip to Trang and Rayong Province (southeast of Thailand) on June 16-18, 2018 with participants from Malaysia, Hong Kong, India and Italy.
- **Taiwan Tourism Bureau** held a contest titled "Collect Taiwan Food" to entice Malaysian travelers through gourmet where participants stand a chance to win a pair of flight tickets to Taiwan in collaboration with Eva Air.
- **Macau Government Tourist Office (MGTO)** collaborated with Bernama TV on a destination program that airs premiere episode weekly during primetime (Thursdays at 8:30pm) on Channel 502, Astro, an All-Asian Satellite Television and Radio Operator via direct satellite broadcast PAT-TV service with viewership of more than 23 million individuals in 5.5 million Malaysian household.

#### **Singapore:**

- **Atout France, Monaco and Spain Tourism** have collaborated to launch the Mediterranean Luxe tourism campaign to the Singapore and Asian markets. The partnership is backed by the region of Catalonia, Avis Car Rental, and Turkish Airlines.
- **Dubai Tourism** organized a TV broadcast media trip on June 23-28, 2018 featuring 2 top male artistes from Singapore. The program will premiere on digital TV, followed by free-to-air TV.

#### **Indonesia:**

- **Dubai Tourism Board** participated in ASTINDO Travel Fair in Jakarta with the exposure to at least 10,000 customers during the 3-day travel fair. They also offered locally produced tea tasting for customers who purchase tour packages to Dubai during the travel fair.

#### **Thailand:**

- Eurowings Thailand and Munich Tourism Representative of Thailand invited travel trade partners and members of German-Thai Chamber of Commerce (GTCC) to participate in "Ready for Take-Off! BKK-MUC". This event was held at The Westin Grande Sukhumvit Hotel on June 25, 2018 with 52 agents and 45 GTCC members in attendance.



## **Consumer Trends**

### **Malaysia:**

- With the implementation of zero-rated Goods & Services Tax on June 1, 2018, the demand for inbound and outbound travels is expected to grow. Representative from Homes Travel and Tours expresses an optimistic view resulting from this change as customers will now have better spending power over their holiday destinations both local and abroad.
- Malaysia Passport climbs global ranking and is now the second most powerful passport in Southeast Asia and ninth most powerful globally. According to the announcement made in June by the Henley Passport Index, Malaysian passport holders currently enjoy visa-free access to 180 countries worldwide. This poses a new challenge in driving repeat visitation in regional travels (including to Indonesia) as affluent Malaysian travelers take advantage of the visa-free access to explore new and niche destinations.

### **Singapore:**

- In the latest study by Visa, Asia Pacific households currently account for one-in-three global travelling households, up from one-in-four in 2006. As household income growth continues to outpace economic growth in most countries in the region, overseas travel is not only becoming more common, but people are also taking more frequent trips and are looking at further destinations such as Europe and the US. Within the affluent in the region, Singapore travelers have the highest propensity (52%) for long-haul travel.

## **Travel Trends**

### **Malaysia:**

- Research by Booking.com reveals that 67% of travelers today do not feel that they are making the most out of their traveling opportunities due to travel related anxieties despite the technological advancements observed by Malaysians. Causes of travel anxieties include anticipation of getting lost due to language barriers (18%), struggles of looking for accommodations (41%) and fear of unfamiliar situations (27%).
- This study proves the reason why majority of travelers prefer booking through agents rather than self-booking their own trips. Nearly 70% of travelers still rely on travel agents to be able to travel with confidence. This indicates that collaboration with travel trade partners in Malaysia will help encourage outbound travel.

### **Singapore:**

- The survey by Carlson Wagonlit Travel (CWT) and Travelport found that the number of premium economy seats booked for corporate travel increased at an average rate of 157% year-on-year, from its data of over 1.3 million bookings made between 2015 and 2017 outbound from Singapore. The survey also found that the steady increase in bookings for premium economy class between 2015 and 2017 have resulted largely from the upward movement from economy class, rather than down from business class.
- In a bid to cope with the challenges brought on by digital revolution, Dynasty Travel is turning to experiential tourism by offering a 15-day Antarctica chartered cruise on Ocean Atlantic, an ice-class vessel with shallow draft. The cruise is scheduled for November 2019 targeting 200 pax. Dynasty Travel is also targeting a new breed of travellers with growing environmental awareness and penchant for off-the-beaten track experiences

## **Media & Online Trends**

Digital media continues to grow rapidly among all other media platforms. Social media giant Facebook will soon bring 3D photos to its news feed. Facebook is investing heavily in Virtual Reality as VR is on its course for being the method of future social communication. A 3D posts will add depth to the posted images and with responsive perspectives views when scrolling past the post or angle your phone. It will change how audience consume content on social media moving forward as it'll broaden their Facebook content experiences.

## **Airlift**

AirAsia X will be increasing its frequency from four to seven flights weekly to Honolulu, Hawai'i on August 16, 2018. This is in due to the tremendous demand from the Southeast Asia market. With the increase of flight capacity, there will be additional 58,812 seats that make up the total of 137,227 seats annually.

On June 6, 2018, Malaysia Airlines celebrated its inaugural from Kuala Lumpur to Brisbane. This event marks the reopening of the airline's operations into Queensland whilst promoting Brisbane as a key destination for business and leisure travels. The four times weekly service will be operated by the A330-300 with 290 seats, comprising of 27 seats in Business Class and 263 seats in Economy Class.

## **LEISURE ACTIVITIES**

### **Consumer**

SNS Result: Facebook at 12,680 fans; Instagram at 1,057 followers as of June 1, 2018

### **[HTSEA assisted Hawai'i Convention Center in attendance building for Asiatox]**

HTSEA attended the 8<sup>th</sup> International Congress of Asian Society of Toxicology in Pattaya, Thailand from June 17-20, 2018 on behalf of Hawai'i Convention Center to build attendance. There were over 300 delegates from Asia Pacific, Central Asia as well as Middle East. HTSEA promote Hawai'i as a world-class destination for conferences as well as gateway for vacations by sharing what Hawai'i has to offer. Delegates were anxious about the volcano eruption and HTSEA helped to explain.

### **Travel Trade**

#### **[Experience Aloha Business Exchange 2018]**

There were total 5 delegates from Southeast Asia and 1 escort was invited for 2<sup>nd</sup> EABE in O'ahu with a post familiarization trip to Island of Hawai'i. The delegates were pleased with the overall trip except the 1 full day group presentation as the delegates were expecting to have 1-on-1 meeting with the Hawai'i Stakeholders. All delegates have submitted their survey/feedback to HTA MCIGLOBAL team.

### **Public Relation – NIL**

### **Sales Activities**

HTSEA conducted 22 sales calls in Southeast Asia to promote Hawai'i.

**[AirAsia X]** Collaboration with AirAsia X to develop a destination video that inspires the Southeast Asia travelers. Met and discussed about the storyboard as well as finalizing the talent who will be invited by HTSEA and AirAsia X to go to Hawai'i for a video shoot. The shoot will take place on July 16 to 20, 2018.

**[Dynasty Travel]** Conducted pre-departure briefing to agent who will be attending the MCI familiarization trip. Also followed up with agent on any upcoming MCI group for Hawai'i. Agent is currently pitching to the insurance group of 60 to 80pax with good budget from APAC to visit Hawai'i in 2020. The group will be going to New Zealand next year, and have been to Finland this year and Las Vegas in 2017.

**[Chan Brothers Travel]** Followed up with agent on attendance of IPW. Agent has met several Hawai'i operators and has also collected substantial brochures which helped in further developing destination knowledge. Agent's feedback on the show was positive as she was able to contact with an alternate operator Sun Island Hawaii. Sun Island Hawai'i updates rates on its online platform which is useful for FIT product packaging. Agent will assist in blocking the meeting room to accommodate the group visiting for HTSEA's Aloha Land of Smiles Sales Mission.

**[Oathbrands]** Explored with Oath the feasibility of the content and digital campaign with Scoot on Yahoo platform since Scoot prefers using Yahoo. Proposal has been received and the cost seems pretty high. HTSEA recommends not to use this platform at this stage to avoid duplicated effort as Scoot will be running its own campaign on Yahoo.

### **Coming Attractions**

[Jul] Paradise Within Reach

[Sep] Jetset to the Hawaiian Islands

## Hawai'i Tourism Hong Kong Monthly Marketing Report June 2018

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

**Economy.** Hong Kong's economy expanded notably by 4.7% year-on-year in real terms in the first quarter of 2018, up from 3.4% growth in the preceding quarter, marking the sixth consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past ten years. The value of retail sales, in nominal terms, increased by 12.3% year-on-year in April 2018, slightly quickened from 11.5% in March 2018. The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at a 20-year low of 2.8% for the three months ending May 2018. Overall consumer prices rose by 2.1% in May 2018 over the same month a year earlier. Looking ahead, consumer price pressures are expected to increase somewhat. The Government forecasts Hong Kong's consumer price to increase by 2.2% in 2018. Merchandise exports increased solidly by 15.9% in May 2018 over the same month a year earlier, compared to 8.1% in April. The city's commerce chief of Hong Kong indicated that the effects of the escalating U.S.-China trade row could spiral down and hurt Hong Kong Economy. As trading and logistic is one of the 4 pillar industries in Hong Kong and numerous China trading or invested companies are based in Hong Kong. Meanwhile, Hong Kong stock tumble after the new tariffs on US\$200billion worth of Chinese goods.

**Outbound Travel Market.** Hong Kong International Airport (HKIA) has recorded total 6,044,000 passengers in May 2018, which is a total 3.9% YOY incremental of May 2017. According to TIC the Travel Industry Council of Hong Kong whose members are travel agents, they have USD389,753 levy income received in May 2018, which is 12.9% YOY incremental. International Air Transport Association (IATA) recorded USD 313 million total billing of air-ticketing sales in April 2018, which increase 15.1% YOY. Meanwhile, the number of air tickets transactions have been increased to 971,861 times in April 2018, which is 21.6% YOY incremental.

**Competitive Environment.** Tourists arriving in New Zealand could be charged up to US\$35 to enter the country under a Government proposed international visitor levy. The proposed levy would impact international visitors entering New Zealand for 12 months or less, and would be at a rate between US\$25 to US\$35. Euromonitor, a market research provider, estimates that international arrivals in Russia will grow by 4 percent to 37.5 million trips by 2022. From a conservative standpoint, Euromonitor's Travel Forecast Model forecasts 1.4 percent increase in the number of total arrivals to Russia in 2018, directly caused by hosting a major sporting event.

**Consumer Trends.** According to the recent research done by Nielsen, an average Hong Kong Consumers spends more than 24 hours a week on Internet and 88% of consumers in Hong Kong made at least one purchase online in last three months. According to the research announced by GO-Globe, the "Top Online Shopping Categories for Hong Kong Consumers" includes the following: Clothing/Accessories (41.7%), Airlines (36.7%), Travel (36.2), Hotels (36%), Home Appliances/Electronic Products (30.2%) and Online Gaming (29.3%).

**Travel Trends.** According to the latest statistics provided by the Travel Industry Council (TIC) Hong Kong, it shows that the levy income received on travel industry has 19% incremental comparing to the same period of last year. It is expected to have 10% incremental in Hong Kong outbound travel numbers

during summer holiday. Hong Kong people are more willing to spend money on traveling and they expected there would be continuous raise of interest for visiting long-haul destinations. According to the research done by KAYAK, it shows that 60% of the interviewees have spent more than USD6,420 on purchasing travel products while 20% of them have spent more than USD 12,820. Hong Kong outbound expenses has reached USD24.2 billion in last year and ranked top 10 in the world and top 3 in Asia.

**Media Trends.** According to a PwC study, revenue generated from digital sources in Hong Kong such as over the top streaming video and internet advertising, surpassed offline sources for the first time last year, and is forecast to reach US\$5.8 billion by 2022, as consumers increasingly use mobile devices to watch streaming videos and read news. In contrast, non-digital media, such as newspapers, magazines, and traditional TV, are likely to generate less advertising and consumer spending, down from US\$4.3 billion in 2017 to US\$4.05 billion in 2022.

**Airlift.** After the Joint Venture of Delta Airlines and Korean Air, Delta Airlines announced the company will be cutting it's Seattle to Hong Kong route. Delta is withdrawing themselves completely from the Seattle to Hong Kong market. However, Delta will still be able to give passengers the ability to fly between Seattle and Hong Kong, via Seoul. U.S. security officials will require more screening of powdered substances in carry-on bags on international flights headed to the United States starting at the end of June. The Transportation Security Administration says enhanced screening, including the powder policy, has been implemented domestically over the past year, but starting June 30 it will be expanding to foreign airports with direct flights to the US.

### **Activities**

### **Consumer**

### **Hawai'i Sustainable Tourism - Green Dreams Media FAM**

Hong Kong leading media titles such as U magazine, Eat and Travel Weekly and Singtao Daily embarked on a 7 days eco-journey to O'ahu and Maui under the theme "Green Dreams" on June 22. The aim of this media tour is to share the eco-tourism experiences such as visiting local communities, farm and agricultural tours to showcase the island's unique environment to Hong Kong market. We expect to generate 40 Hawai'i media articles with more than 2,000,000 viewership via online and offline channels from this FAM.

### **Travel Trade**

### **JTB Hong Kong – The First Hawai'i Travel Product Launched**

JTB Hong Kong has launched the first Hawai'i travel product in June with the support of HTHK in terms of content and connection with the in-market stakeholders via a number of events such as Camp Aloha! Sales Mission. The new Hawai'i packages have included the round trip air tickets with 3 nights hotel priced at USD 575 up with a number of local tours.

To magnify the results of the newly launched Hawai'i product, HTHK has lined up China Eastern Airlines with JTB Hong Kong to launch an co-op campaign called "Plan Your Unique Local Tour. Get Free Ticket!" via their home page and social media channels with souvenirs sponsored by HTHK.

**The 2nd Annual Experience Aloha Business Exchange – HTHK MCI FAM**

HTHK has invited 3 Hong Kong key MCI Agents Jetour Travel, Towa Tours and Reception Expert, to participate in “The 2nd Annual Experience Aloha Business Exchange” on O’ahu & Island of Hawai’i on June 2-9, 2018. This is an event to connect the key MCI decision makers with Hawai’i local suppliers and to encourage more Hong Kong MCI travelers to Hawai’i.

**Public Relations**

In June, HTHK secured 20 media stories with a total viewership of 22,332,840 and total PR value worth USD \$542,089.

**COMING ATTRACTIONS**

No.	Event Name	Date	Location
1.	“Ukulele ‘Ohana” Concerts	July 8-15	Hong Kong
2.	I am ALOHA	August 2018	Hong Kong
3.	Global Tourism Summit Trade FAM	September - October 2018	O’ahu, Island of Hawai’i



## HT Global MCI – June 2018

### OVERVIEW

On June 26<sup>th</sup>, the U.S. Supreme Court ruled in favor of the Trump Administration’s “travel ban” policy, bringing an end to 18 months of legal drama and uncertainty. While the exact impact of the travel ban and similar policies on international visitation to the U.S. is still uncertain, the sentiment of travel professionals is overwhelmingly alarming as these policies are expected to bring about a net reduction in travel. This is doubly true in the realm of business travel, where government policy decisions often directly affect multinational staff and corporate reputation.

In a survey recently released by the Global Business Travel Association, 40 percent of U.S. respondents expressed concern that the Trump Administration’s policies would reduce overall business travel to and within the United States; 23 percent reported that they were already seeing a reduction in travel at their companies. Likewise, nearly 40 percent of European respondents indicated that the U.S. stance towards travel and immigration makes them less likely to select an American destination to host their next meeting or event. There are also growing concerns about “retaliatory” measures that would make it difficult for U.S. business travelers to enter international destinations.

It is worth noting that while many respondents expressed concerns, the majority reported that the current travel policies have had little or no negative impact on business travel plans at their company. With that said, almost none reported any positive impact from the policies, so it can be surmised that the net effect of the “travel ban” will be neutral at best, or potentially quite damaging.

### SALES PRODUCTION (in the month for any year)

**Table 1: Total Sales Production – June 2018**

	Month			Year-to-Date		
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year
<b>Room Nights</b>						
Definite & Assist-Definite	46,317	36,827	26%	185,004	119,940	54%
Tentative & Assist-Tentative	72,806	94,277	-23%	507,095	628,800	-19%

Beginning

January 2018 production is categorized by MCI and non-MCI group sales. See Definitions at the end of this report for a general description of the new categories. Database cleansing is ongoing and may result in changes to previously reported year-to-date figures.

**Table 2a: Hawai'i Convention Center (HCC) Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	7,212	11,155	-35%	59,785	25,047	139%	200,000	30%
New to Hawai'i	0	1,000	-100%	8,155	2,460	232%		
Tentative	4,670	34,272	-86%	159,982	320,831	-50%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite	7,102	1,000	610%	51,518	7,390	597%		
New to Hawai'i	2,100	1,000	110%	8,000	2,460	225%		
Tentative	4,670	34,727	-87%	150,842	170,636	-12%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	110	10,155	-99%	8,267	17,657	-53%		
New to Hawai'i	0	0	N/A	155	0	N/A		
Tentative	0	0	N/A	9,140	150,195	-94%		

HCC database updates with regard to MCI and non-MCI categories are ongoing and may result in changes to previously reported year-to-date figures.

**COMMENTS**

*June had three groups turn definite for 7,212 room nights, one International group and two U.S. groups. The year to date total on definite room nights is at 59,785 ahead of where HCC was in 2017 at the end of June at 25,047.*

*An additional 4,670 room nights were added to the tentative pipeline, bringing the total to 159,982 room nights. The number is down from the previous year.*

*June group activity was very strong with Prudential Japan with 2,500 in attendance. The Asia Oceania Geosciences Society met for the first time outside of Singapore exceeding their forecast of 2,000 with 2,223 actual attendance. HCC is in discussions for AOGS return. June also saw a basketball and volleyball tournament. A volleyball team from mainland China participated and has already committed to attending next year's event.*

*The sales team will welcome our new Regional Director of Accounts East Region, Kristie Chang who is based out of Washington, DC and brings with her a wealth of experience and knowledge of the Association market. Kristie's start date is in early July.*



**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	24,217	6,574	268%	72,272	42,830	69%	180,000	40%
New to Hawai'i	8,169	1,380	492%	38,151	14,899	156%	75,000	51%
Tentative	52,301	33,962	54%	255,876	227,422	13%	500,000	51%
<b>MCI</b>								
<b>Room Nights</b>								
Definite	23,896	6,574	263%	68,431	41,563	65%		
New to Hawai'i	7,848	1,380	469%	34,310	14,471	137%		
Tentative	52,301	32,001	63%	251,715	220,934	14%		
<b>Non-MCI</b>								
Definite	321	0	N/A	3,841	1,267	203%		
New to Hawai'i	321	0	N/A	3,841	428	797%		
Tentative	0	1,961	-100%	4,161	6,488	-36%		

**COMMENTS**

*The HTUSA team produced an impressive number of bookings during June. The 24,217 definite room nights that were added to the books surpasses same time last year's number by 286 percent and have increased the year-to-date bookings to 69 percent over the same period in 2017. The addition of new tentatives into the pipeline brings the team's pace to a healthy 54 percent over last June and 13 percent year-to-date (YTD). At the midpoint of the year, the team has achieved 40 percent of its annual goal.*

*Notable definites during June included: a multi-level marketing company's incentive group, which will arrive in June 2019 and bring 6,447 room nights; an automotive company's incentive is set to arrive in May 2019 with 2,553 room nights; pharmaceutical incentive program begins in July 2019 and will attract 1,220 room nights; an insurance company is bringing their conference in May 2020 and will bring 1,172 room nights; a trade association's annual meeting is set to arrive in June 2019 with 970 room nights; and a medical group is having their meeting in March 2019, which will attract 929 room nights.*

*Notable tentatives added to the pipeline include: a distribution company is considering Hawai'i for their conference in December 2021 and could bring 4,010 room nights; a third-party representative is requesting proposals for dates in February 2019 with 3,432 room nights; an insurance incentive is looking at arrival in May 2021 for 3,198 room nights; a consulting group is viewing properties for their July 2020 program, with a potential 3,105 room nights; a pharmaceutical company is considering meeting dates in May 2019 for 3,098 room nights; a confidential group is planning their incentive trip for May 2019 with 2,875 room nights; a business services corporation is looking at arrival in May 2020 with 2,521 room nights; another confidential group is considering dates in December 2019 for their meeting, which would bring 1,455 room nights; a high tech company is accepting proposals for their program in January 2020, with a potential 1,402 room nights; a medical association is*

*considering arrival in July 2021 for 1,391 room nights; a public safety association is looking at properties for their annual meeting in October 2022 which could bring 1,340 room nights; a design company is considering dates in October 2020 for 1,048 room nights; and a medical association is requesting proposals for their symposium in April 2021 for 985 room nights.*

*During a recent HTUSA sales mission, a larger incentive company's procurement officer shared the opinion that the drop in requests for proposals (RFP) for Hawai'i is related to costs. Business is being redirected to Europe; for example, Portugal costs less, as 4- to 5-star hotels, including air costs, are more attractive when compared to booking the Hawaiian Islands. Another planner stated that high resort rates and resort fees maintain the perception of Hawai'i as an expensive destination.*

*June sales activities centered on four major areas of concentration: attendance at Incentive Research Foundation (IRF) in Cancún, Mexico; the execution of Experience Aloha Business Exchange (EABE) with eight HTUSA participants on O'ahu and a post-FAM on Kaua'i; the proliferation of news stories surrounding the Kīlauea eruption; and the opening of the IMEX America 2018 trade show portal.*

*Two participants from HTUSA were invited/sponsored to attend this year's 25<sup>th</sup> IRF Invitational in Cancún, Mexico; HTUSA was the major sponsor in Maui at last year's invitational. Over twenty additional partners from Hawai'i participated in the four-day event, providing the opportunity to build relationships with more than 175 of the top U.S.-based incentive decision makers in attendance. Of interest to note, one of the hosted buyers who attended the 2017 IRF recently signed a program at Turtle Bay on O'ahu.*

*The execution of the EABE met with mixed results from the HTUSA participants. The profiles and expectation levels of professional planners from the U.S. did not work well within the framework of the EABE agenda. The U.S. planners preferred to see what is necessary to make their individual programs successful, and they had little interest in the experiences that were scheduled for them; they simply did not participate. The absence of a solid agenda for EABE in the early planning stages impeded the team's efforts to sign up potential U.S. planners; U.S. planners will not commit without a solid schedule of their time away from their offices. Once finalized, the O'ahu agenda did not allow time for planners to see additional hotels that would suit their programs. Many complained that the business exchange itself did not allow for personal breaks nor time to reply to phone calls and emails. The post-FAM on Kaua'i was executed flawlessly and received glowing reviews.*

*The recent high-profile volcanic activity at Kīlauea resulted in cancellations, delays in commitments and concerns about upcoming definite programs. To combat the concern over lack of registration, a site inspection ticket has been sponsored by HTUSA, sending one planner to the island of Hawai'i to produce a video postcard to all prospective attendees to combat the negative perceptions. In another example, a wellness group is very hesitant to commit to the Fairmont Orchid for March 2019, which leaves 2,140 room nights in the balance. HTUSA will sponsor two round-trip airline tickets to visit the island of Hawai'i's Kohala coast to demonstrate that it is relatively unaffected by the volcanic activity.*

*The opening of the IMEX America portal has allowed hosted buyers to submit their applications for the October 2018 event. The HTUSA team has extended invitations to over 175 potential buyers; the end-goal is to exceed the 10 hosted planners in attendance last year. While Hawai'i as a destination is a draw in itself, planners are enticed to sign with major*

*brands that offer lucrative incentives to individuals; Hawai'i simply does not have the funding to compete in many instances.*

*Advertising efforts included:*

1. *MCI June Paid Media Recap*
  - a. *Paid Print: Meetings & Conventions/Successful Meetings - Full Page, 100,000 impressions*
  - b. *Paid Print: Meeting Mentor - Full Page, joint ad with the Hawai'i Convention Center (HCC), 14,000 impressions*
  - c. *Paid Print: Meetingstoday.com + Google Ad Network – 300x250 Run Of Site (ROS) Banner, 40,475 impressions*

*Public Relations efforts on behalf of HTUSA Meet Hawai'i included:*

1. *Media Coverage Highlights:*
  - *The PR team is providing ongoing media relations support to outlets covering the Kīlauea eruption's impact to Hawai'i's economy and tourism industry, including Prevue Magazine and Successful Meetings.*
  - *"Meet Hawai'i Expands its Reach Internationally to Serve More MCI Groups Doing Business in the Hawaiian Islands" – Exhibitor – May 10, 2018 – <https://bit.ly/2sFH6CP>*
  - *"What to Do When Headlines Threaten Your Meetings" – MeetingsNet – May 11, 2018 - <https://bit.ly/2krJBVW>*
  - *"What the Hawai'i Volcano Eruption Means for Planners" – Prevue Meetings – May 18, 2018 - <https://bit.ly/2IO8i9p>*
  - *"Hawai'i Meetings Groups Unaffected by Volcanic Eruption" – Successful Meetings – May 22, 2018 - <https://bit.ly/2IOYig8>*
  - *"Hawai'i Incentive Groups Unaffected by Volcanic Eruption" – Incentive Magazine – May 22, 2018 - <https://bit.ly/2xe4Pj6>*
  - *"Hawai'i's largest city offers more than just beautiful beaches" – Associations Now – June 1, 2018 - <https://bit.ly/2sFJaLk>*
  - *"Readers Choice Awards" – Sports Destination Management – June 1, 2018 - <https://bit.ly/2srSiDZ>*

2. *June Impressions and Publicity Values for Articles that included Hawai'i:*

<i>June</i>	<i>June</i>
<i>Impressions</i>	<i>Publicity Values</i>
<i>Print: 25,900</i>	<i>Print: \$3,150</i>
<i>Online: 552,000</i>	<i>Online: \$15,500</i>
<i>Broadcast: 31,400</i>	<i>Broadcast: \$5,200</i>
<i>Total: 614,500</i>	<i>Total: \$23,850</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	892	338	164%	2,649	362	632%	4,000	66%
New to Hawai'i	892	338	164%	1,727	362	377%	2,000	86%
Tentative & Assist-Tentative	2,927	8,114	-64%	10,267	12,734	-19%	25,000	41%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	850	338	151%	2,607	338	671%		
New to Hawai'i	850	338	151%	1,685	338	399%		
Tentative & Assist-Tentative	2,635	8,114	-68%	7,725	12,710	-39%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	42	0	N/A	42	24	75%		
New to Hawai'i	42	0	N/A	42	24	75%		
Tentative & Assist-Tentative	292	0	N/A	2,542	24	10492%		

**COMMENTS**

**Market Conditions**

***Total Canadian Outbound Travel – June***

*Canadians made almost 12.2 million overnight trips to the U.S. and other destinations throughout the first four months of 2018. Of this total, an estimated 9.4 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 5.0 percent, while leisure travel to the U.S. has grown 5.5 percent.*

*The 2017-18 winter travel season saw Canadians make 13.8 million overnight trips to the U.S. and other destinations; an increase of 6.2 percent. Canadians made almost 7.5 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew 4.6 percent. During the period, visits to sun destinations increased 5.1 percent due to strong growth in travel to Mexico and Central America. Destinations in Europe (7.9%) and the Asia/Pacific region (5.6%) also experienced increases in winter season arrivals.*

***Canadian Travel to United States***

*The first four months of 2018 saw Canadians take 6.8 million trips to the U.S., an estimated 5.2 million of which were for leisure purposes. During the period, overnight auto trips (for all purposes) grew 6.6 percent, while travel by other modes increased 4.9 percent. Direct deplanements in various Florida destinations surpassed 993 thousand throughout the first four months of 2018, a 2.7 percent increase compared to last year. In addition, Las Vegas (4.5%), New Orleans (2.5%), and Phoenix (9.6%), as well as most destinations in California, Texas, and Hawai'i all recorded an uptick in direct arrivals from Canada during the period. Due to a stronger exchange rate, the average daily hotel rate in Canadian funds fell -2.0 percent to \$162.09. The loonie averaged \$0.79 USD during the period, compared to \$0.75 USD the previous year.*

**Direct Air Arrivals to Select U.S. Destinations (January-April each year)**

Destination	2014	2015	2016	2017	2018	% of change (2018 vs. 2017)
Hawai'i	172,719	181,727	186,616	194,439	200,999	+3.4%

**Hawai'i Daily Hotel Rate:**

YTD ADR (\$CAD)	2014	2015	2016	2017	2018	% change YTD avg (\$ CAD)	% Change YTD avg (\$ USD)
Hawai'i**	\$269.57	\$307.45	\$343.86	\$358.54	\$363.46	1.4%	6.3%

\*\*\*2014-15 rates for HI represent the average of weekly reporting

**Consumer Confidence:**

The national consumer confidence rating was 116.3 points in June 2018, a 4.8-point increase compared to last year. More positive consumer confidence was reported by residents of Quebec, Ontario, and the Prairies, while a decline was registered in Atlantic Canada, Alberta, and BC. Purchase intentions also declined in Atlantic Canada and BC. Despite this drop, three-in-ten (30.8%) Canadians reported that June would be a good time to make a major purchase; a similar level as recorded in 2017. National retail trade grew just 1.6 percent in April 2018, due mainly to sluggish activity in Ontario and Quebec. Compared to the previous year, sales were up in most provinces, albeit not significantly. In addition, declines were registered in Manitoba and New Brunswick. At the same time, e-commerce sales grew 8.8 percent to \$1.3 billion, representing 2.7 percent of total trade during the period.

**Immigration Travel Ban - MICE**

For MICE travel, HT Canada see a greater potential impact. A Convention Planner in Canada, representing a Canadian company is unlikely to want to take the chance of having an event where any of the potential attendees would have an issue. Many industry sectors (tech, pharmaceutical, etc.) employ nationals from countries on the ban list.

It is less likely that a Convention Planner in Canada would be planning a multi country meeting or convention in Hawai'i, but it is likely that the ban would affect the decision regardless of where the decision maker is located internationally.

Student groups have definitely stopped traveling to the U.S. with the concern a Canadian resident from one of the banned countries would be refused entry, affecting all of the group traveling.

**Tariffs**

This is a big issue for a number of reasons. If this friction escalates into a full trade war it will have a serious impact on U.S. travel. If additional tariffs are implemented, companies will downsize, Canadians will lose jobs, Consumer Confidence will suffer, and the exchange rate will dip further. It has already dropped down to \$0.75, which can be a psychological tipping point for Canadians potentially canceling or postponing discretionary travel to the U.S.

**Diplomatic Relationship**

The currently strained relationship between Washington and Ottawa is not taken lightly by Canadians. There is a general consensus that our Prime Minister and country specifically have been insulted and disrespected by the current administration. National media reports have included consumer groups calls to “Buy Canadian” and to cancel or postpone leisure travel to the U.S. Too soon to see any direct impact.

**Sales Production vs. Goals Analysis**

HT Canada is currently at 41 percent of our new annual 2018 targeted Tentative Room Nights of 25,000. 43.92 percent of new annual targeted Definite Room Nights of 4,000. 66.25 percent of new annual targeted numbers Definite Room nights – New to Hawai‘i. Current numbers are due to follow up on existing quotes plus a couple of new quotes due to EABE 2018. New contacts are still being made and island chapters and HCVB requests being sent directly to HTCAN’s attention - Cvent. Traction in June was much better than May. It seems there are some RFP’s in the pipeline and some in Simpleview still “In Progress” however not enough information from the planners to push it forward at this time.

**Highlights of any Key Definites**

- Meeting Group (850 room nights)
- Non-MCI Group (42 room nights)

**Table 2d: Hawai‘i Tourism China Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	324	295	10%	5,912	8,119	-27%	12,000	49%
New to Hawai‘i	324	295	10%	5,912	8,119	-27%	9,600	62%
Tentative & Assist-Tentative	679	1,499	-55%	13,507	16,937	-20%	45,000	30%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	324	75	332%	5,710	7,296	-22%		
New to Hawai‘i	324	75	332%	5,710	7,296	-22%		
Tentative & Assist-Tentative	679	1,499	-55%	13,305	15,725	-15%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	220	-100%	202	823	-75%		
New to Hawai‘i	0	220	-100%	202	823	-75%		
Tentative & Assist-Tentative	0	0	N/A	202	1,212	-83%		

**COMMENTS**

**Market Conditions**

**A. China Economy**

**GDP** – The Chinese economy grew by 1.4 percent in Q1 of 2018, just slightly below market expectations of 1.5 percent. According to many economists, the GDP growth rate is believed

to decelerate further with an estimate of 6.7 percent, compared with the 6.9 percent growth in 2017.

**Currency** – China's central bank lowered its official Yuan midpoint to 6.65 RMB per U.S. dollar on July 3. The depreciation of RMB might influence Chinese travelers' spending power when travelling in America.

**Unemployment rate** – Unemployment rate in China has decreased to a record low of 3.89 percent in Q1 of 2018.

**Consumer confidence** – Compared to previous months, consumer confidence in China remained unchanged in May, standing at 122.90 Index Points. The increase in consumer confidence index indicates that Chinese consumers are now more willing to spend on travel.

### **B. Outbound Travel Market**

- According to Bravolinks, sporting events have great potential in corporate incentive trips. They recently brought a total of 6000 employees from 3 different companies for corporate incentive trips to Russia to watch the World Cup 2018.
- As Hawai'i continues to present itself as a sporting destination with major sports events relating to golf, marathon and surfing, HTC will promote such events to MCI intermediaries.

### **C. Travel Trends**

- At the recent 2018 Conference Hotel + Internet China Summit, it was reported that packages combining room, meal and meeting are receiving great popularity by corporates, with a sharp increase of 8.4 percent. For companies and industries that are engaged in MCI travel, both the education and training industries top the chart, followed by the internet (second in place) and financial industries (third in place) respectively.
- The growing demand for MCI was a result of an increase in investments in the areas of human resources, cultivation of internal training, as well as team-building by Chinese corporations.

### **Impact on Hawai'i:**

The above offers great business opportunities for The Hawaiian Islands, especially for hotels with MCI capabilities. Hawai'i should tap on the strengths in education and training. Its inspiring environment is very welcoming to specific industries and sectors.

### **Strategy & Action:**

Moving forward, HTC needs to work closely with stakeholders of Hawai'i to create much more of such combined packages to meet the growing demand for MCI intermediaries. It also needs to actively conduct MCI calls to corporates in the education, training, internet and finance industries.

### **Sales Production vs. Goals Analysis**

#### **Root Cause:**

HTC has secured 89 pax, totaling 324 room nights till June, achieved 49 percent of the KPI for 2018 definite room nights.

With a total 13,507 tentative room nights so far, HTC has achieved 30 percent of the KPI for 2018 total tentative room nights.

**Analysis & Countermeasures:**

The looming trade war between U.S. and China will have significant impact on corporations and MCI intermediaries in choosing destinations over Hawai'i. Hence, HTC will actively communicate the image of a 'Safe, Happy Healthy Hawai'i' to corporations.

**Highlights of any Key Definites**

- Incentive Group – 06/24/2018-06/27/2018 (124 room nights)
- Incentive Group – 07/04/2018-07/08/2018 (100 room nights)
- Incentive Group – 06/30/2018-07/04/2018 (100 room nights)

**Table 2e: Hawai'i Tourism Europe Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	310	-100%	500	0%
New to Hawai'i	0	0	N/A	0	310	-100%	500	0%
Tentative & Assist-Tentative	0	40	-100%	8,170	1,968	315%	1,500	545%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	310	-100%		
New to Hawai'i	0	0	N/A	0	310	-100%		
Tentative & Assist-Tentative	0	0	N/A	7,690	1,748	340%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	40	-100%	480	220	118%		

**COMMENTS**

**Market Conditions**

**European Economic Update**

Leading data suggests that the Euro area's economic momentum gained steam in June. The preliminary Eurozone Composite Purchasing Managers' Index (PMI), produced by IHS Markit, rose from 54.1 in May to 54.8 in June, ending the indicator's downward fall seen since January. The composite PMI lies well above the 50-threshold, signaling expanding business activity in the Eurozone.

The increase in June was driven by improving activity in the services sector, while survey data for the manufacturing sector stayed downbeat. Services sector growth rose to a four-month high, however, manufacturing output expanded at the slowest pace since February. Meanwhile, firms added jobs in both sectors, but oil costs were impacting manufacturing production and exports

FocusEconomics Consensus Forecast panelists expect the Eurozone economy to expand 2.3 percent in 2018.



### **French Economic Forecast**

*France's private-sector economy expanded at a quicker-than-expected pace in June as stronger services growth outweighed a further slowdown in manufacturing as seen in the below chart with the final sharp upturn. This is good news for MICE business especially incentives from this market*

### **German Economic Forecast**

*Business confidence in Germany dropped in June, due to current trade conflicts. Business commentators have commented that "the boom is over" and the business will return to normal (Klaus Wohlrabe). Higher oiler prices and turbulences in German politics (elections) have been named as the main reasons for this.*

### **UK Economic Forecast**

*British manufacturers reported a surge in orders in June after a largely sluggish start to 2018, and inflation pressures eased, potentially easing Bank of England concerns about an economic slowdown. The CBI's monthly orders balance jumped to +13 this month from -3 in May, its highest since January and well above all forecasts in a Reuters poll although concerns still exist over risks to growth from Brexit and escalating global trade tensions.*

### **Brexit**

*From a recent HBAA survey it has been found the Brexit is affecting Events and hospitality recruitments in the UK but not affecting general business.*

### **Trends**

#### **Impact of Generation Z**

*Germany are seeing the impact of "Generation Z" who have new and high demands around event venue and technology. HT Europe are also seeing this trend in Spain and the UK, top trends included the wish to contract unique spaces, growth of social media, incorporating sustainability into event programs and interactive elements to really engage delegates. Hawai'i has a wide range of unique venues that satisfy clients demand for transformational travel experiences and culturally connected programs which make for 'life changing experiences'. Through media interviews at IMEX Frankfurt and education of event planners HT Europe are continuing to educate the European market that Hawai'i meets many of these demanding criteria as an events destination.*

#### **MCI puts sustainability first in report**

*Sustainability is now a core pillar of MCI's business values. Sustainability is now part of their business strategy, client value proposition and our daily operations. Hawai'i has a wide range of sustainable initiatives that planners can incorporate into their incentive, such as the Hawaiian Legacy Reforestation Initiative. HT Europe are continuing to highlight to organizers such projects. EABE 2018 was a great example with the Legacy Tree dedication which each client participated in.*

#### **Sales Production vs. Goals Analysis**

*MCI lead still ongoing- Hawai'i had reached the shortlist alongside Chicago*

#### **Highlights of any Key Definites**

*N/A*

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	10,805	15,608	-31%	25,093	23,616	6%	49,500	51%
New to Hawai'i	7,845	9,328	-16%	15,767	13,528	17%	18,325	86%
Tentative & Assist-Tentative	9,755	13,158	-26%	29,353	23,648	24%	40,505	72%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	6,005	10,032	-40%	18,763	14,548	29%		
New to Hawai'i	3,045	3,752	-19%	9,657	4,460	117%		
Tentative & Assist-Tentative	9,755	9,232	6%	22,198	14,963	48%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	4,800	5,576	-14%	6,330	9,068	-30%		
New to Hawai'i	4,800	5,576	-14%	6,110	9,068	-33%		
Tentative & Assist-Tentative	0	3,926	-100%	7,155	8,685	-18%		

**COMMENTS**

**Market Conditions**

**Economy:**

- *The Japanese Government announced in their monthly economic report for May, that the Japanese economy was maintaining moderate growth with expectations for this to continue in the near future. This is mainly attributed to the continued improvements in employment and consumption.*
- *Regional areas of Japan are experiencing revitalization in their economy. Throughout Japan, employment opportunities have increased, with the number of bankruptcies declining. Prices have also been exhibiting strong growth, mainly from the rise in foreign visitors to Japan supporting various industries. Japanese consumers are able to benefit from this by having increased income, allowing for the citizens to potentially escape from their deflationary mindset.*
- *As risks, uncertainties in both the foreign economy and the financial / capital markets have potentials to deter growth. Another large risk comes from the rising price of crude oil. With prices reaching \$72 per barrel, prices for gas have been creating an increasing burden on both firms and consumers, potentially shunting the growth of the economy.*
- *Overall, experts predict that the Japanese economy should see continued growth with the recovering global economy allowing Japanese exports to increase. Consumption in Japan is likely to continue growth as the Tokyo Olympics approaches, increasing demand. On the consumer level, steady rise in wages and the planned consumption tax increase in 2019 are likely to further increase consumption and spending values in the near future.*

**Competitive Environment:**

- *Popularity for Hokkaido is rising for inbound tourism, including MICE. Akan Adventure Tourism (Akan is a National Park in Hokkaido) has raised interest from many major entities in Japan including JTB and JAL, with 13 other companies together investing 400 million yen to strengthen the adventure tourism products at the park, and develop a*

*product for visitors to learn about the Ainu people (indigenous people of Japan) and their coexistence with nature. Japan is an increasingly popular MICE destination. Hearings with travel agents have found that Hokkaido in particular is very popular with the variety of offerings: rich culture of the Ainu people, specialty goods, and comfortable climate, all while having facilities that accommodate large scale MICE business.*

- *JTB and Osaka Dotombori Shopping Center hosted a food and entertainment informational event on June 1. At the event, a “Food Musical” entitled “GOTTA” was provided, along with local comedians offering tours of the local area, in an effort to provide empathetic care to all edu-tourism and group related inquiries to promote travels to Osaka.*

**Travel Trend:**

- *A noteworthy change in the MICE industry of Japan is the Japanese Financial Services Agency’s implementation of a policy directed towards insurance companies, limiting large scale overseas incentive travels. Effects have become apparent in a major incentive business planned in July 2018 with Sony Life Insurance. This group with roughly 1,800 attendees was cancelled, heavily affecting airlines and hotels. Consequently, industry partners have been voicing concerns for upcoming incentive travels from the insurance industry. To preserve future incentive travels, HTJ will work with travel agencies to promote incentive travels in smaller groups.*
- *Henry Partners announced the results of their “Passport Index” for 2018. This index ranks countries’ passports in order of the most freedom of travel (without the additional obtaining of a visa). The Japanese passport ranked in at first place with the ability to allow free travel to 189 countries. This highlights a strong advantage for both MCI and FIT related business from Japan.*
- *HTJ has been working with various high schools in Tokyo, to research edu-tourism trends in Japan. Studies found that popular destinations included Okinawa, Hiroshima, and Nagasaki, all of which offer opportunities for peace studies. To incorporate this trend, HTJ has been performing educational sessions for schools and travel agencies about peace study offerings in Hawai’i. Pearl Harbor has been a key attraction, as their programs on peace studies is well received by all schools that visit. The stories surrounding the Kamikaze attacks are particularly popular, as there is a sense of relation for the attending students with similarities in nationality and age to the Japanese pilots. HTJ will continue monitoring trends and visit schools to effectively promote MCI travels to Hawai’i.*
- *Since 2010, Okinawa has implemented an official sports tourism plan, in efforts to create the image of Okinawa being the “Sports Islands”. Through eight years of initiatives, they have obtained 56 unique sports related events to be hosted on the island, with some attracting over 2,000 attendees per event. For newly approved events, the prefecture supports up to 2/3 of the costs required (10 million yen limit), and up to 1/2 in costs (8 million yen limit) required to operate the event in the following two years. Such initiatives have led to the establishment of regular large-scale events. With Hawai’i strengthening efforts towards sports tourism as well, there is much potential for similar growth to be seen in the sports tourism market. Because Hawai’i lacks strong infrastructure to accommodate such events it will be necessary to improve facilities for events to use.*

**Airlift:**

- *ANA announced plans to establish their first overseas lounge for members inside Honolulu International Airport. The lounge will be constructed on the 3rd floor of the Ewa concourse, with direct access from the lounge to the 2nd floor seats of the new Airbus*

A380. The lounge will feature two areas: ANA Lounge and the ANA Suite Lounge, the latter being for their more preferred guests. The ANA Lounge will also be available to travelers flying in the economy class at an additional fee. Effects of the lounge on MCI travelers will be monitored as the service begins.

- Fuel surcharge rates will be maintained at 12,000 yen (round trip) for tickets issued through July 31st. However, with the global rise in crude oil prices, many suspect that for tickets issued from August onwards, fuel surcharge rates will be increased to 17,000 yen.
- JAL has announced the operation of double daily flight service on their Narita – Guam route in the winter. (Source) Travel agencies have stated that the most popular MICE business to Guam is in the edu-tourism field. Guam's appeal includes their proximity to Japan as well as the relatively lower price when compared to Hawai'i, better accommodating requirements of various schools. HTJ will continue to monitor the revitalization of travels to Guam.

#### **Sales Production vs. Goals Analysis**

In June, HTJ was able to acquire 8 unique groups including an entertainment group with the popular rock band B'z, a technology related group, and an edu-tourism related group as assist definite. In addition, an incentive travel group with Tokyo Toyota Corolla was obtained as assist tentative. The incentive travel with Toyota is planned for January 2019, with 3,750 room nights. This additional tentative booking was made with their satisfaction from their 75th anniversary travels to O'ahu with over 1,000 people. In addition to providing them with a welcome letter, HTJ will provide various information of Hawai'i and support them in creating a well-received itinerary. For details on the other cases, please refer to the Simpleview Reports.

#### **Highlights of any Key Definites**

- Non-MCI Group – 9/27 – 10/1, 2018 (4,800 room nights)
- Incentive Group – 9/11 – 9/18, 2018 (1,645 room nights)
- Meeting Group – 11/10 – 11/14, 2018 (960 room nights)
- Incentive Group – 7/5 – 7/9, 2018 (840 room nights)
- Meeting Group – 2/22 – 2/27, 2019 (745 room nights)

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	1,335	1,736	-23%	14,728	9,686	52%	21,000	70%
New to Hawai'i	844	1,652	-49%	6,427	8,246	-22%	13,500	48%
Tentative & Assist-Tentative	653	1,876	-65%	13,768	9,840	40%	42,000	33%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	1,335	1,736	-23%	14,728	9,650	53%		
New to Hawai'i	844	1,652	-49%	6,427	8,210	-22%		
Tentative & Assist-Tentative	653	1,876	-65%	13,768	9,804	40%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	36	-100%		
New to Hawai'i	0	0	N/A	0	36	-100%		
Tentative & Assist-Tentative	0	0	N/A	0	36	-100%		

**COMMENTS**

**Market Conditions**

***Korean Political & Economic Overview:***

- *South Korea's economy grew at a slower pace than expected in the first quarter because of sluggish construction and facilities investment, central bank data showed on June 1. The country's gross domestic product expanded 1 percent in the January-March period, rebounding from a 0.2 percent contraction three months earlier. The latest reading marks a slight decrease from an earlier estimate of a 1.1 percent expansion issued in April. The Bank of Korea explained that investment in construction and facilities rose 1 percent and 1.8 percent respectively lower than the April estimate. The local economy grew 2.8 percent year-on-year in the first quarter compared with a 3.8 percent year-on-year expansion in the previous quarter.*
- *South Korea's exports spiked 13.5 percent in May from a year earlier, rebounding from a brief dip in the previous month due to a rise in prices of key products and a global boom in the IT sector, government data showed. Outbound shipments reached \$50.98 billion last month, compared with \$44.92 billion a year ago, said the Ministry of Trade, Industry and Energy. Imports surged 12.6 percent year-on-year to \$44.25 billion.*

***Travel Market Trends***

- *The historic summit between U.S. President Donald Trump and North Korean leader Kim Jong-un on June 12 signaled the start of warming ties between the Cold War foes and the possible onset of peace on the Korean Peninsula, experts said. The event is expected to have a positive influence on the wider Korean economy through labor and resource exchanges between South and North Korea, leading to a stronger and more stable Korean economy. The travel industry also expects to see a positive impact on both Korean inbound and outbound tourism as the threat of conflict disappears.*
- *A "sheconomy" trend is developing in the Korean travel industry, according to the Korea Association of Travel Agents. It is emerging due to the number of women, 12.45 million, who traveled to foreign countries last year and exceeded male travelers, 12.38 million, for*

*the first time in number. The 2.79 million women aged in their 20s who traveled abroad made up 60 percent of the total. Hana Tour, Korea's biggest travel agency, said that even in family travel, most of the purchasing decisions are made by women. Agencies, therefore, are trying to develop packages that reflect female preferences. Women's purchasing patterns used to center on specific sectors, such as fashion and cosmetics but have recently expanded to others such as overseas trips and sports events.*

- *As the number of Koreans traveling overseas with family rapidly increases, the destinations and themes they favor are diversifying. A Korea Tourism Organization (KTO) survey shows the ratio of respondents who said they traveled with parents had steadily increased, from 11.6 percent in 2016 to 12.3 percent in 2017. The reservation rate of family trips to long-distance destinations like Europe and the U.S. has grown by 27 percent this year compared to last year. The themes for family travel also vary and include gourmet foodie tours and edu-culture tours. Accordingly, travel agencies are launching exclusively themed family travel products which are mainly focused on rest and recreation*
- *The four-day 2018 Hana Tour International Travel Show (HITS), held from June 7 to 10 at KINTEX, Ilsan, Korea, attracted approximately 100,000 tourism industry partners and public consumers. It reported achieving KRW 22 billion in on-site sales. More than 600 travel partners (DMOs, airlines, hotels, and attractions, etc.) participated and shared latest travel information with spectators. On the first day, Hana Tour organized a B2B Day for participating partners and their retail agency personnel to have networking meetings at booths. Hana Tour will host another show, HITS Busan, in November to target travelers in the nation's second largest outbound market.*

#### **Sales Production vs. Goals Analysis**

*HTK's MCI team has not achieved its KPI targets in May. The target was 1,500 definite room nights and HTK secured 1,335 definite room nights, 165 room nights less.*

#### **Highlights of any Key Definites**

- *Incentive Group (256 nights): visited O'ahu and Kaua'i*
- *Incentive Group (240 nights): visited O'ahu and the Island of Hawai'i*
- *Incentive Group (152 nights): visited O'ahu*

**Table 2h: Hawai'i Tourism Oceania Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	1,532	1,121	37%	4,565	4,634	-1%	16,000	29%
New to Hawai'i	413	797	-48%	3,239	2,236	45%	12,000	27%
Tentative & Assist-Tentative	1,821	1,356	34%	16,052	15,420	4%	33,000	49%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	1,532	1,121	37%	4,234	2,490	70%		
New to Hawai'i	413	797	-48%	2,980	2,166	38%		
Tentative & Assist-Tentative	1,821	1,356	34%	14,586	12,771	14%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	331	2,144	-85%		
New to Hawai'i	0	0	N/A	259	70	270%		
Tentative & Assist-Tentative	0	0	N/A	1,466	2,649	-45%		

**COMMENTS**

**Market Conditions**

- *At the end of June, the NZD hit a 2-year low of USD0.67. This is largely due to weaker business confidence and escalating global trade tensions. This is something that HTO will monitor closely.*
- *At the end of June, the AUD was sitting at 0.73 despite the spike to 0.76 in the first week of June. The falls of the Australian dollar may continue, and the forecast does not look promising due to a combination of weak Chinese economic data, rising global trade tensions, a mixed Australian employment report for May, and a sharp and sudden plunge in the euro following the European Central Bank's (ECB) June monetary policy decision.*
- *HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai'i.*

**Sales Production vs. Goals Analysis**

- *HTO are keeping an eye on the above areas and ensuring that clients are aware that Hawai'i has a variety of accommodation and activity options to suit any budget. HTO believe that this is critical in maintaining and growing the market share of Business Travel for Hawai'i.*
- *HTO continue to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.*
- *HTO has been receiving a lot of feedback that clients are considering other destinations such as Phuket, Vietnam, Bali and Fiji due to overall costs and the exchange rate has been part of the main reasons. While HTO has no control over the exchange rate HTO ensures that HTO always present budget friendly options to our clients.*
- *Reporting on the Kilauea eruption in the local media has continued, although to a lesser extent this month. HTO continues to update clients that it is safe to travel to Hawai'i and HTO are providing relevant information to MICE clients.*

- *During the sales calls with Hilton Hawai'i team, all MICE clients that HTO visited has mentioned that the exchange rate is a key factor for not putting forward Hawai'i as the first option. Moreover, most clients would like to hear more about authentic cultural activities for groups, something fresh and different. HTO will continue to work closely with the clients and offer various assistance to ensure HTO reverse the focus from the exchange rate to all the unique experience and activities Hawai'i has to offer for groups.*

**Highlights of any Key Definites**

- Meeting Group – 9/19-21/18 (600 room nights)
- Convention Group – 9/16-18/18 (519 room nights)
- Meeting Group – 5/16-19/18 (270 room nights)
- Meeting Group – 10/6-12/18 (91 room nights)
- Meeting Group – 8/15-18/18 (52 room nights)

**Table 2i: Other International Single Property Sales Production  
 June 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	5,336	-100%	N/A	N/A
New to Hawai'i	0	0	N/A	0	5,336	-100%		
Tentative & Assist-Tentative	0	0	N/A	120	0	N/A		
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	5,336	-100%		
New to Hawai'i	0	0	N/A	0	5,336	-100%		
Tentative & Assist-Tentative	0	0	N/A	120	0	N/A		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0		N/A		
New to Hawai'i	0	0	N/A	0		N/A		
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A		



**Table 3: Island Distribution of HTUSA Single Property Sales  
 Year-to-Date June 2018**

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	155,118	36,600	9,512	24,418	67%	18%	16%
Kaua'i	90,210	25,300	493	4,497	18%	27%	5%
Maui County	192,782	74,500	9,026	31,482	42%	29%	16%
Hawai'i	120,198	43,600	5,186	11,875	27%	27%	10%
<b>Total</b>	<b>558,308</b>	<b>180,000</b>	<b>24,217</b>	<b>72,272</b>	<b>40%</b>		

\*Tentative room nights do not match those in Table 2b because many leads are distributed to more than one island.

## 'ELELE PROGRAM

COMMENTS
<p><i>June meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):</i></p> <p><b><u>Support for Definite Conventions</u></b>  <i>The Asia Oceania Geosciences Society convention was held in the Hawai'i Convention Center this past month. In support of this meeting Debbie worked with the University of Hawai'i and Sea Grant to organize a series of technical field trips:</i></p> <ul style="list-style-type: none"> <li>• <i>The Pacific Tsunami Warning Center</i></li> <li>• <i>The Hawai'i Institute of Marine Biology</i></li> <li>• <i>Coastal Geology of O'ahu</i></li> <li>• <i>Coastline management of Waikiki with sailing extension</i></li> </ul> <p><i>Additionally, Debbie spent time working with Janet Kuwata of the Hawai'i Convention Center entertaining AOGS leadership. As a result of this team effort, and record-breaking attendance, AOGS is allowing Hawai'i to bid on their 2022 convention.</i></p> <p><b><u>New Prospects</u></b>  <i>Participating in the AOGS convention was the Executive Director of a national earth science organization. While touring Foster Botanical Gardens with Debbie, this association executive suggested that the University of Hawai'i School of Ocean and Earth Science and Technology and the Hawai'i Convention Center should write an invitation to convene in Honolulu. Partnering with Department of Geology and Geophysics and Briana Leite Ah-Yo of the Hawai'i Convention Center, an invitation was sent. Hawai'i will now be given a bid opportunity when RFPs are issued early next year! The Annual Meeting for this earth science group is held in October and generally attracts approximately 7,000 people.</i></p> <p><i>Also, in attendance at the AOGS convention were two executives from a major international earth science organization. Mahealani Jimenez of Hilton Hawaiian Village and Debbie took these key decision makers out to dinner. Over the meal the customers encouraged Hawai'i</i></p>

*to pursue one of their scientific meetings for 2025 which is expected to attract more than 2,500 people.*

*Janet Kuwata and Debbie also met with Jason Leigh and Chris Lee of the University of Hawai'i. These 'Elele are helping with our pursuit of the graphic convention held in Asia which attracts 7,000 attendees in the November/December time period. Hawai'i's proposal will now include details about the new Creative Media Academy scheduled to open at UH West O'ahu in 2020.*

*Finally, Debbie had lunch with Ted Ralston and Wayne Shiroma of the University of Hawai'i. Because of this meeting Ted wrote the executive director of a major drone related organization. Debbie is now sharing information with the customer on East/West opportunities in Hawai'i.*

## LOST BUSINESS

**Table 4: Lost Business – June 2018**

**HTUSA SINGLE PROPERTY – HIGH PROFILE**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention - Domestic (11826)	MCI, Travel	784	265	10/02/2019 - 10/05/2019	Initially, Hawai'i only	Program did not materialize for Hawaii due to change in management.
MCI: Convention - Domestic (12023)	Business Services, Consulting	1,330	400	04/08/2019 - 04/12/2019	Initially, Hawai'i only	The rates for hotels were too high.
MCI: Convention - Domestic (12028)	Consumer Products	1,135	350	06/17/2023 - 06/21/2023	Kaua'i, Maui, O'ahu and Palm Beach, FL	The rates for hotels were too high.
MCI: Convention - Domestic (12210)	Finance, Banking	1,740	400	04/07/2019 - 04/12/2019	Initially, Hawai'i only	Program lost to the U.S. Mainland because of travel time and flights.
MCI: Incentive (13080)	Automotive	598	210	04/03/2019 - 04/08/2019	Initially, Hawai'i only	Program was booked by another third-party planner.
MCI: Meeting (13125)	High Tech	625	125	09/03/2018 - 09/07/2018	Caribbean islands, Mexico, Maui, Kaua'i, Island of Hawai'i and O'ahu	Program lost due to travel time required. More than 50% of the team attending is located on the East Coast, and about 20% are flying in from international locations; the total travel time for a large portion of the team would be over 10 hours.

**INTERNATIONAL SINGLE PROPERTY**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Canada: MCI: Meeting (12352)	Government	1,740	500	10/29/2020 - 11/05/2020	Unknown	Program lost to Anaheim, CA, due to costs as well as time and distance away.
HT Oceania: MCI: Incentive (12362)	Consumer Products	375	100	04/21/2019 - 04/25/2019	Bali and China	Unknown
HT Oceania: MCI: Incentive (12363)	Consumer Products	375	100	09/01/2019 - 09/05/2019	Bali and China	Unknown
HT Oceania: MCI: Incentive (12466)	Consumer Products	400	80	10/20/2019 - 10/24/2019	Initially, Hawai'i only	Program lost to Bali due to overall costs.
HT Oceania: MCI: Incentive (12467)	Consumer Products	240	80	10/17/2019 - 10/19/2019	Initially, Hawai'i only	Program lost to Bali due to overall costs.

**HAWAI'I CONVENTION CENTER**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Sports (1376)	Sports	1,100	2,500	7/13/18 - 07/15/18	None	Lack of local sponsorship needed by the organizers.
Convention (1333)	Medical	11,242	5,800	01/28/24 - 01/31/24	None	Interested in a 10 year Hawaii rotation. New set of dates are for 2027.

## NEW-TO-HAWAI‘I DEFINITE BOOKINGS

**Table 5: New to Hawai‘i Definite Bookings – June 2018**

**HTUSA SINGLE PROPERTY - HIGH PROFILE**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Incentive (11901)	Automotive	2,553	1,012	05/03/2019 - 05/12/2019	Initially, Hawai‘i only
MCI: Convention - Domestic (12217)	Medical, Pharm	929	350	03/17/2019 - 03/21/2019	Hawai‘i and Orlando, FL
MCI: Convention - Domestic (12265)	Medical, Healthcare	893	275	03/07/2020 - 03/15/2020	Initially, Hawai‘i only
MCI: Incentive (13246)	Finance, Banking	595	200	05/10/2020 - 05/17/2020	Initially, Hawai‘i only

**INTERNATIONAL SINGLE PROPERTY**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: MCI: Meeting (12924)	Travel	91	30	10/06/2018 - 10/12/2018	Initially, Hawai'i only
HT Oceania: MCI: Meeting (13067)	Technology	52	13	08/15/2018 - 08/18/2018	Initially, Hawai'i only
HT China: MCI: Incentive (13114)	Other	124	31	06/24/2018 - 06/27/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13131)	High Tech	96	92	06/01/2018 - 06/02/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13132)	High Tech	144	92	06/03/2018 - 06/05/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13135)	Entertainment, Media	128	63	06/13/2018 - 06/16/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13136)	Hobby	60	30	06/20/2018 - 06/23/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13137)	Manufacturing, Distrib.	52	25	06/24/2018 - 06/27/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13162)	Business Services, Consulting	256	126	06/07/2018 - 06/10/2018	Initially, Hawai'i only
HT China: MCI: Incentive (13185)	Unknown	60	29	07/04/2018 - 07/06/2018	Initially, Hawai'i only
HT China: MCI: Incentive (13188)	Unknown	100	29	06/30/2018 - 07/04/2018	Initially, Hawai'i only
HT Korea: MCI: Incentive (13198)	Insurance	108	53	06/21/2018 - 06/24/2018	Initially, Hawai'i only
HT Canada: Non-MCI: Sleeping Rooms Only (13236)	Other	42	50	10/06/2018 - 10/09/2018	Initially, Hawai'i only
HT Canada: MCI: Meeting (13247)	Medical, Healthcare	850	150	05/01/2020 - 05/09/2020	Initially, Hawai'i only
HT Japan: MCI: Incentive (13261)	Technology	1,645	262	09/11/2018 - 09/18/2018	Initially, Hawai'i only
HT Japan: MCI: Incentive (13264)	Technology	840	210	07/05/2018 - 07/09/2018	Initially, Hawai'i only
HT Japan: MCI: Meeting (13266)	Educational	560	80	08/28/2018 - 09/04/2018	Guam
HT Japan: Non-MCI: Special Event (12902)	Entertainment, Media	4,800	2,100	09/27/2018 - 10/01/2018	Initially, Hawai'i only

<b>TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH</b>	40
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS</b>	18,447

**HAWAI'I CONVENTION CENTER**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Meeting (2004)	Education	2,100	300	06/25/18-06/29/18	None
<b>TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH</b>					1
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS</b>					2,100

New to Hawai'i bookings are accounts that have never met in Hawai'i before or, in the case of citywides, have not met in Hawai'i in the last 10 years or for single property bookings, not in the past five years.

## MAJOR SALES AND MARKETING ACTIVITIES

Meet Hawai'i participated in the following MCI events in June:

- 1 client promotional event
  - HTUSA
    - International Association of Exhibitions and Events (IAEE) National's Game, June 20, Washington, D.C.
  
- 2 educational events
  - HCC
    - PCMA Annual Education Conference, Cleveland, Ohio, June 10-13
  - International GMTs
    - HTJ – Hiroshima Hawai'i Festa, June 15, Hiroshima, Japan
  
- 3 trade shows
  - HTUSA
    - Incentive Research Foundation (IRF) Annual Meeting, May 29-June 1, Cancún, Mexico
  - HCC
    - Meeting Planner International (MPI) World Education Congress, Indianapolis, Indiana, June 2-5
    - Direct Selling Association – Annual Meeting, San Diego, California, June 17-19
  
- 4 sales blitz
  - HTUSA
    - Honolulu Sales Blitz, June 28, Honolulu, Hawai'i
  - International GMTs
    - HTJ – Japan Hawai'i Economic Summit, June 19-20, Sapporo, Japan
    - HTC – Zhuyuan Qtravel in Xi'an Sales Mission, June 20, Xi'an, China
    - HTJ – U.S. Consulate Independence Day Event, June 22, Fukuoka, Japan
  
- 18 major site visits and familiarization (FAM) tours with clients and potential clients
  - HTUSA
    - 2 Maui site visits/FAM tours
    - 1 Maui, island of Hawai'i and O'ahu site visit
    - 3 O'ahu site visits/FAM tours
    - 2 Kaua'i site visits/FAM tours
  - HCC
    - 1 O'ahu site visit
    - 1 Maui site visit
  - International GMTs
    - 2 Maui site visit

- 1 O'ahu site visit
- 5 island of Hawai'i FAM tours

## FUTURE SALES AND MARKETING ACTIVITIES

Meet Hawai'i will participate in the following MCI events in the upcoming months:

<b>July 2018</b>			
7-9	Destinations International Convention, Anaheim, California	Trade Show	HTUSA
10	Fukuoka Chuo High School Hawai'i Seminar	Seminar	HTJ
10-12	CESSE Annual Meeting – Education Forum, Pasadena, California	Educational Event	HCC
11-13	AEG Connect Summit, London, England	Tradeshow	HCC
12-18	2018 Meet Hawai'i MICE VIP Workshop, Busan, Korea	Educational Event	HCC
13-21	NALC 2020, Detroit, Michigan	Client Promo	HCC
14-15	Meet Hawai'i VIP Weekend, Busan, South Korea	Client Event	HTK
16-17	PCMA Greater Philadelphia Chapter Annual Meeting & Retreat, Philadelphia, Pennsylvania	Educational Event	HCC
20	Get Global, Sydney, Australia	Trade Show	HTO
23-26	Cvent Connect, Las Vegas, Nevada	Tradeshow	HCC
25	All Things Meetings, San Francisco, California	Trade Show	HTUSA
TBD	Wisconsin Sales Calls, Wisconsin	Sales Blitz	HTUSA
TBD	Illinois Sales Calls, Chicago, Illinois	Sales Blitz	HTUSA
TBD	HIS MICE Seminar & Workshop	Seminar	HTJ
<b>Aug. 2018</b>			
2	Convention Visitors Bureau (CVB) Reps Summer Splash, Washington, D.C.	Client Event	HTUSA
9-15	National Medical Association, Orlando, Florida	Client Promo	HCC

11-16	Goldschmidt Conference, Boston, Massachusetts	Client Promo	HCC
12-15	Experient e4, Houston, Texas	Tradeshow	HCC
16-24	ASAE Annual Meeting and Exhibition, Chicago, Illinois	Tradeshow	HCC
18-21	American Society of Association Executives (ASAE), Chicago, Illinois	Trade Show	HTUSA
23-25	Connect Corporate, Salt Lake City, Utah	Trade Show	HTUSA
23-25	Connect Sports Conference, Salt Lake City, Utah	Tradeshow	HCC
26-29	Destination Hawai'i, Maui, Hawai'i	Tradeshow	HTUSA
TBD	Meet Hawai'i Educational Seminar	Educational Event	HTK
TBD	HIS MICE Seminar & Workshop	Seminar	HTJ
<b>Sep. 2018</b>			
1	Southwest Sales, TBD	Sales Blitz	HCC
5-8	Society for Incentive Travel Excellence (SITE) Classic, Bluffton, South Carolina	Tradeshow	HTUSA
10-13	Sports the Relationship Conference, Winston Salem, North Carolina	Tradeshow	HCC
16-20	Ungerboeck Unite Global Conference, St. Louis, Minnesota	Educational Event	HCC
28	Meet Hawai'i Sales Meeting, Honolulu, Hawai'i	Educational Event	HCC

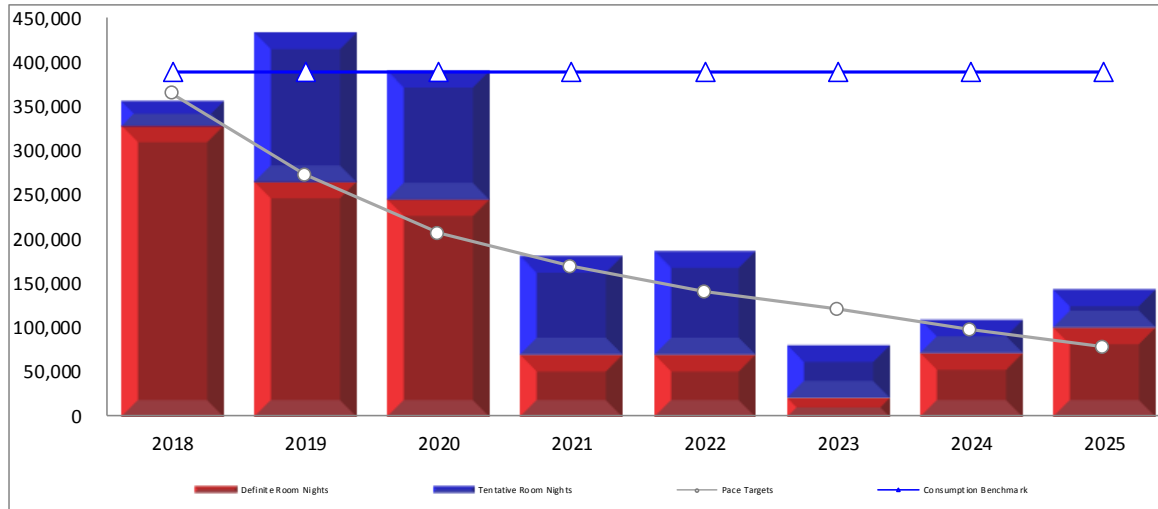


## CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2018-2025 against a rolling 36-month consumption benchmark.

**Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)**

**THE TAP REPORT** **Hawai'i** **Period Ending June 30, 2018**  
 Report Date: July 5, 2018



<i>Hawaii Room Nights</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	325,456	262,875	244,246	70,891	70,699	22,606	72,029	100,357	1,169,159
Pace Targets	364,367	271,867	205,432	167,922	139,666	120,243	97,182	77,258	1,443,937
Variance	(38,911)	(8,992)	38,814	(97,031)	(68,967)	(97,637)	(25,153)	23,099	(274,778)
Consumption Benchmark	388,909	388,909	388,909	388,909	388,909	388,909	388,909	388,909	3,111,272
Pace Percentage	89%	97%	119%	42%	51%	19%	74%	130%	81%
Total Demand Room Nights	770,454	576,532	429,054	237,308	153,942	56,482	83,271	126,257	2,433,300
Lost Room Nights	444,998	313,657	184,808	166,417	83,243	33,876	11,242	25,900	1,264,141
Conversion Percentage	42%	46%	57%	30%	46%	40%	86%	79%	48%
Tentative Room Nights	28,430	169,165	143,927	110,610	115,507	58,262	38,065	43,231	707,197

<i>Hawaii Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Events	302	127	66	20	14	5	6	7	547
Pace Targets	310	114	48	28	15	10	8	5	538
Variance	(8)	13	18	(8)	(1)	(5)	(2)	2	9
Consumption Benchmark	375	375	375	375	375	375	375	375	3,000
Pace Percentage	97%	111%	138%	71%	93%	50%	75%	140%	102%
Total Demand Events	621	273	126	41	21	8	7	9	1,106
Lost Events	319	146	60	21	7	3	1	2	559
Conversion Percentage	49%	47%	52%	49%	67%	63%	86%	78%	49%
Tentative Events	116	258	129	44	27	11	7	9	601

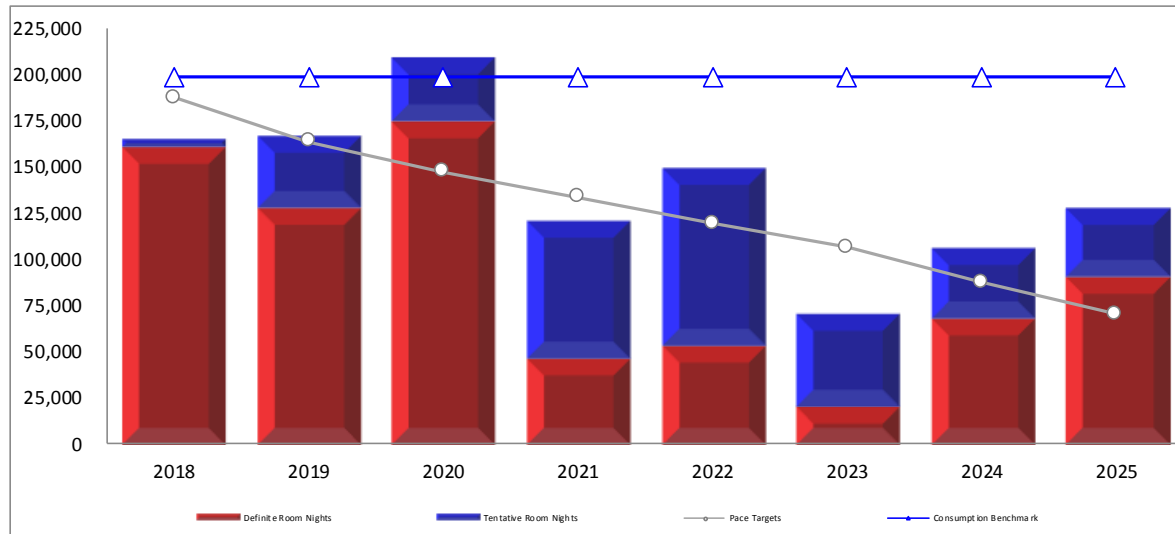
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

**Table 7: The TAP Report: Convention Center 8-year Pace (citywide only)**

**THE TAP REPORT**

**Hawai'i**  
 Convention Center

Period Ending June 30, 2018  
 Report Date: July 5, 2018



<i>Hawaii R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	160,775	127,886	174,332	46,931	54,201	20,885	68,759	90,687	744,456
Pace Targets	187,030	163,387	147,007	133,116	119,253	106,089	87,238	70,152	1,013,272
Variance	(26,255)	(35,501)	27,325	(86,185)	(65,052)	(85,204)	(18,479)	20,535	(268,816)
Consumption Benchmark	198,226	198,226	198,226	198,226	198,226	198,226	198,226	198,226	1,585,808
Pace Percentage	86%	78%	119%	35%	45%	20%	79%	129%	73%
Total Demand Room Nights	349,046	306,059	284,797	187,396	134,734	53,626	80,001	116,587	1,512,246
Lost Room Nights	188,271	178,173	110,465	140,465	80,533	32,741	11,242	25,900	767,790
Conversion Percentage	46%	42%	61%	25%	40%	39%	86%	78%	49%
Tentative Room Nights	4,165	38,950	34,905	74,301	95,618	50,313	37,440	37,440	373,132

<i>Hawaii Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Events	22	17	13	4	5	2	5	5	73
Pace Targets	28	20	14	12	11	9	6	2	102
Variance	(6)	(3)	(1)	(8)	(6)	(7)	(1)	3	(29)
Consumption Benchmark	31	31	31	31	31	31	31	31	248
Pace Percentage	79%	85%	93%	33%	45%	22%	83%	250%	72%
Total Demand Events	51	42	32	17	10	4	6	7	169
Lost Events	29	25	19	13	5	2	1	2	96
Conversion Percentage	43%	40%	41%	24%	50%	50%	83%	71%	43%
Tentative Events	1	9	4	11	12	8	5	5	55

The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

**Glossary of TAP Report Terms**

<p><b>Consumption Benchmark</b> – The average number of definite room nights produced by Meet Hawai'i for each month and year for the last three twelve month periods. Each month the “oldest” month is dropped from the calculation and the most recent month is added.</p>
<p><b>Conversion Index</b> - A measurement for each month and year of the client city's Conversion Percentage compared to the Peer Set's Conversion Percentage. A value greater than 100 indicates that the client city is converting more demand to definite room nights than the Peer Set. A number less than 100 indicates that the client city is converting less demand to definite room nights than the Peer Set.</p>
<p><b>Conversion Index Rank</b> - The position of the client's Conversion Index compared to the Peer Set.</p>
<p><b>Conversion Percentage</b> - The percentage of Total Demand Room Nights that Meet Hawai'i converts to Definite Room Nights for each month and year at the time the report is published.</p>
<p><b>Definite Room Nights</b> – Number of definite room nights, confirmed by Meet Hawai'i for each month and year at the time the report is published.</p>
<p><b>Definite Room Night Share %</b> – A percentage indicating the client city's portion of the Peer Set's Definite Room Nights.</p>
<p><b>Lost Room Nights</b> – The number of room nights, both definite and tentative, that have been lost for each month and year at the time the report is published.</p>
<p><b>Pace Index</b> - A measurement for each month and year of the client city's Pace Percentage compared to the Peer Set's Pace Percentage. A value greater than 100 indicates that the client city's Pace Percentage is higher than that of the Peer Set. A number less than 100 indicates that the client city's Pace Percentage is less than that of the Peer Set.</p>
<p><b>Pace Index Rank</b> - The position of the client's Pace Index compared to the Peer Set.</p>
<p><b>Pace Percentage</b> – The percentage of Definite Room Nights compared to the Pace Target. If Meet Hawai'i continues to book at current trends the same percentage can be applied to the Consumption Benchmark when each month and year passes.</p>
<p><b>Pace Target</b> – Number of definite room nights that should be confirmed for each month and year at the time the report is published (updated every month). Pace targets are determined by analyzing a minimum of the last three years definite room nights and all definite room nights confirmed for the future. The analysis is completed by comparing the date a booking was confirmed to that of the arrival date for each confirmed booking and computing the number of months in advance of arrival that each booking was confirmed.</p>
<p><b>Room Night Demand Share %</b> – A percentage indicating the client city's portion of the Peer Set's Demand.</p>
<p><b>Tentative Room Nights</b> – The number of tentative room nights pending for each future month and year at the time the report is published.</p>
<p><b>Total Demand Room Nights</b> - Number of total lead room nights issued by Meet Hawai'i for each month and year at the time the report is published.</p>
<p><b>Variance</b> – The difference between the Definite Room Nights and the Pace Target.</p>

## CONVENTION CENTER PERFORMANCE

**Table 8: Convention Center Performance – May 31, 2018 Year-to-Date**

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	31%	31%	0%
Total Events	73	90	(17)
Total Attendance	170,790	165,872	4,918
Visitor Spending	\$137,876,193	\$137,876,193	\$0
Tax Revenue	\$12,137,355	\$12,137,355	\$0
Revenue per Attendee	\$33.83	\$37.31	(\$3.48)

### COMMENTS

*While HCC exceeded \$1 million in gross revenue for the third month this year, HCC was \$623,900 under budget in gross revenue during the month ended May 31, 2018. More than 50 percent of the negative variance was due to a timing difference as a medical association straddled over April and May but was budgeted entirely in May, another 8 percent of the variance was due to a national medical association not generating the gross revenue expected and the balance of the variance was due to pick-up events that did not materialize. As a result, our bottom line was negatively impacted, and HCC posted a net loss of \$260,400 which was \$431,300 more than planned.*

*For the year to date HCC has posted gross revenue of \$5.7 million, \$410,000 less than budgeted and a net loss of \$510,900, \$98,100 more than planned. Occupancy for the year to date is 31 percent.*

*Our year end reforecast has been significantly impacted with the loss of two corporate groups and two sporting events, in addition to lower than expected food and beverage from groups to date and forecasting ahead. The year-end reforecast now reflects gross revenues of \$13.7 million which is \$1.4 million less than budgeted and a net loss of \$2.5 million which is \$556,500 more than budgeted.*

*For the year to date occupancy, visitor spending and tax revenue are all on target, attendance is slightly up by 4,918, however, total events and revenue per attendee are down by 17 and \$3.48, respectively.*

## DEFINITIONS

- **Single Property Group:** A group that can be booked into a single hotel for both guest rooms and meeting space.
- **Citywide Group:** A group that books Hawai'i Convention Center for space, which either has at least 1,000 out-of-town attendees or utilizes two or more hotels with a minimum of 500 out-of-town attendees.
- **Group Bookings:** The total number of group room nights booked for the future. A group is defined as needing a minimum of 10 hotel rooms.
- **MCI and Non-MCI Bookings:** Both MCI and Non-MCI Bookings must primarily be off-shore bookings requiring attendees to stay in visitor accommodations. An MCI booking is an association or corporate meeting, convention or incentive program that requires meeting space. A Non-MCI booking requires off-site meeting space or no meeting space, or is public/consumer-facing like expos, sporting events, etc.
- **Definite Room Night:** Room nights associated with groups that have a signed contract or letter of commitment with the convention center and or a signed contract with a hotel.
- **Tentative Room Night:** Room nights associated with groups that have indicated interest in holding a meeting or convention in Hawai'i and a lead has been sent to the convention center and/or the hotels. Citywide leads are considered tentative when space is blocked at the convention center. Includes leads generated by partners at HVCB coordinated trade shows.
- **Economic Impact:** The direct and induced spending generated from a group meeting in Hawai'i. The economic impact formulas are based on research of attendee spending patterns.
- **Lead-to-Booking Conversion:** Conversion of tentative leads into definite bookings as measured by dividing tentative room nights generated in the month/year by definite room nights for the same month/year.
- **Consumed Room Night:** Room nights generated from groups that have convened in Hawai'i. For citywide events, this figure is calculated from the number of attendees. For single property meetings, the figure is the contracted room nights.
- **Goal:** A level of achievement that has been determined through the goal setting process that includes industry stakeholders and the HTA board.
- **International Markets:** Current areas of focus for international groups. These markets are supported by contractors of HTA.
- **New to Hawai'i – New Business:** A group that has never met, or has not had a single property meeting in Hawai'i over the past five years or a citywide meeting within the past 10 years.

- **Repeat Business:** A group that has had a single property meeting in Hawai'i within the past five years or a citywide meeting in Hawai'i within the past 10 years.
- **Island Distribution:** The breakdown of room nights that have been booked on the neighboring islands. This includes Maui, Kaua'i, O'ahu and the Island of Hawai'i.
- **Pace:** A calculation that evaluates the annual sales activity level by comparing production to the same time frames for previous years. This calculation shows if the current year-to-date room night bookings are at the same or higher/lower levels than the past year.
- **Need Period:** A future timeframe where the projections for room night demand are lower, therefore warranting specific sales strategies to attract business.
- **Lost Business:** A group where a lead has been generated due to client interest and Hawai'i was not chosen for the meeting or convention.
- **Total Events:** Total licensed events held at the Hawai'i Convention Center
- **Total Attendance:** Total delegate attendees at licensed events at the Hawai'i Convention Center
- **Visitor Spending:** State economic impact of offshore licensed events
- **Tax Generation:** State tax generation of offshore licensed events

<b>June 2018</b>					
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Dollar Amount</b>	<b>Start Date</b>	<b>End Date</b>
•18139	Scot Tigerair Pte. Ltd. dba Scoot	SIN-KIX-HNL Route Service Incentive Program	\$387,500.00	5/31/2018	1/31/2020
•18140 S1	Blue United Corporation	Pacific Rim Cup 2018	(+ \$0.00) \$300,000.00	6/25/2018	9/30/2018
•18150	Hawai'i Ecotourism Association	Sustainable and Eco-Friendly Tourism Training and Programs in Hawai'i	\$50,000.00	6/13/2018	6/30/2019
18186	ESPN Productions, Inc.	Hawai'i Bowl & Hawaiian Airlines Diamond Head Classic	\$475,000.00	5/31/2018	3/31/2019
•18172	Hawai'i Investment Ready	Social Enterprise Capacity Building	\$100,000.00	6/6/2018	3/31/2019
•18180	EAS Enterprises, LLC dba AVP	Association of Volleyball Professionals (AVP) 2018	\$500,000.00	6/6/2018	12/31/2018
18181	Kemper Sports Marketing, Inc.	Maui Jim Maui Invitational 2018	\$50,000.00	5/25/2018	2/28/2019
† 18194	County of Hawai'i Department of Research & Development	Hookaulike Hawai'i County	\$145,000.00	6/28/2018	6/30/2019

Contract Type:  
 • Sole Source  
 † Procurement Exemption

† 18196	County of Kaua'i Office of Economic Development	Hookaulike Kaua'i County	\$145,000.00	6/20/2018	6/30/2019
•18197	Hawaiian Canoe Racing Association	2020 IVF Vaa World Sprints Championship	\$25,000.00	6/1/2018	2/28/2019
•18198	Bank of Hawai'i	Bank of Hawai'i 2018 Depository and Financial Services	\$15,000.00	6/29/2018	6/30/2023
•18200	Native Hawaiian Hospitality Association	Native Hawaiian Hospitality Association 2018	\$445,000.00	6/7/2018	6/30/2019



# **Agenda Item**

## **6**

**Presentation and Discussion  
of Current Market Insights  
and Conditions in Key Major  
Hawai'i Tourism Markets**

# Hotel Market Insights – June 2018

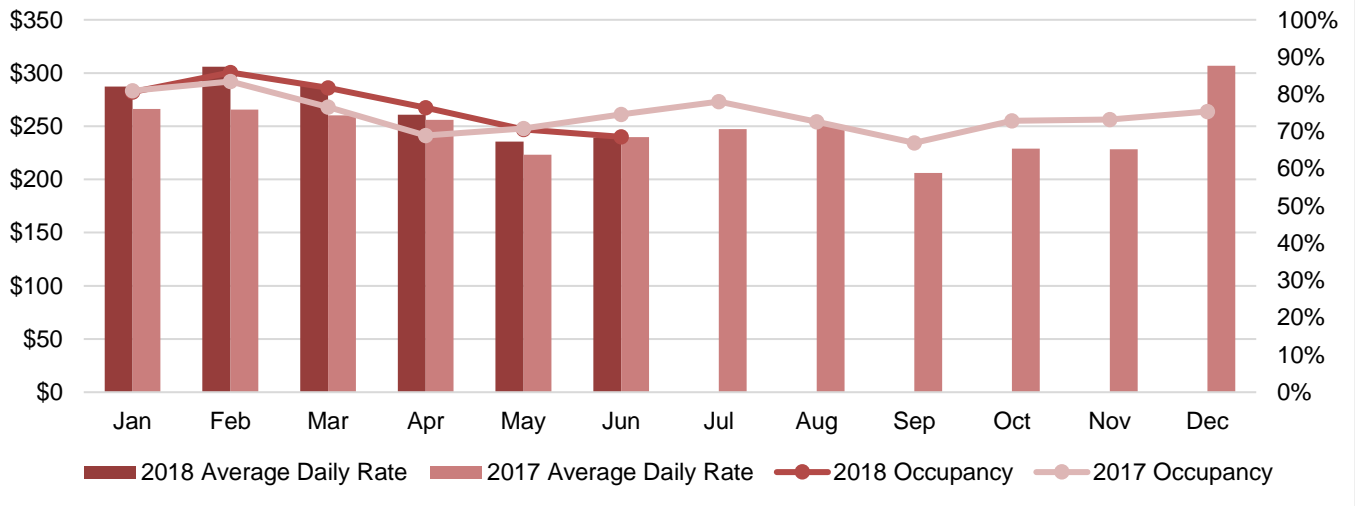
## Hawai'i and Competitive Destinations

Destination	Year-To-Date June 2018								
	Occupancy			Average Daily Rate (USD)			RevPAR (USD)		
	2018	2017	% Pt. Δ	2018	2017	% Δ	2018	2017	% Δ
State of Hawai'i	81.7%	80.3%	1.4%	\$280.09	\$264.13	6.0%	\$228.91	\$212.22	7.9%
O'ahu	84.4%	82.8%	1.6%	\$233.33	\$229.01	1.9%	\$196.93	\$189.64	3.8%
Maui	78.7%	78.3%	0.4%	\$398.02	\$358.77	10.9%	\$313.15	\$280.95	11.5%
Kaua'i	79.2%	77.0%	2.2%	\$294.76	\$263.09	12.0%	\$233.39	\$202.53	15.2%
Hawai'i Island	77.5%	75.8%	1.6%	\$271.57	\$252.39	7.6%	\$210.36	\$191.35	9.9%
Aruba	77.2%	74.3%	2.9%	\$346.53	\$313.54	10.5%	\$267.39	\$232.99	14.8%
Bali	66.3%	67.1%	-0.9%	\$105.01	\$105.15	-0.1%	\$69.59	\$70.60	-1.4%
Bangkok	79.7%	77.9%	1.8%	\$110.10	\$96.38	14.2%	\$87.70	\$75.04	16.9%
Beijing	75.0%	72.7%	2.3%	\$95.09	\$81.99	16.0%	\$71.37	\$59.62	19.7%
Cabo San Lucas	53.7%	64.2%	-10.5%	\$421.08	\$352.02	19.6%	\$226.08	\$225.86	0.1%
Cancun	74.8%	77.5%	-2.7%	\$225.93	\$77.48	191.6%	\$168.97	\$60.03	181.5%
Caribbean	70.0%	70.5%	-0.4%	\$220.64	\$220.48	0.1%	\$154.47	\$155.34	-0.6%
Costa Rica	75.1%	73.3%	1.8%	\$171.97	\$161.99	6.2%	\$129.18	\$118.78	8.8%
Fiji	68.2%	65.6%	2.6%	\$145.09	\$65.58	121.2%	\$98.96	\$43.00	130.1%
French Polynesia	61.0%	65.8%	-4.7%	\$526.67	\$448.31	17.5%	\$321.45	\$294.88	9.0%
Hong Kong	88.5%	86.2%	2.3%	\$185.02	\$167.82	10.3%	\$163.74	\$144.70	13.2%
Los Angeles/Long Beach, CA	79.7%	80.7%	-1.1%	\$178.74	\$173.23	3.2%	\$142.39	\$139.86	1.8%
Maldives	65.7%	64.2%	1.5%	\$680.12	\$671.53	1.3%	\$446.70	\$431.16	3.6%
Mexico	64.2%	65.1%	-0.9%	\$128.32	\$129.41	-0.8%	\$82.35	\$84.18	-2.2%
Miami/Hialeah, FL	81.2%	78.8%	2.4%	\$220.58	\$201.94	9.2%	\$179.14	\$159.08	12.6%
New Zealand	81.4%	81.2%	0.2%	\$140.68	\$135.90	3.5%	\$114.52	\$110.41	3.7%
Orlando, FL	81.7%	80.8%	0.9%	\$135.67	\$127.80	6.2%	\$110.87	\$103.30	7.3%
Philippines	69.4%	69.8%	-0.3%	\$102.82	\$103.02	-0.2%	\$71.39	\$71.88	-0.7%
Phuket	79.7%	77.9%	1.8%	\$141.26	\$119.64	18.1%	\$112.60	\$93.21	20.8%
Puerto Rico	77.1%	71.9%	5.2%	\$214.54	\$191.50	12.0%	\$165.32	\$137.66	20.1%
Puerto Vallarta	66.9%	74.4%	-7.5%	\$108.22	\$74.39	45.5%	\$72.42	\$55.35	30.9%
San Diego, CA	79.1%	77.8%	1.3%	\$159.86	\$157.22	1.7%	\$126.47	\$122.29	3.4%
San Francisco/San Mateo, CA	81.6%	82.2%	-0.6%	\$235.71	\$224.65	4.9%	\$192.35	\$184.74	4.1%
Seoul	63.3%	65.8%	-2.6%	\$150.99	\$145.03	4.1%	\$95.55	\$95.50	0.1%
Shanghai	71.6%	73.9%	-2.3%	\$103.16	\$91.77	12.4%	\$73.89	\$67.81	9.0%
Sydney	84.6%	85.6%	-1.0%	\$175.96	\$171.80	2.4%	\$148.87	\$147.04	1.2%
Taiwan	60.5%	58.2%	2.3%	\$172.70	\$173.34	-0.4%	\$104.45	\$100.83	3.6%
Toronto	75.2%	73.0%	2.2%	\$147.07	\$131.76	11.6%	\$110.57	\$96.19	14.9%
Vancouver	76.9%	75.1%	1.8%	\$150.18	\$131.26	14.4%	\$115.44	\$98.52	17.2%
Vietnam	72.0%	70.8%	1.2%	\$127.11	\$119.84	6.1%	\$91.52	\$84.80	7.9%

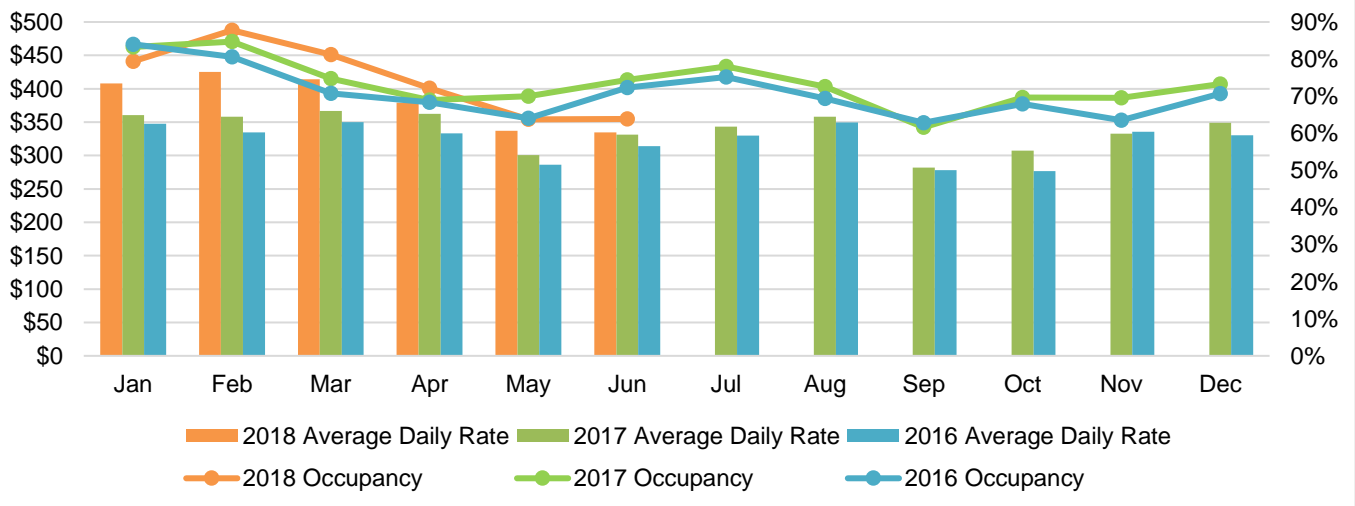
Source: STR, Inc. © Copyright 2018 Hawai'i Tourism Authority.

# Island of Hawai'i and Kohala Coast

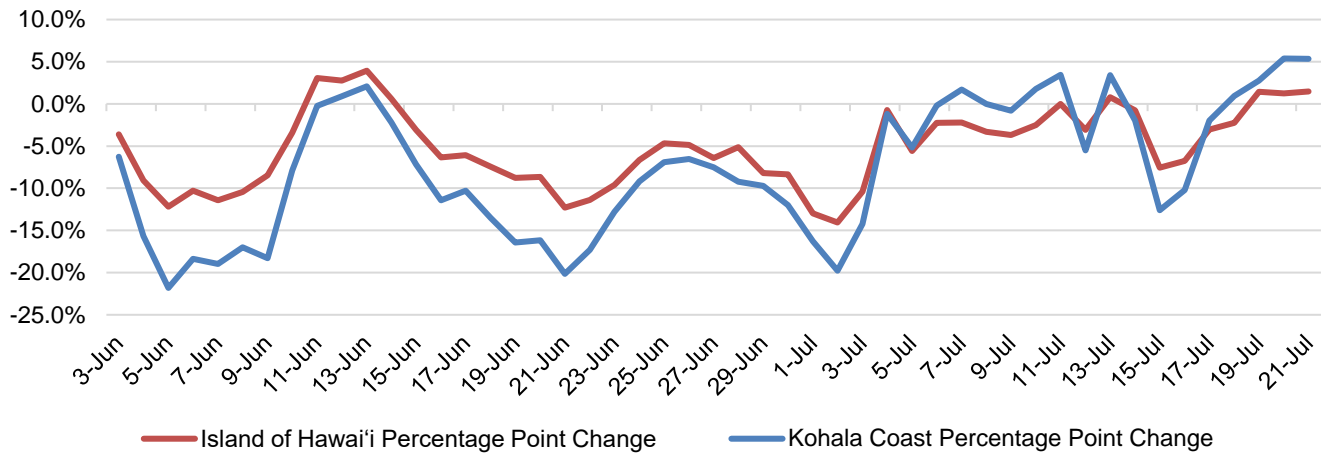
## Island of Hawai'i Hotel Performance



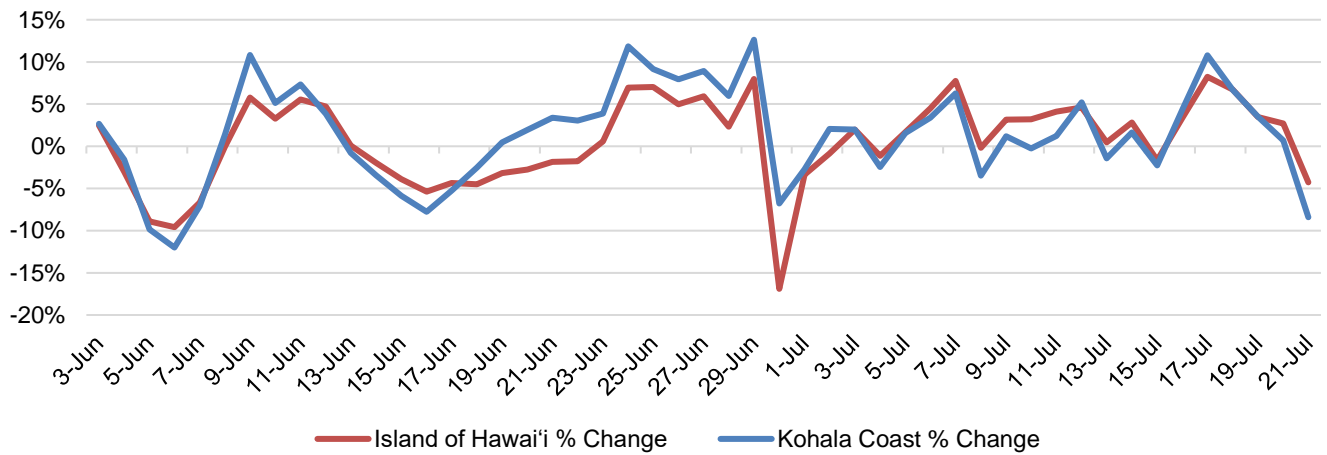
## Kohala Coast Hotel Performance



Island of Hawai'i and Kohala Coast Daily Hotel Occupancy Percentage Point Change Year-Over-Year



Island of Hawaii and Kohala Coast Daily Hotel Average Daily Rate Percent Change Year-Over-Year





# HAWAII TOURISM AUTHORITY

2017 - 2018 Event Evaluation Comparison Report

June, 2018



# CONTENTS

- 01** Introduction
- 02** Key Findings
- 03** Economic Impact
- 04** Event Satisfaction
- 05** Tourism Impact
- 06** Community Impact
- 07** Appendix

# BACKGROUND & OBJECTIVES

- Nielsen was commissioned by the Hawai'i Tourism Authority (HTA) to conduct quantitative research on key events/festivals (right) throughout 2017-2018 and report the key findings from the analysis back to HTA.
- Nielsen worked with the individual Hawai'i event coordinators prior to each event to discuss overall logistics, expected attendance numbers, etc. Nielsen sent a specific number of staff members to each event to collect attendee contact information via iPads. Nielsen would then follow up with those attendees with an online survey on the event gathering information that ranged from overall event satisfaction and perceptions of Hawai'i to tourist spending and number of nights stayed on the Island.
- Each event report contained key findings from Nielsen's research and analysis across areas such as Economic Impact, Event Satisfaction, Tourism Impact, and Community Impact.

1. Aloha Festivals
2. LA Clippers Hawai'i Classic
3. Ironman World Championship
4. Hawai'i Food & Wine Festival
5. Hawai'i Tennis Open
6. Maui Invitational
7. Tournament of Champions
8. SONY Open
9. Waimea Town Celebration
10. Merrie Monarch Festival
11. LOTTE Championship
12. MAMo – Maoli Arts Movement



Hawai'i Tennis Open



Aloha Festivals



SONY Open

NOTE: Results for the Hawaii Tennis Open & MAMo Maoli Arts Movement are based on locals only, as the sample size for tourists was too small to report on

# KEY FINDINGS

## Economic Impact

- The Ironman World Championship Event generated the largest economic impact for the state by far at \$41.8 Million, followed by the Tournament of Champions.
- The average night stay for those tourists who came to Hawai'i for an event was 10, which is on par with what we found last year as well.

## Event Satisfaction

- The average event satisfaction score across all 2017-2018 events that Nielsen measured on behalf of the Hawai'i Tourism Authority was an 9.0 out 10. The Ironman World Championship received the highest score with a 9.3, while the Waimea Town Celebration and LA Clippers Hawai'i Classic tied for lowest at 8.1.
- However, the LOTTE Championship scored the highest among tourists for being better than expected & MAMO won with locals for being better than expected.

## Tourism Impact

- As we have seen in the past, the sporting events & main-stream festivals are more likely to have tourists specifically come to Hawai'i for that event vs. a cultural event. Ironman came out on top, as it has for the past two years running.
- An average of 40% of tourists across all events said their overall experience at the event changed their perception of Hawai'i for the better, a slight decrease from last year's average (43%).

## Community Impact

- While locals vary on level of importance of HTA securing events, the 2017 Ironman World Championship saw the highest percentage this year, while the Tournament of Champions was the lowest.
- Locals most strongly agreed the events/festivals made a positive contribution to the image, appearance & reputation of Hawai'i & were visitor friendly. If they caused them an inconvenience at all, the #1 reason was due to traffic.



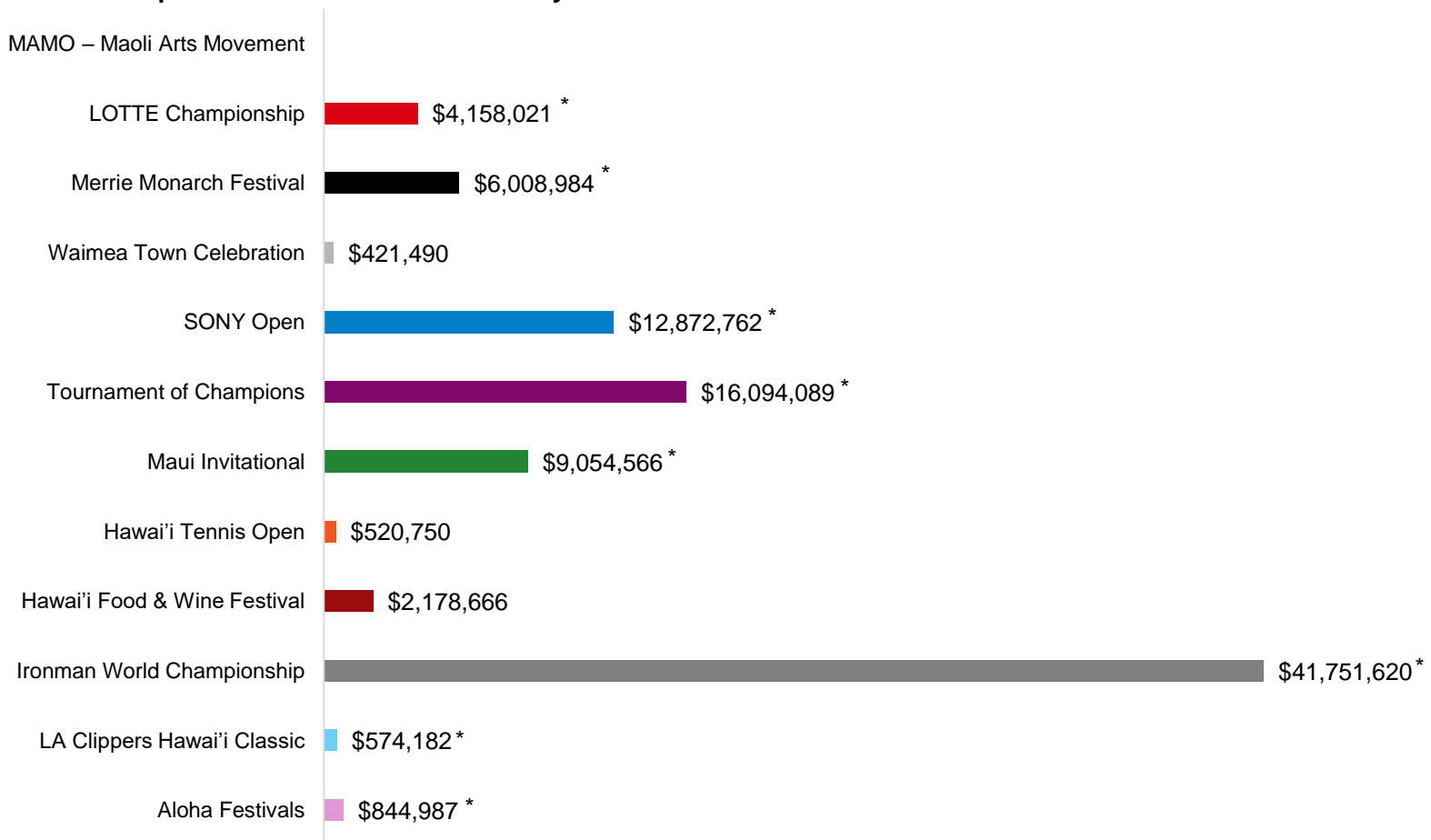
# ECONOMIC IMPACT

# ECONOMIC IMPACT

The Ironman World Championship Event generated the largest economic impact for the state (higher than last year), followed by the Tournament of Champions.

Total direct expenditure into Hawaiian Economy

## Total Direct Expenditure into Hawaiian Economy

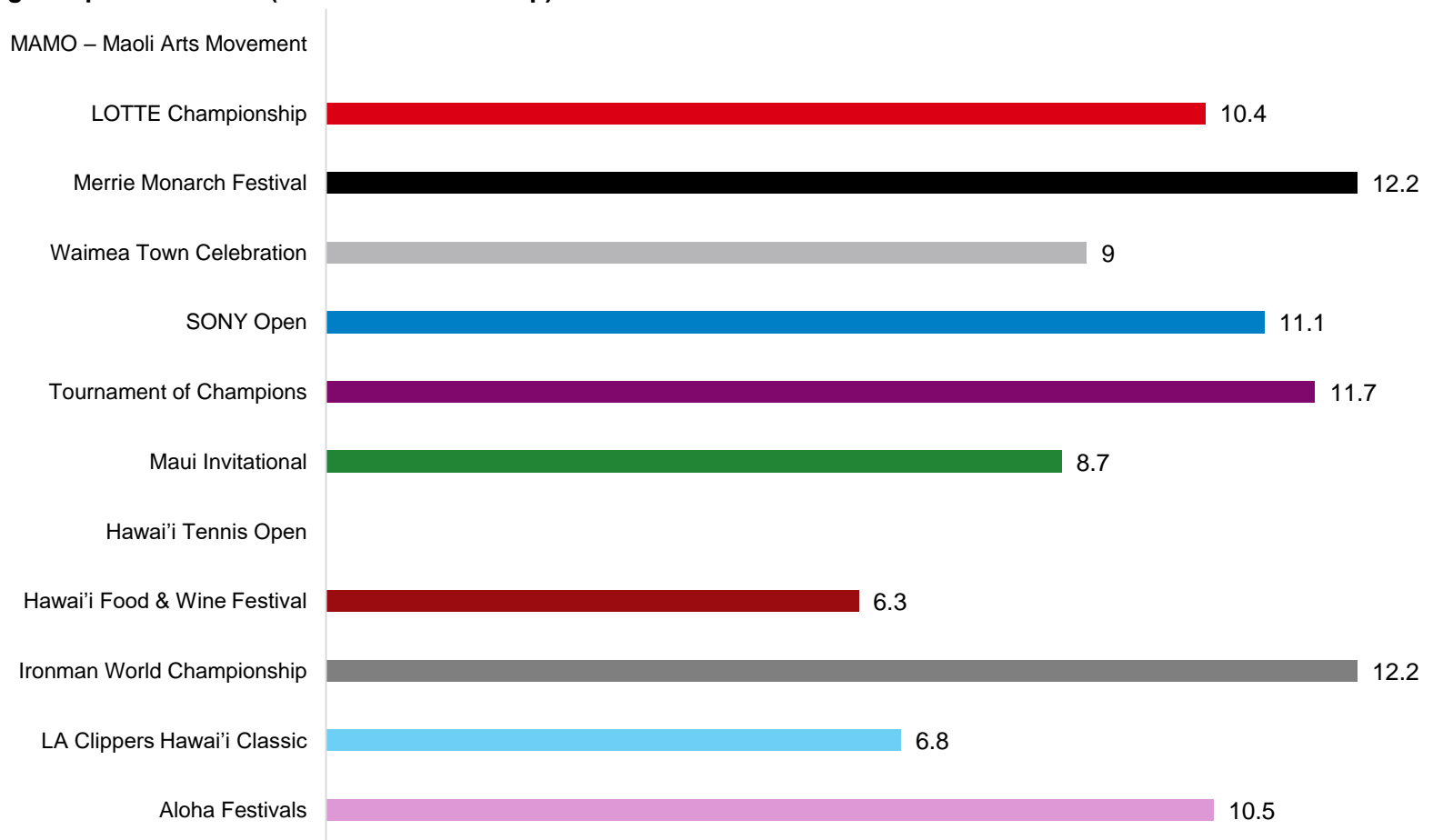


# ECONOMIC IMPACT

The average night stay for those tourists who came to Hawai'i for an event was 10, which is on par with what we found last year as well.

Question: How many nights did you spend in Hawai'i during the trip you took for the event? (event – reason for trip)

## Nights Spent in Hawai'i (event – reason for trip)



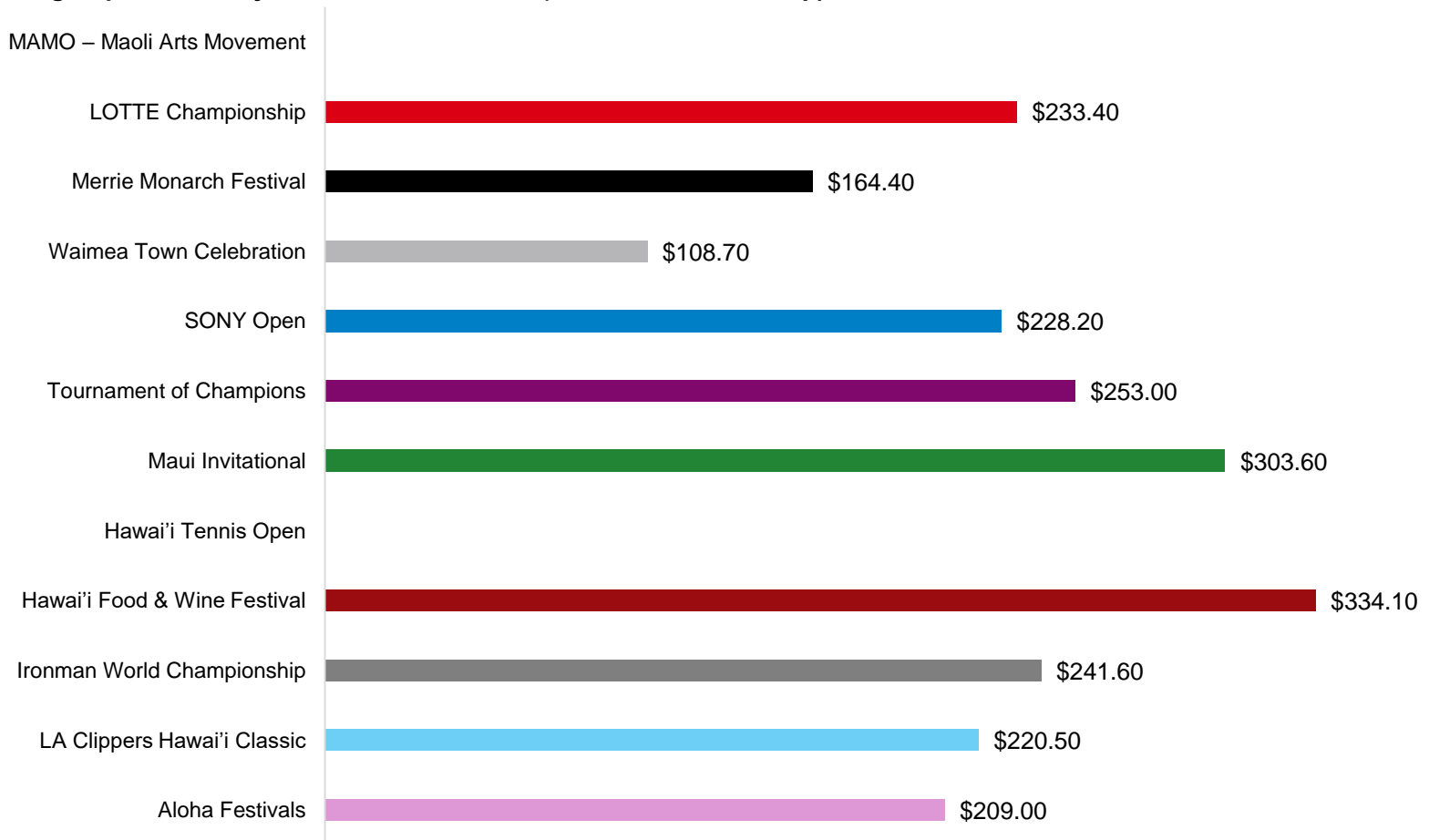
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# ECONOMIC IMPACT

The average spend per person per day from those tourists who came to Hawai'i for the event was \$209 per day.

Question: Average spend per day per person during time in Hawai'i (event – reason for trip)

## Average Spend Per Day Per Person in Hawai'i (event – reason for trip)



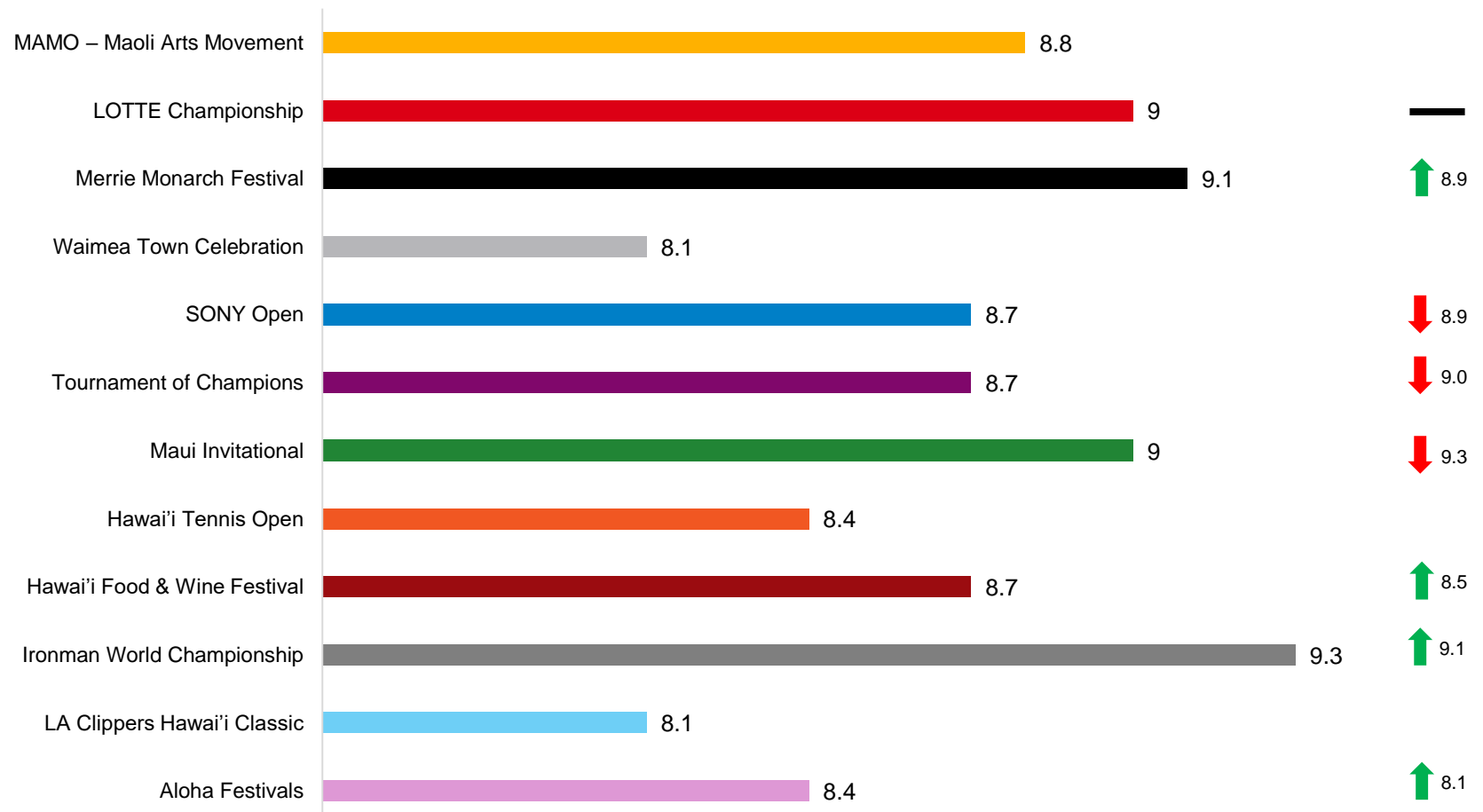
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION

# EVENT SATISFACTION

Average event satisfaction across the 2017-2018 events was an 9.0 (out of 10). Last year's leader, the Maui Invitational, dropped to a 9.0, allowing the Ironman World Championship to lead with 9.3, although all events scored above an 8.0.

Question: On a scale of 0 to 10, where 0 = I did not enjoy the event, to 10 = I loved the event, please describe your overall level of satisfaction and enjoyment from attending the event



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

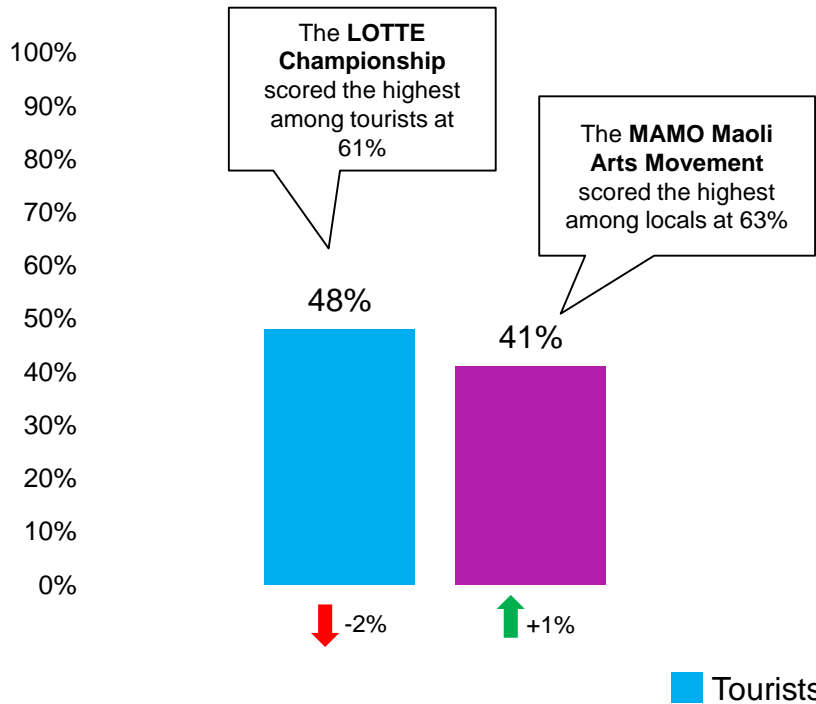
↑ ↓ Represent last year's score (where applicable) 10

# EVENT SATISFACTION

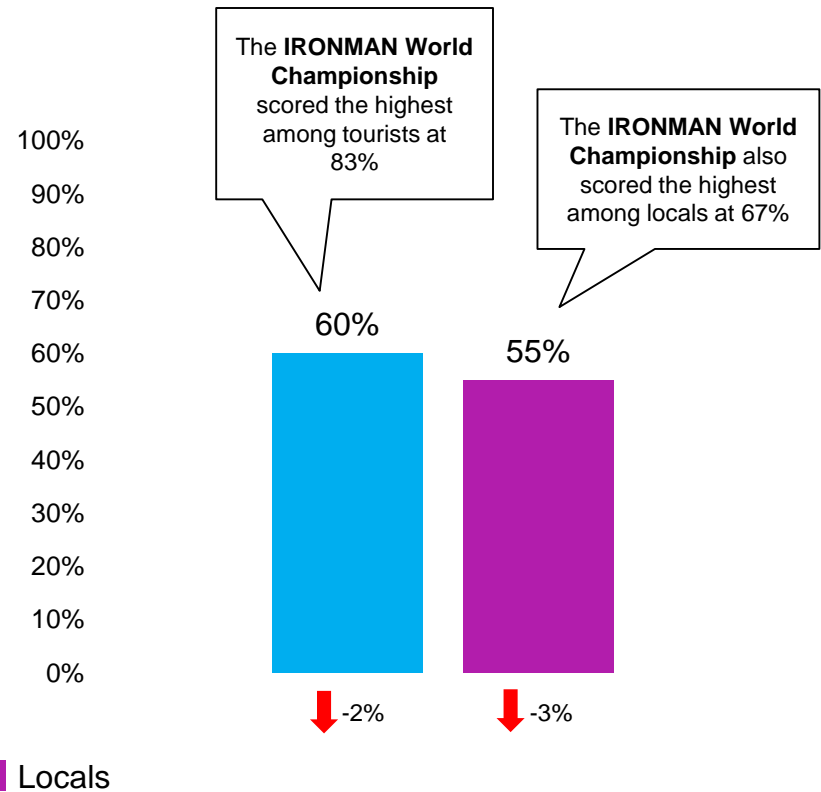
Numbers for expectations and event comparisons were slightly lower than last year, although the mix of analyzed events could have contributed to the variation

Question: Would you say that the overall experience at the event was better than you expected, as you expected or worse than you expected? | Compared to other events you have attended so far this year, how would you rate the event?

## Comparisons to Expectations for Event: Better than Expected *Event Breakouts on Following Slides*



## Comparisons to Other Events: Better than other Events *Event Breakouts on Following Slides*

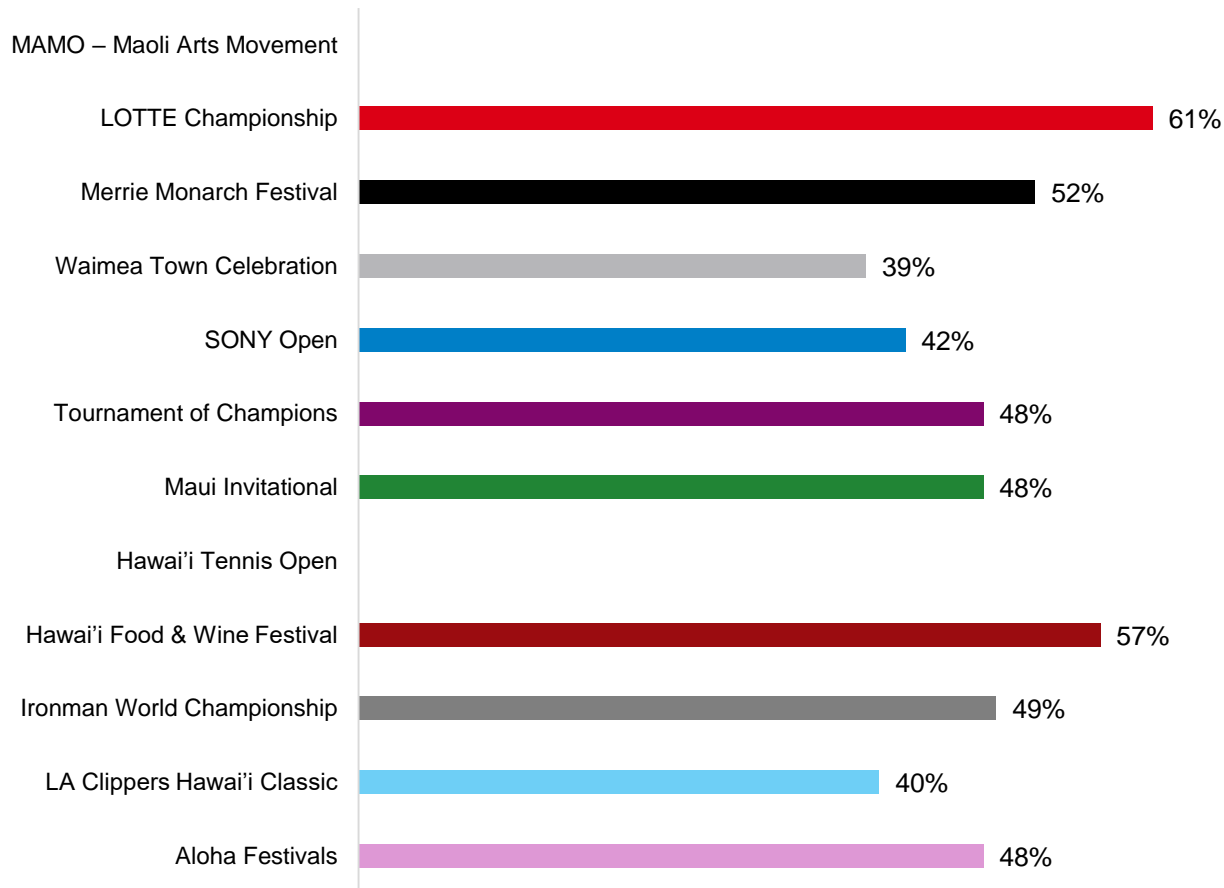


# EVENT SATISFACTION: TOURISTS

This year, the LOTTE Championship was the highest rated event by tourists at 61%, which is a higher score than last year for this event

Question: Would you say that the overall experience at the event was better than you expected, as you expected or worse than you expected?

## Comparisons to Expectations for Event: Better than Expected (Tourists)



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

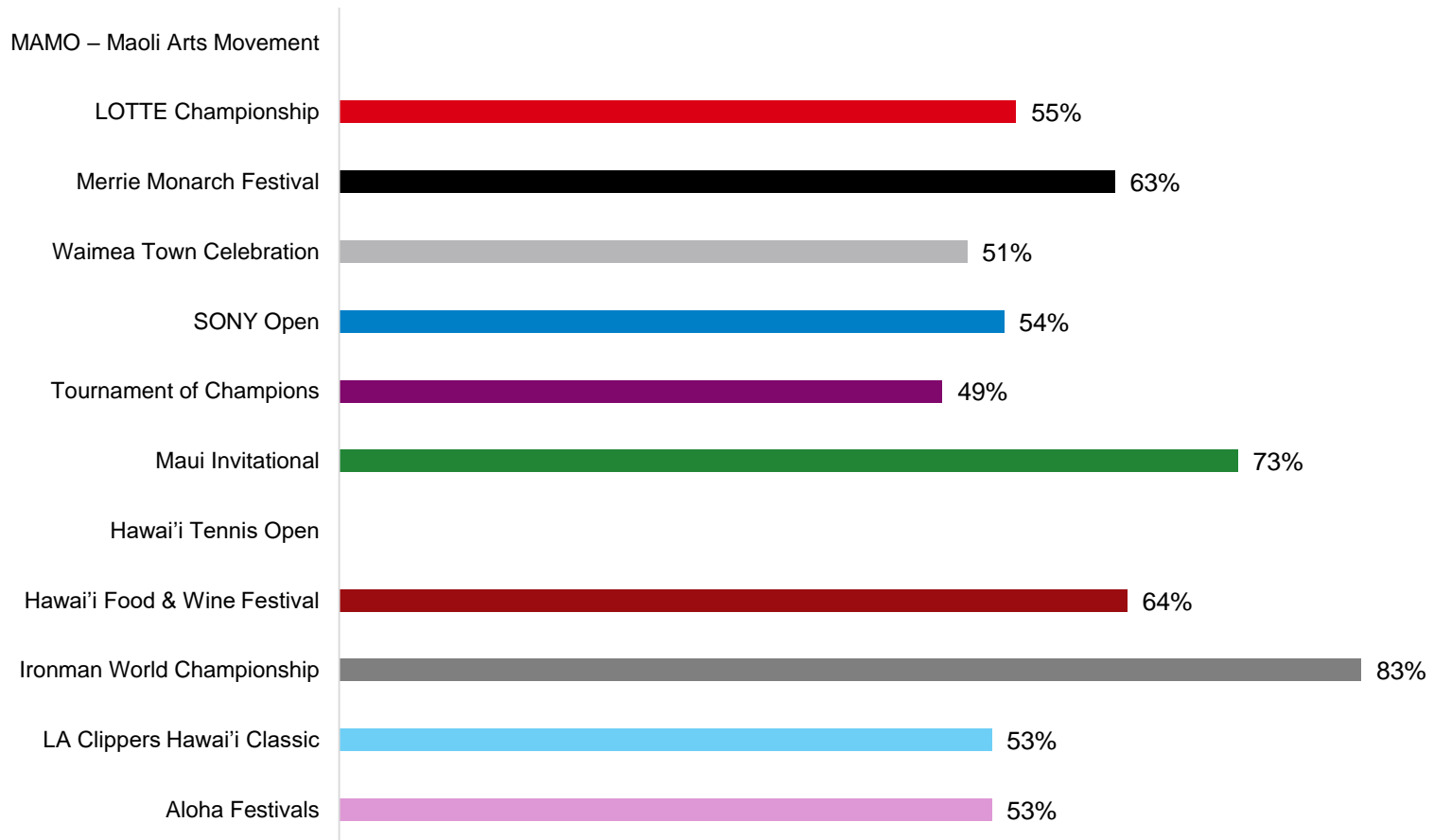


# EVENT SATISFACTION: TOURISTS

The Ironman World Championship was the highest rated in comparison with other events at 83%

Question: Compared to other events you have attended so far this year, how would you rate the event?

## Comparisons to Other Events: Better than Other Events (Tourists)



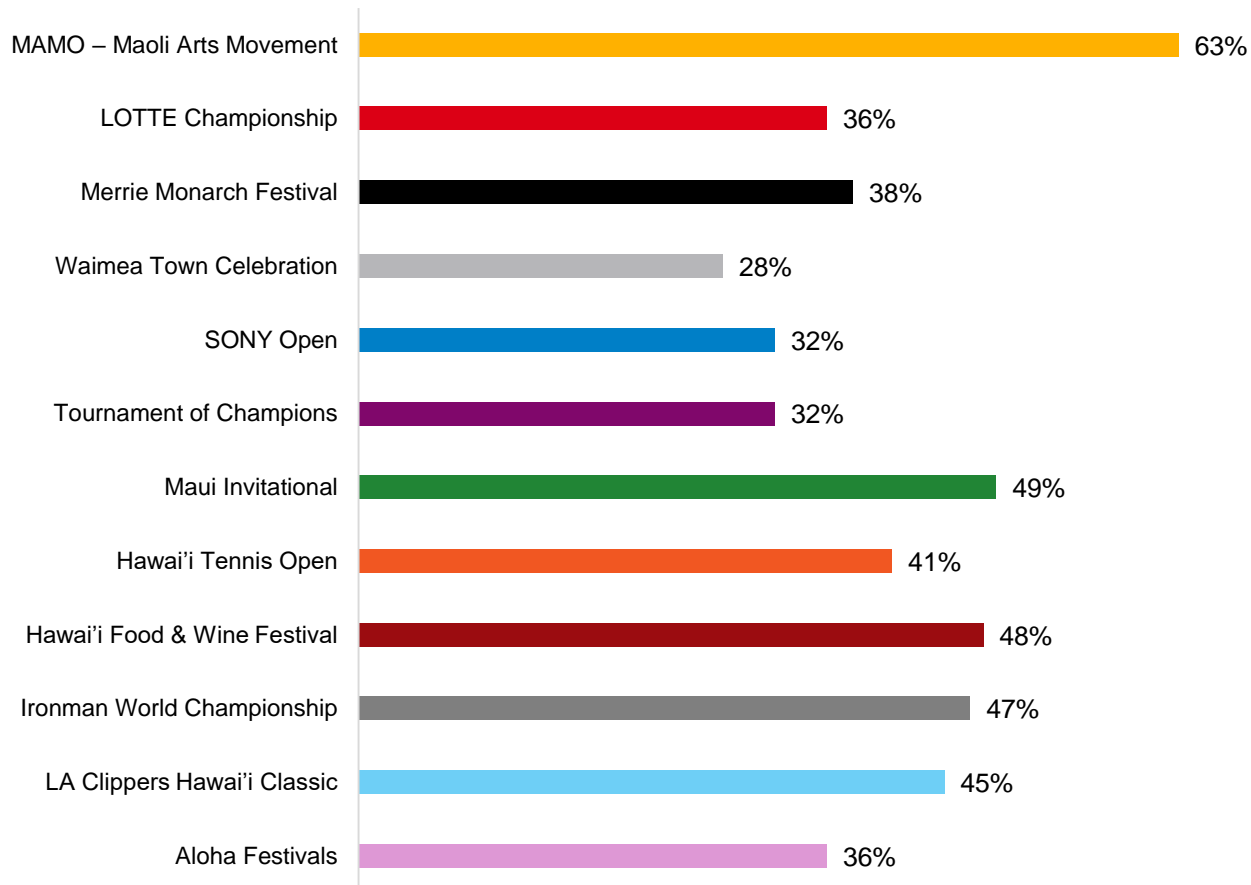
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION: LOCALS

Locals loved the MAMO – Maoli Arts Movement, with 63% of respondents finding it better than expected, while on the other side, the Waimea Town Celebration only scored 28%

Question: Would you say that the overall experience at the event was better than you expected, as you expected or worse than you expected?

## Comparisons to Expectations for Event: Better than Expected (Locals)



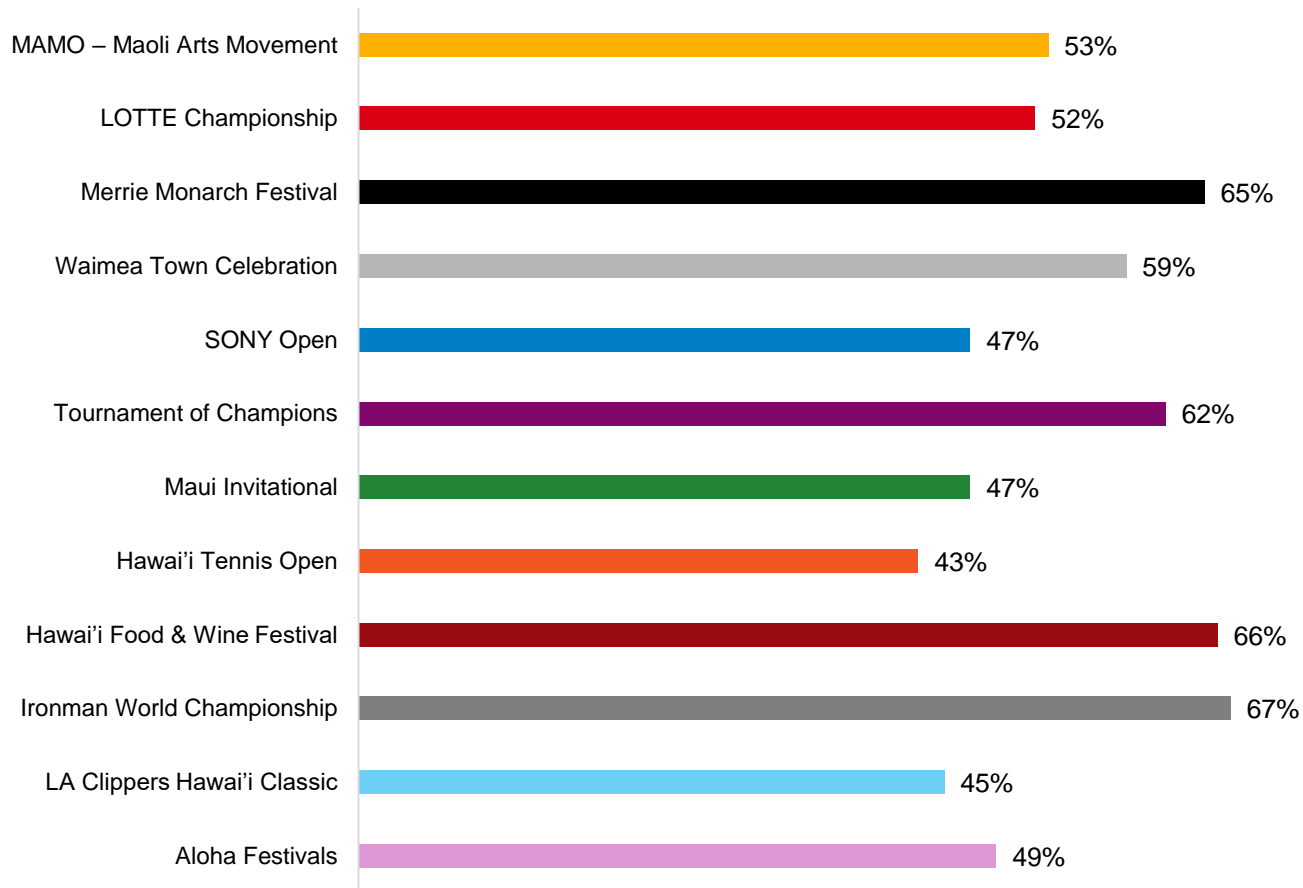
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION: LOCALS

Like the Tourists, the Ironman World Championship scored highest when compared to other events at 67%, barely edging out the Hawai'i Food & Wine Festival

Question: Compared to other events you have attended so far this year, how would you rate the event?

## Comparisons to Other Events: Better than Other Events (Locals)



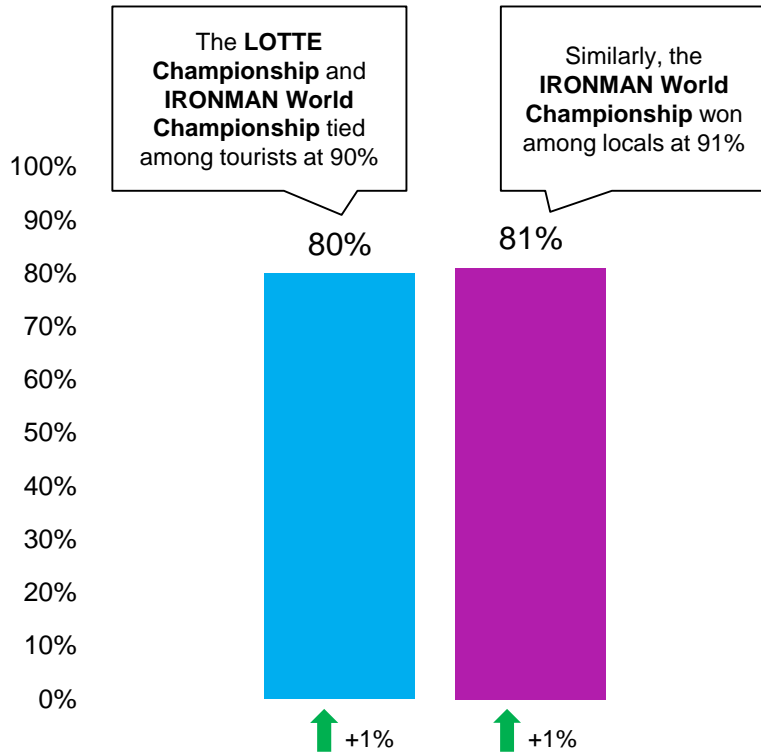
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION

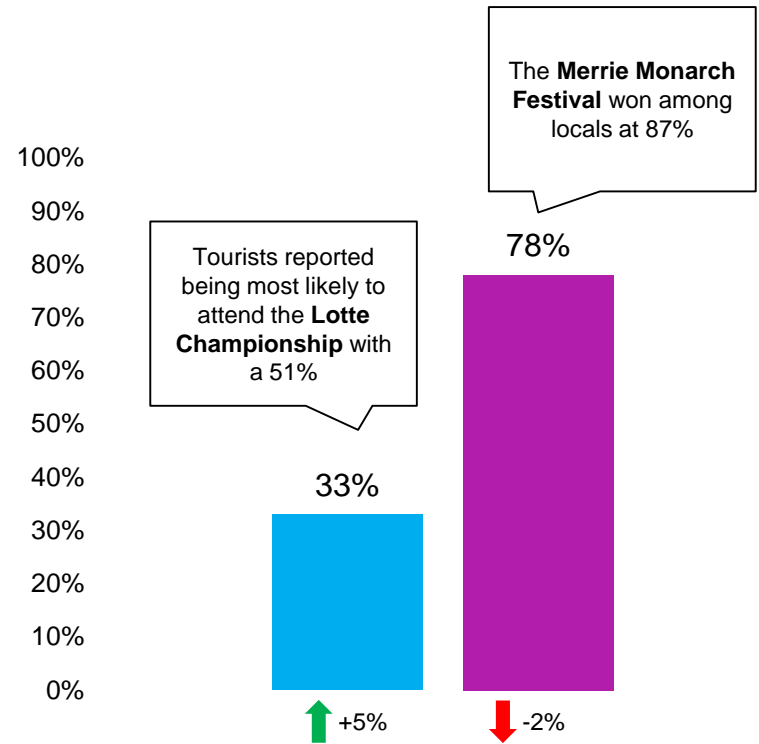
Overall, most results were slightly up in comparison to 2016-2017, with only likelihood of locals attending events next year taking a slight dip

Question: On a scale of 0 to 10, where 0 = Extremely unlikely, to 10 = Extremely likely, please indicate how likely you are to recommend attending this event to your friends and colleagues in the future. | How likely are you to attend next year's event?

## Likelihood to Recommend: Extremely Likely Event Breakouts on Following Slides



## Likelihood to Attend Next Year: Definitely/Probably Will Attend Event Breakouts on Following Slides



Tourists Locals

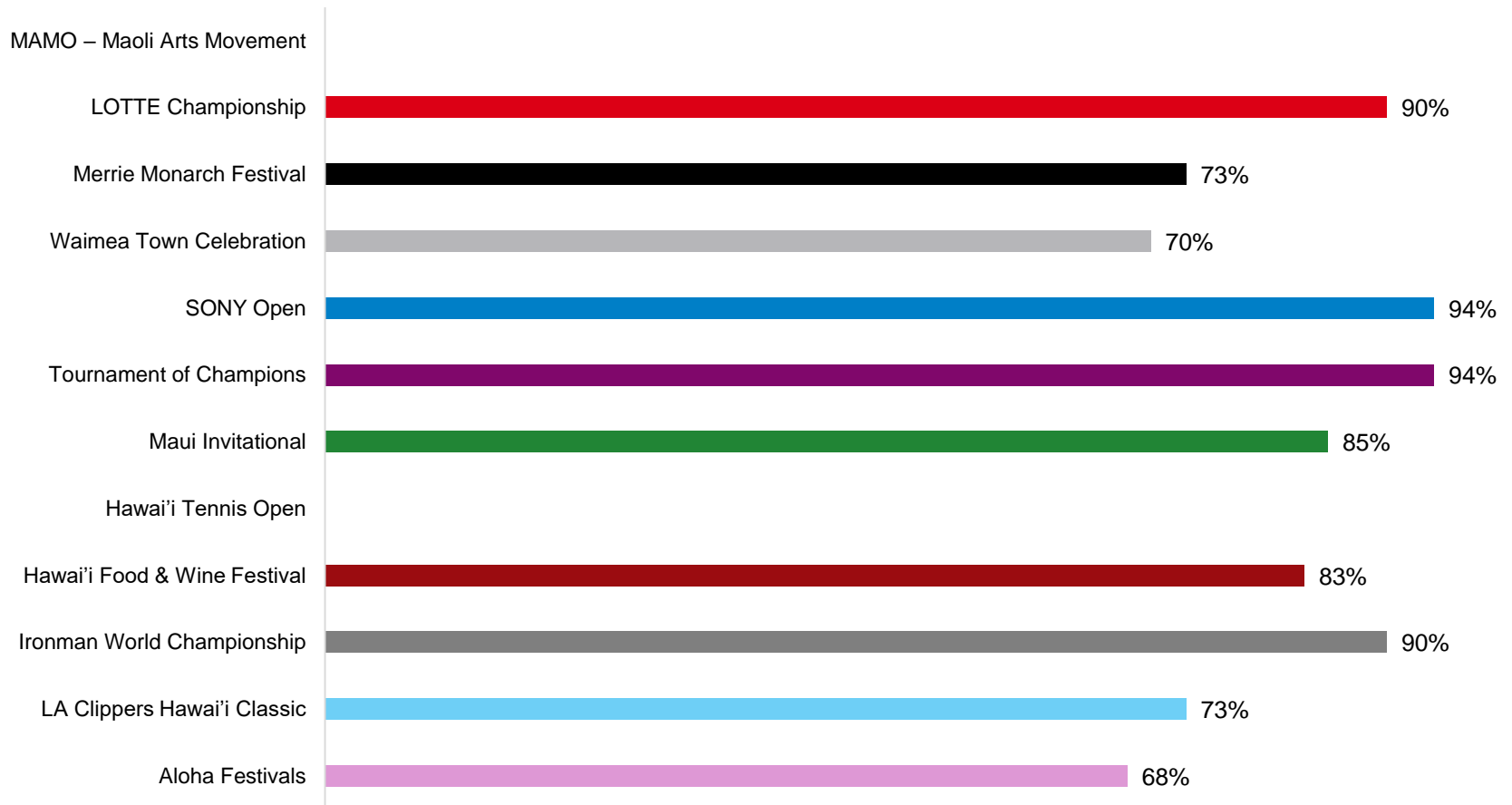
↑ ↓ Represent last year's score (where applicable) 16

# EVENT SATISFACTION: TOURISTS

Both the SONY Open and Tournament of Champions scored 94% among tourists in regards to their likelihood to recommend the event. The Aloha Festivals were the lowest scored, with 68%

Question: On a scale of 0 to 10, where 0 = Extremely unlikely, to 10 = Extremely likely, please indicate how likely you are to recommend attending this event to your friends and colleagues in the future.

## Likelihood to Recommend: Extremely Likely (Tourists)



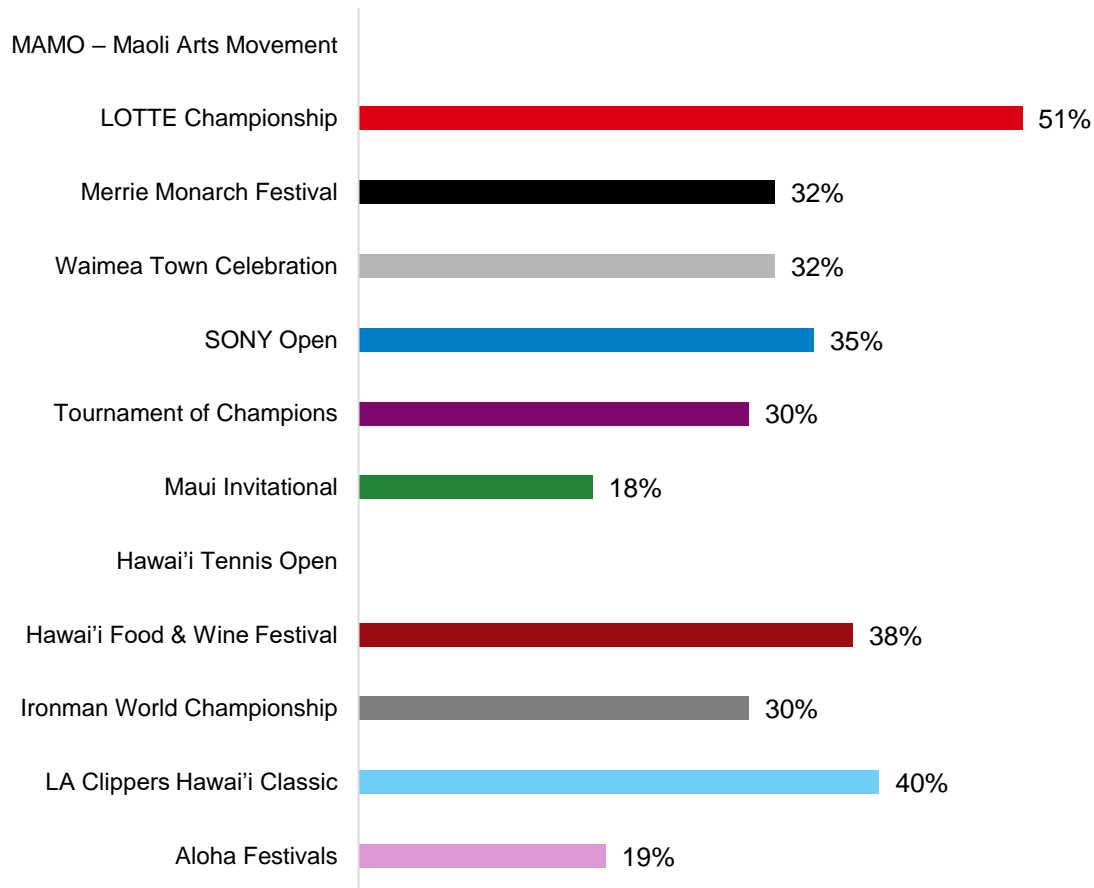
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION: TOURISTS

When it comes to actual attendance in the next year, the LOTTE Championship won with tourists at 51% while, unsurprisingly, the Maui Invitational was the lowest at 18% (most likely due to the changing nature of participating teams)

Question: How likely are you to attend next year's event?

## Likelihood to Attend Next Year: Definitely/Probably Will Attend (Tourists)



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# EVENT SATISFACTION: LOCALS

Among locals, most events were very highly scored, with the Ironman World Championship leading the way at 91%, followed closely by the Merrie Monarch Festival

Question: On a scale of 0 to 10, where 0 = Extremely unlikely, to 10 = Extremely likely, please indicate how likely you are to recommend attending this event to your friends and colleagues in the future.

## Likelihood to Recommend: Extremely Likely (Locals)



# EVENT SATISFACTION: LOCALS

Locals were also quite likely to attend events in the next year, with the Merrie Monarch Festival at 87% edging out the Waimea Town Celebration and Tournament of Champions (both 86%)

Question: How likely are you to attend next year's event?

## Likelihood to Attend Next Year: Definitely/Probably Will Attend (Locals)



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events



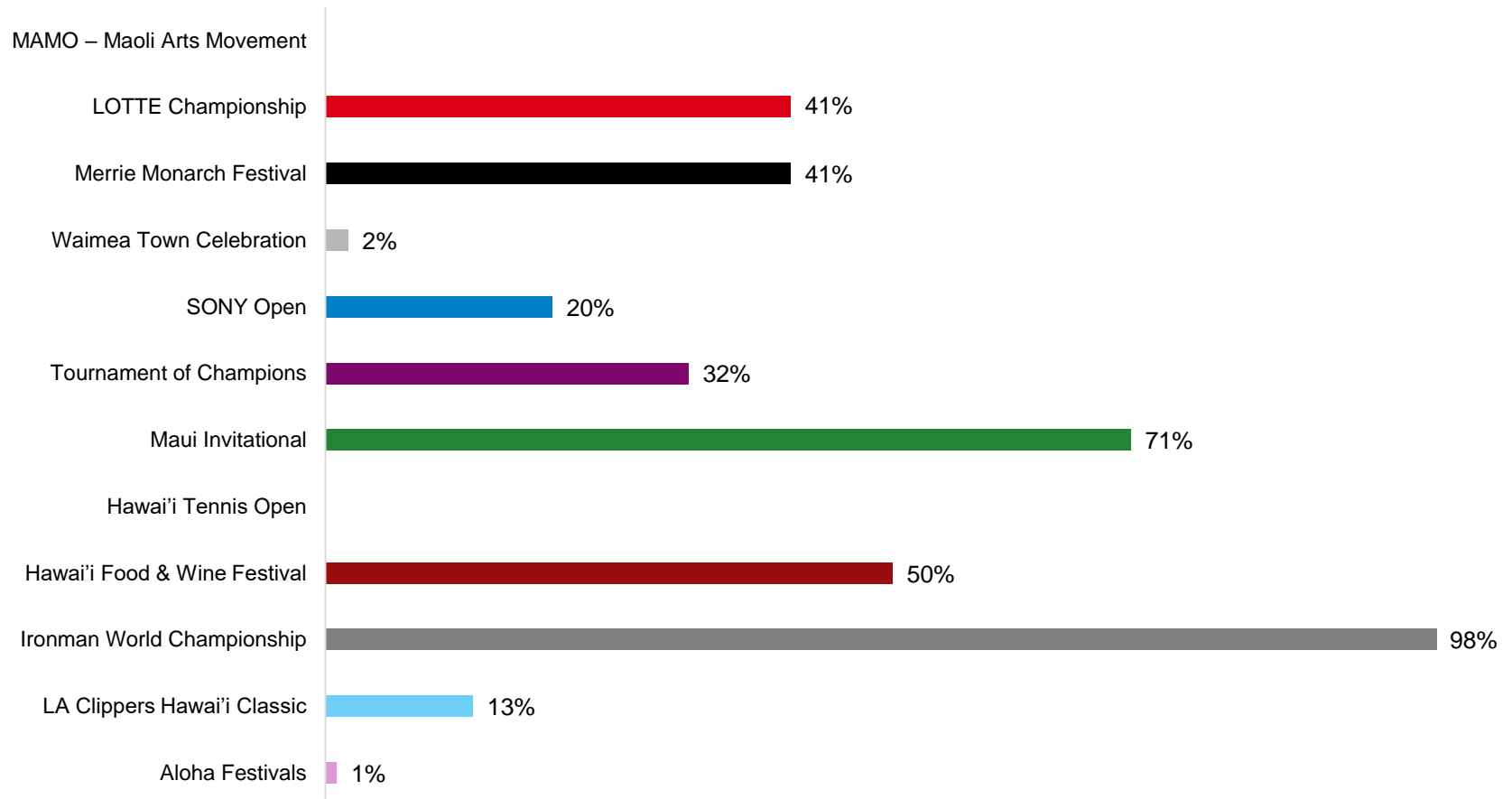
# TOURISM IMPACT

# TOURISM IMPACT

As we have seen in the past, the sporting events & main-stream festivals are more likely to have tourists specifically come to Hawai'i for that event vs. a cultural event. Ironman came out on top, as it has for the past two years running.

Question: Did you specifically come to Hawai'i on this trip to attend this event? Was attending the event one of the main reasons you decided to come to Hawai'i?

## Visitation – Event was a Reason for Trip



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# TOURISM IMPACT

An average of 77% of tourists across all events would recommend others to visit Hawai'i without being asked after visiting the event

Question: Which of the following best describes how you feel about Hawai'i after visiting the event?

## Without Being Asked, I would Recommend Others to Visit Hawai'i



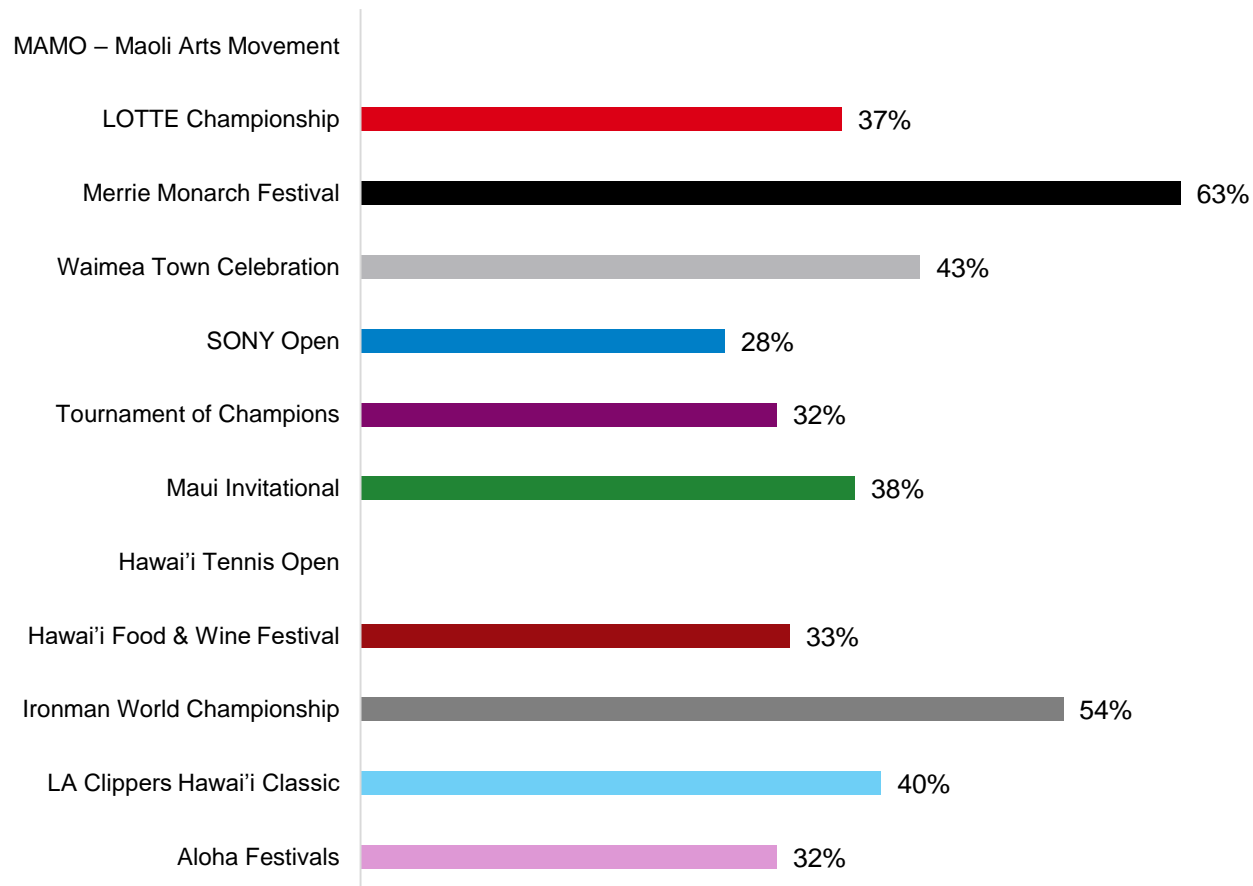
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# TOURISM IMPACT

An average of 40% of tourists across all events said their overall experience at the event changed their perception of Hawai'i for the better, a slight decrease from last year's average (43%)

Question: Has the overall experience at the event changed your perception of Hawai'i?

## Perception of Hawai'i has Changed for the Better



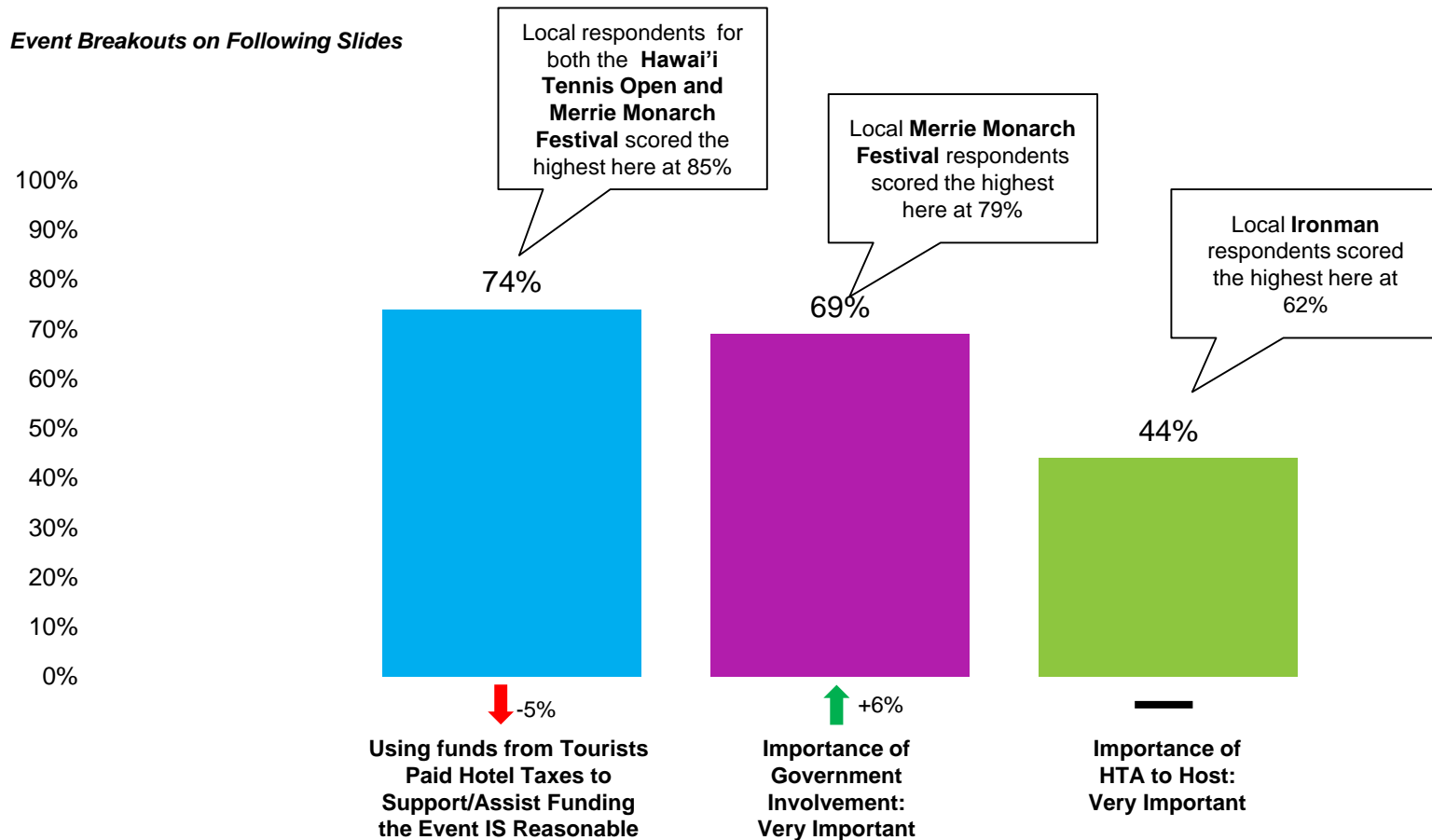
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# COMMUNITY IMPACT

# COMMUNITY IMPACT

A slight decrease from last year, 74% of locals feel that it is reasonable to use funds from tourist-paid hotel taxes, while opinions about the importance of the government being involved to secure major events increased to 69%

Question: Do you think using tourist paid hotel taxes to support or assist in funding the event is reasonable? | How important is it for the Hawai'i state & government to be involved in the attracting & securing of major events across the Hawaiian Islands? | How important is it for the Hawai'i Tourism Authority to host this event is any given year?

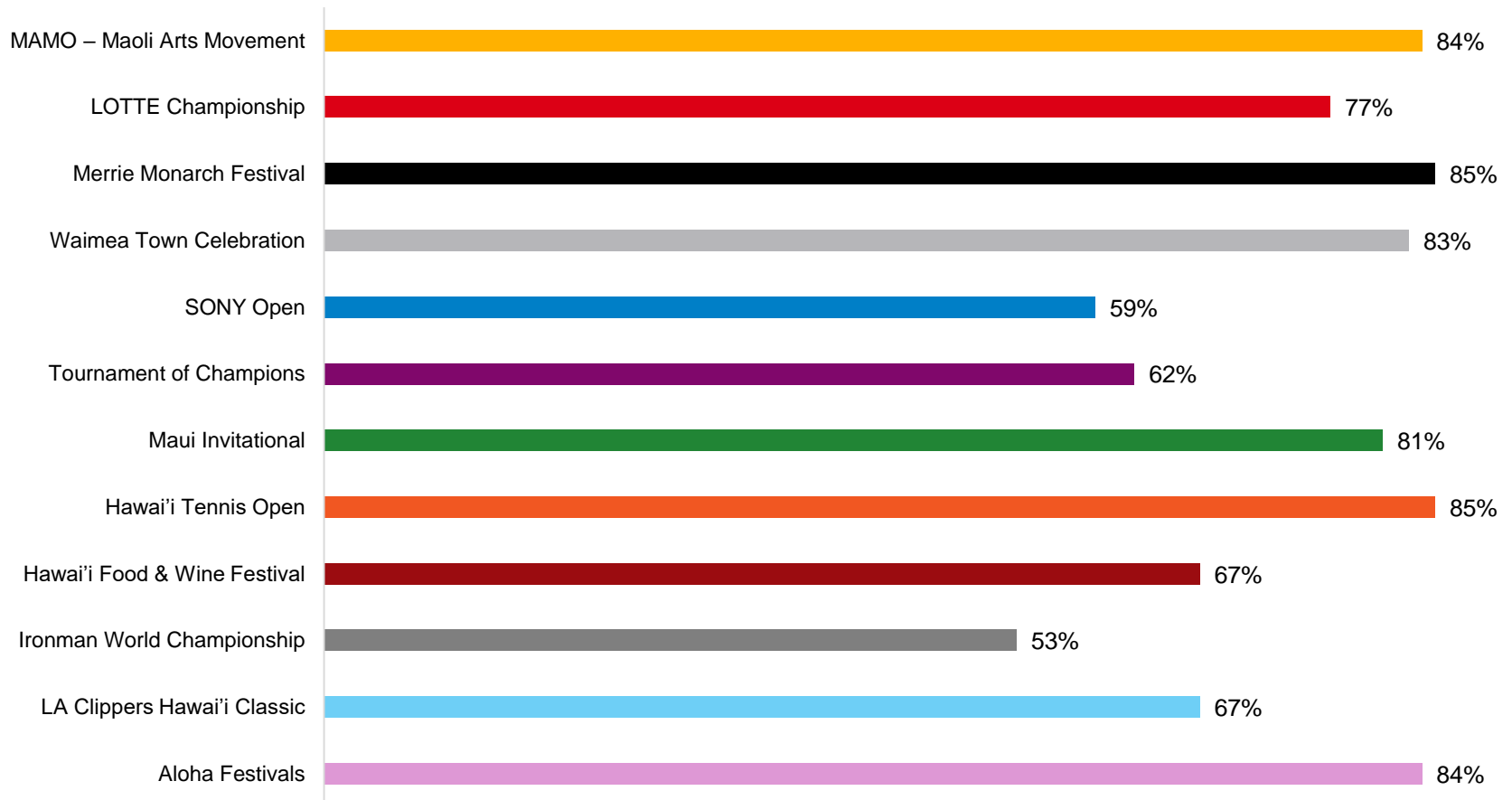


# COMMUNITY IMPACT

The majority of locals feel using tourist paid hotel taxes to support or assist in funding events is reasonable, with the Merrie Monarch Festival and Hawai'i Tennis Open scoring the highest at 85%

Question: Do you think using tourist paid hotel taxes to support or assist in funding the event is reasonable?

## Using funds from Tourists Paid Hotel Taxes to Support/Assist Funding the Event IS Reasonable



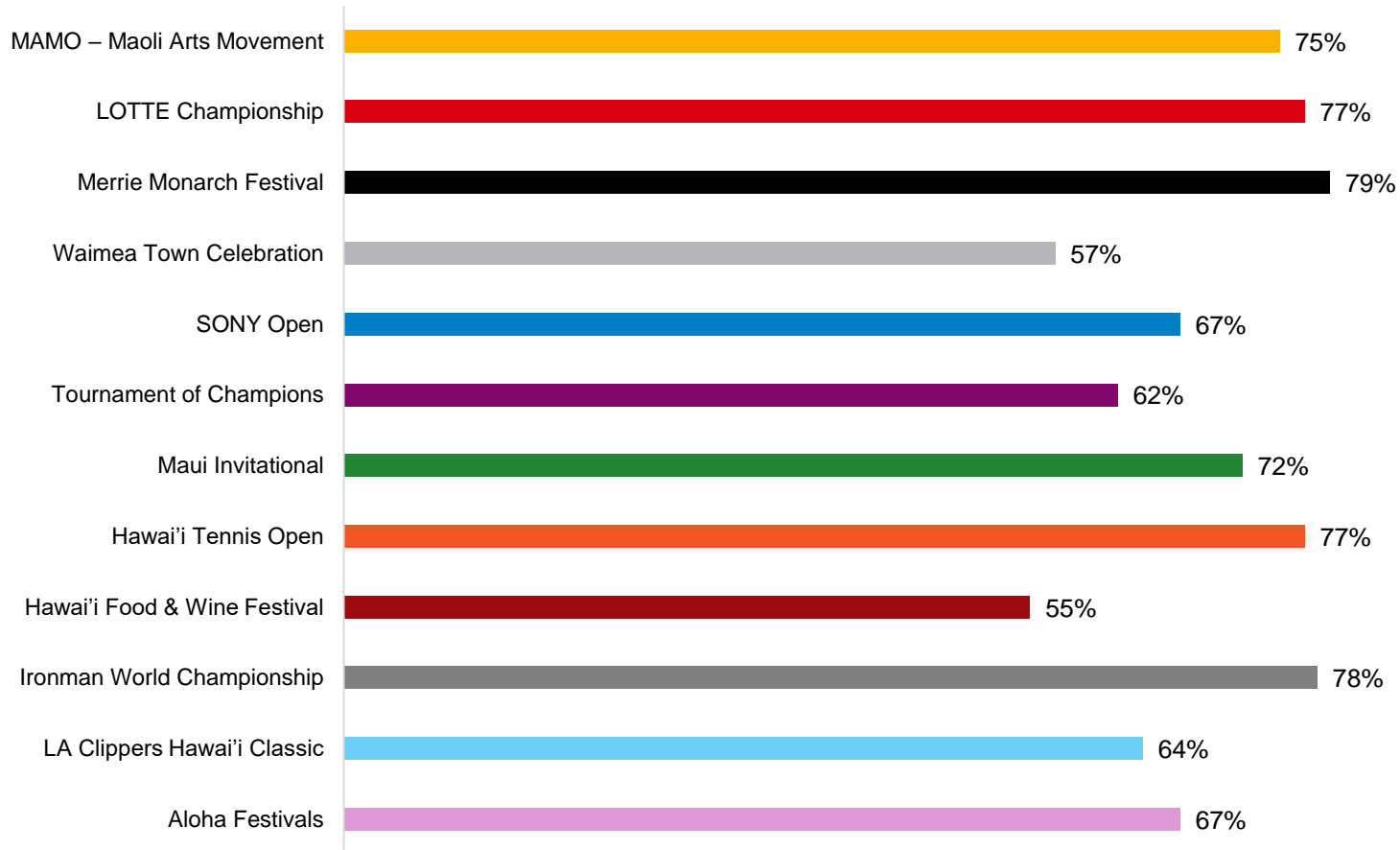
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# COMMUNITY IMPACT

Most locals feel it's very important for the state & government to be involved in attracting & securing major events across the Islands

Question: How important is it for the Hawai'i state & government to be involved in the attracting & securing of major events across the Hawaiian Islands?

## Importance of Government Involvement: Very Important



Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

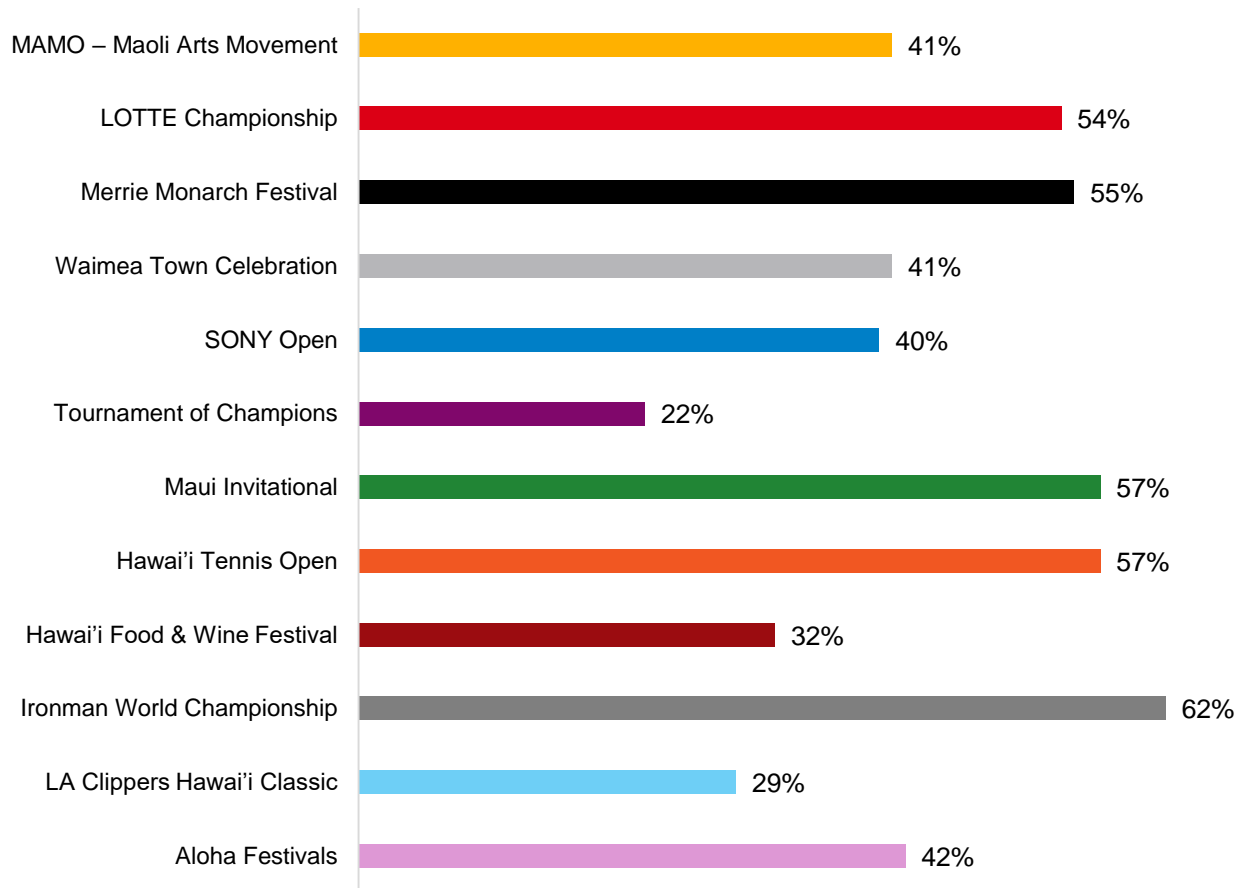


# COMMUNITY IMPACT

Opinions on the importance for HTA to host these events varies, with the Ironman World Championship leading at 62% (similar to leading last year), while the Tournament of Champions scored only 22%

Question: How important is it for the Hawai'i Tourism Authority to host this event is any given year?

## Importance of HTA to Host: Very Important



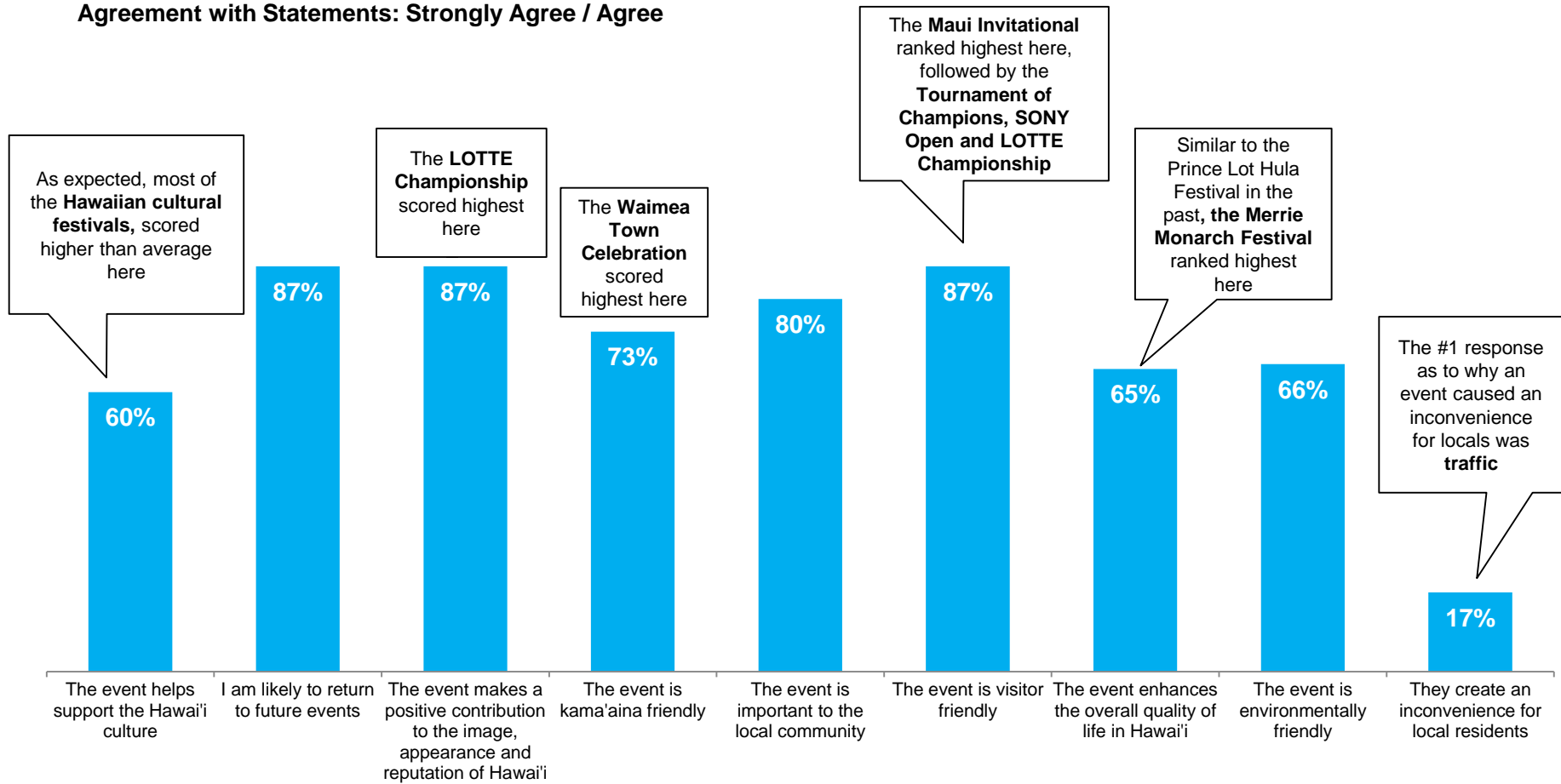
Source: Nielsen/Hawai'i Tourism Authority Custom Research Study, 2017-2018 Events

# COMMUNITY IMPACT

Locals most strongly agreed the events/festivals made a positive contribution to the image, appearance & reputation of Hawai'i & were visitor friendly.

Question: Please indicate your agreement with the following statements regarding the event

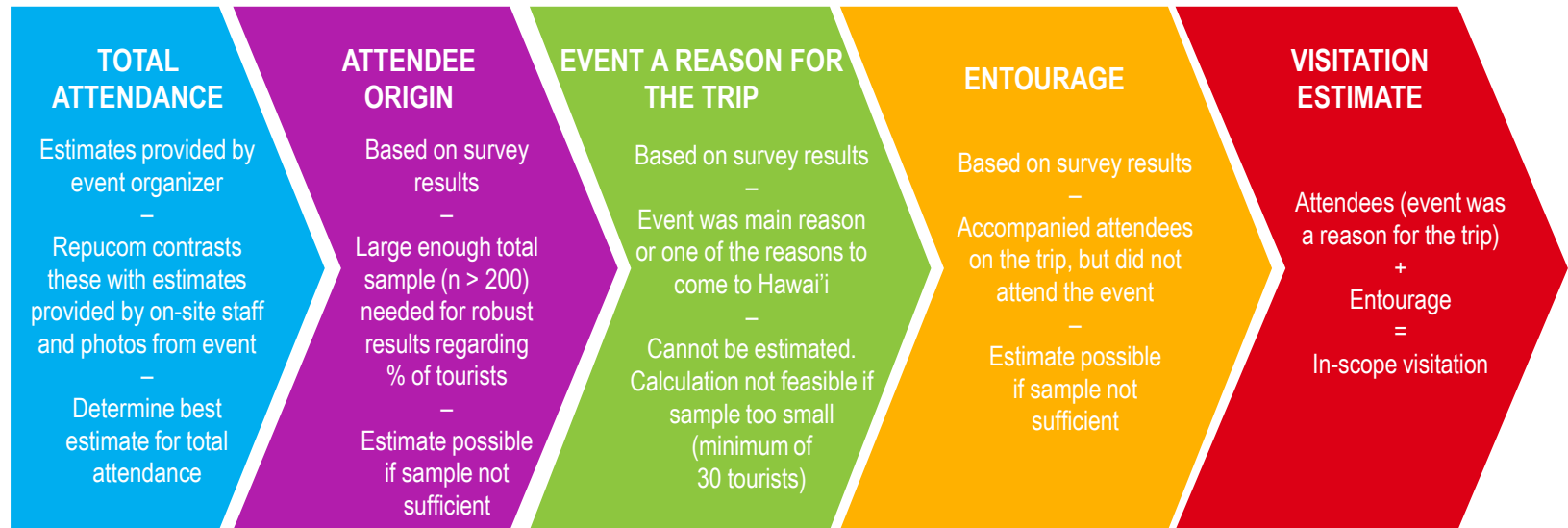
## Agreement with Statements: Strongly Agree / Agree



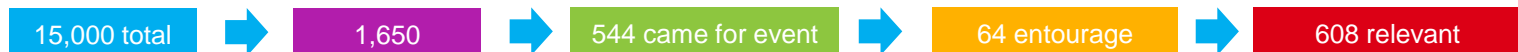
# APPENDIX

# APPENDIX

## Process of Estimating Visitation for Economic Impact Analysis



### EXAMPLE



# ADDITIONAL ON-SITE PHOTOS



Hawai'i Tennis Open



Ironman World Championship



Hawai'i Food & Wine Festival



Waimea Town Celebration



Merrie Monarch Festival



Lotte Championship

# GET IN TOUCH

## MEAGAN FINNEGAN

ACCOUNT DIRECTOR

PHONE: +1 203 975 9000

EMAIL: [meagan.finnegan@nielsen.com](mailto:meagan.finnegan@nielsen.com)

## AMY LOVELL

ACCOUNT MANAGER

PHONE: +1 203 975 9000

EMAIL: [amy.lovell@nielsen.com](mailto:amy.lovell@nielsen.com)

## NIELSEN SPORTS

1010 WASHINGTON BLVD.

STAMFORD, CT 06901

USA

The background of the slide is a vibrant blue with a series of overlapping, wavy, 3D-like patterns that create a sense of depth and movement. The waves are more pronounced in the center and fade slightly towards the edges.

nielsen  
• • • • • • • •

# Statewide Visitor Arrivals vs. Island Visitor Arrivals

## **Statewide = Arrivals by Air + Arrivals by Cruise ship**

- On a statewide basis, a visitor who came by air service or by cruise ship is counted only once, regardless of how many island(s) visited.

## **Island Visitation:**

- A visitor will be counted once for every island(s) visited.
- Due to multiple-island visitation, the sum of visitor arrivals to each island will always be greater than the total statewide arrivals.
  - The sum of arrivals to Maui, Moloka'i, and Lāna'i will exceed the total arrivals to Maui County.
  - The sum of arrivals to Hilo and Kona will exceed the total arrivals to the Island of Hawai'i.
- Island arrival counts include both day trip and overnight visitors.



# **Agenda Item**

## **7**

**Presentation of the Resident  
Sentiment Survey Results**

# HTA Resident Sentiment Survey 2017 Highlights

Prepared for Hawai'i Tourism Authority  
July 2018  
Field Dates: October 13, 2017 to January 16, 2018



Davies Pacific Center 1250, 841 Bishop Street, Honolulu, Hawai'i 96813  
Telephone: 1-808-528-4050; Fax: 1-808-538-6227  
[www.omnitrak.com](http://www.omnitrak.com)

# Research Objectives

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- Resident sentiment toward Hawai'i's tourism industry is vital to maintaining sustainable growth in the industry and in the state's economy overall.
- The primary objectives of the Resident Sentiment Survey research are:
  - To track **key resident attitudes** toward tourism in Hawai'i over time.
  - To identify perceived **positive and negative impacts** of the tourism industry on local residents.
  - To identify for the tourism industry and HTA, **issues or concerns** regarding tourism expressed by residents.



Impact of Hawai'i  
Tourism

General  
Perceptions of  
Hawai'i Tourism

# What's the Big Idea?

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With the visitor industry well on its way to its sixth consecutive year of record visitor arrivals (i.e., during the time this survey was fielded), **some indicators of Hawai'i Resident Sentiment had weakened, but none too deeply.**



*Having a **Voice in Tourism Development**, **Presenting Native Hawaiian Culture Authentically** and **Preserving Native Hawaiian Culture** are the keys to improving Resident Sentiment*



Overall, to improve Resident Sentiment, place increased focus on **Destination *Management, beyond Destination Marketing***

# Sample Plan and Methodology

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## Sample Plan

OmniTrak used a region-based stratified sampling for the study, the same approach used in earlier Resident Sentiment Survey efforts conducted by OmniTrak. The sampling plan divided the State into 12 sub-regions with consideration to population proportion, and allocated sufficient sample for each area to achieve an acceptable sampling error. Within each region, data was collected randomly. The resulting sample of residents was weighted proportionate to population distribution per the latest State Census from the State of Hawai'i Department of Business, Economic Development and Tourism. The telephone sample includes both landline (52%) and cellular (48%) phones.

Statewide sampling produced a total of  $n = 1,614$  respondents as follows:

- O'ahu: 614
- Hawai'i Island: 480
- Maui County: 320
- Kaua'i: 200

## Methodology

- A mixed methodology was used for this survey, including a combination of Computer Assisted Telephone Interviews (CATI) and online surveys. Just under two-thirds (62%) of the respondents completed the survey via telephone and the remainder (38%) completed the survey online.
- All calls were placed from OmniTrak's continuously quality-controlled calling center in the Davies Pacific Center building in Downtown Honolulu.
- Field Dates: October 13, 2017 to January 16, 2018

# Impact of Hawai'i Tourism – Mixed Results

Relatively steady

Perception of tourism industry in Hawai'i - Favorability

Slight decrease

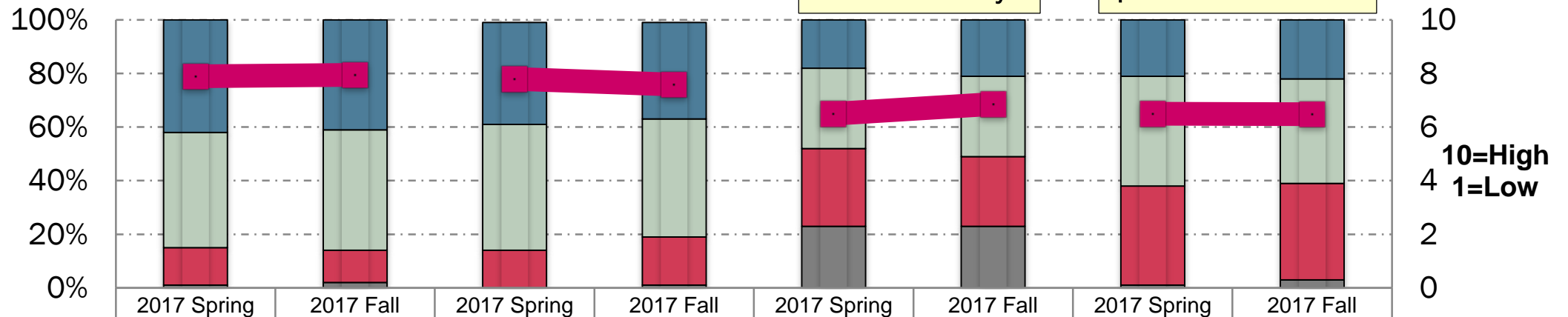
Perceived impact of tourism on the State

Notable increase

Perceived impact of tourism on You and Your Family\*

Slight decrease

Tourism has brought more benefits than problems



Top Box (9-10)	42%	41%	38%	36%	18%	21%	21%	22%
Mid-Range (6-8)	43%	45%	47%	44%	30%	30%	41%	39%
Bottom Tier (1-5)	14%	12%	14%	18%	29%	26%	37%	36%
DK	1%	2%	0%	1%	23%	23%	1%	3%
Base	1,650	1,614	1,650	1,614	1,650	1,614	1,650	1,614
MEAN	7.90	7.95	7.80	7.59	6.50	6.86	6.50	6.48

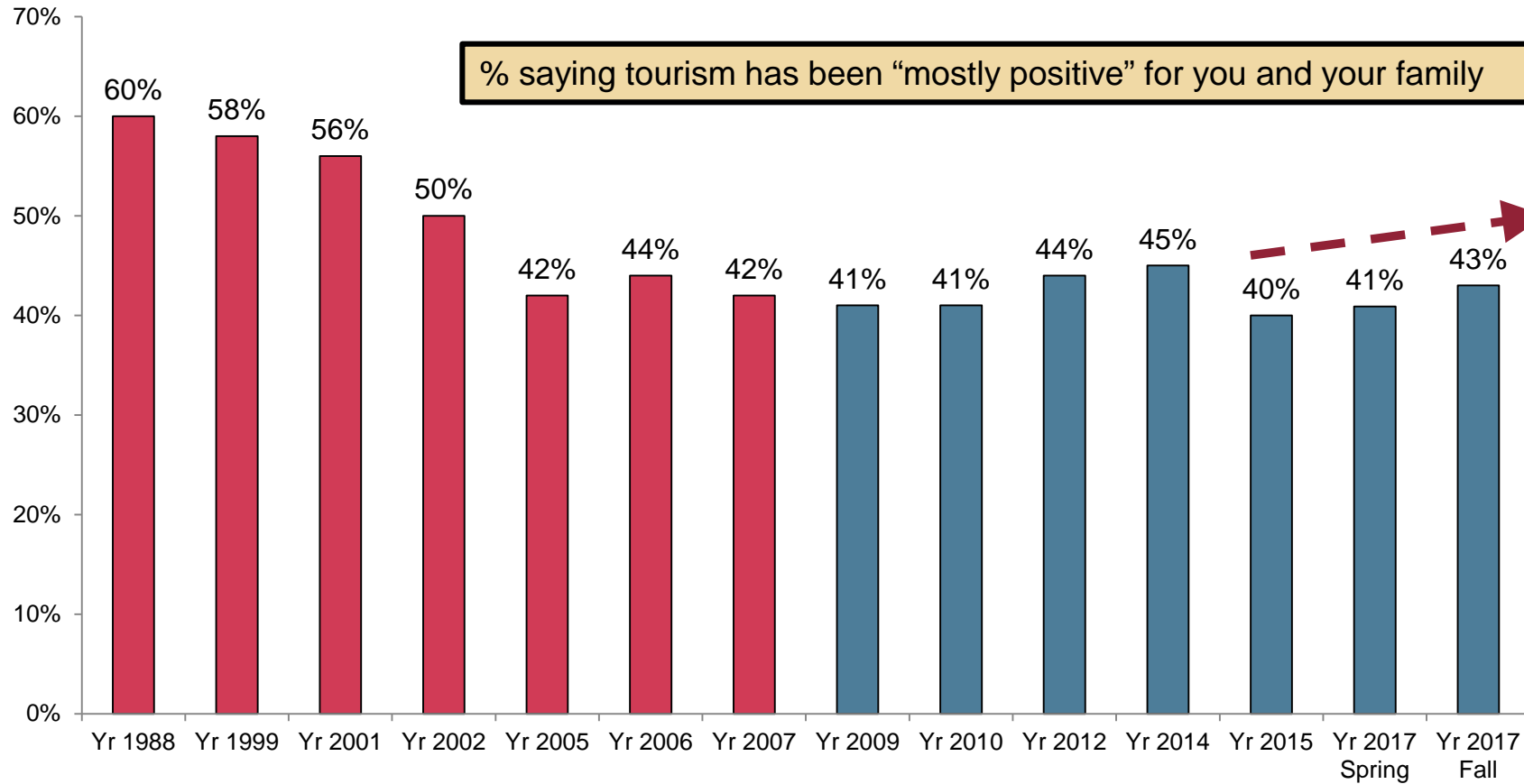
Q. Using a 10-point scale where 10 means Extremely Favorable and 1 means Not Favorable at All, please give me your opinion of tourism as an industry in Hawai'i.

Q. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...The State as a whole/You and Your Family?

\*Note: Don't Know (DK) category for this question includes for "Don't know" and "No impact".

Q. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that.....?

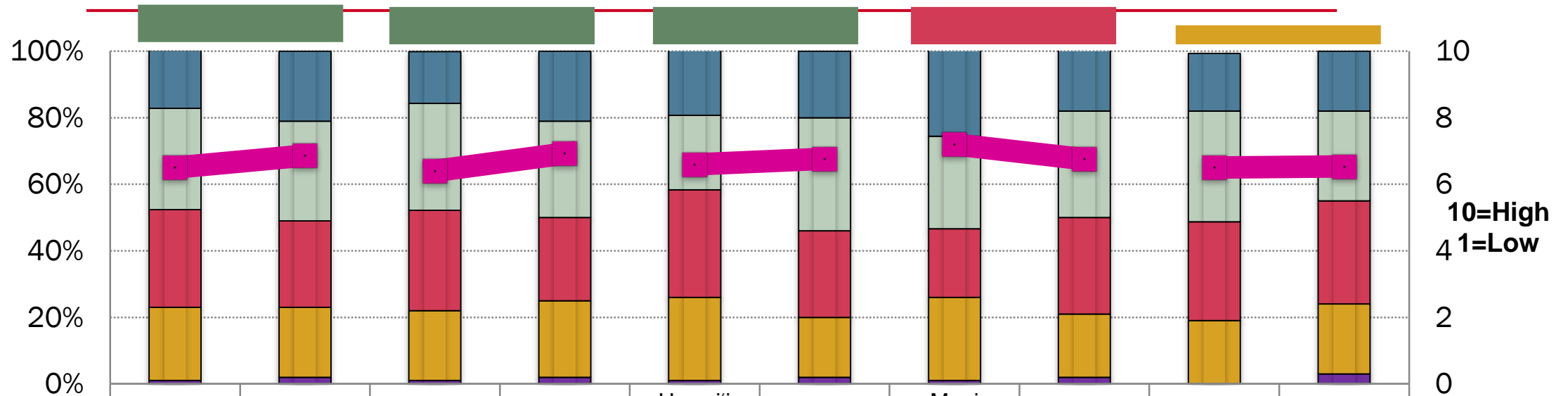
# Impact of Tourism on You and Your Family - *Overall*



In order to track the data (change in rating scale) from 2009 on, a rating of 7-10 was used to approximate the percent that felt positively about this statement.

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...You and Your family?

# Impact of Tourism on You and Your Family - *By Island*

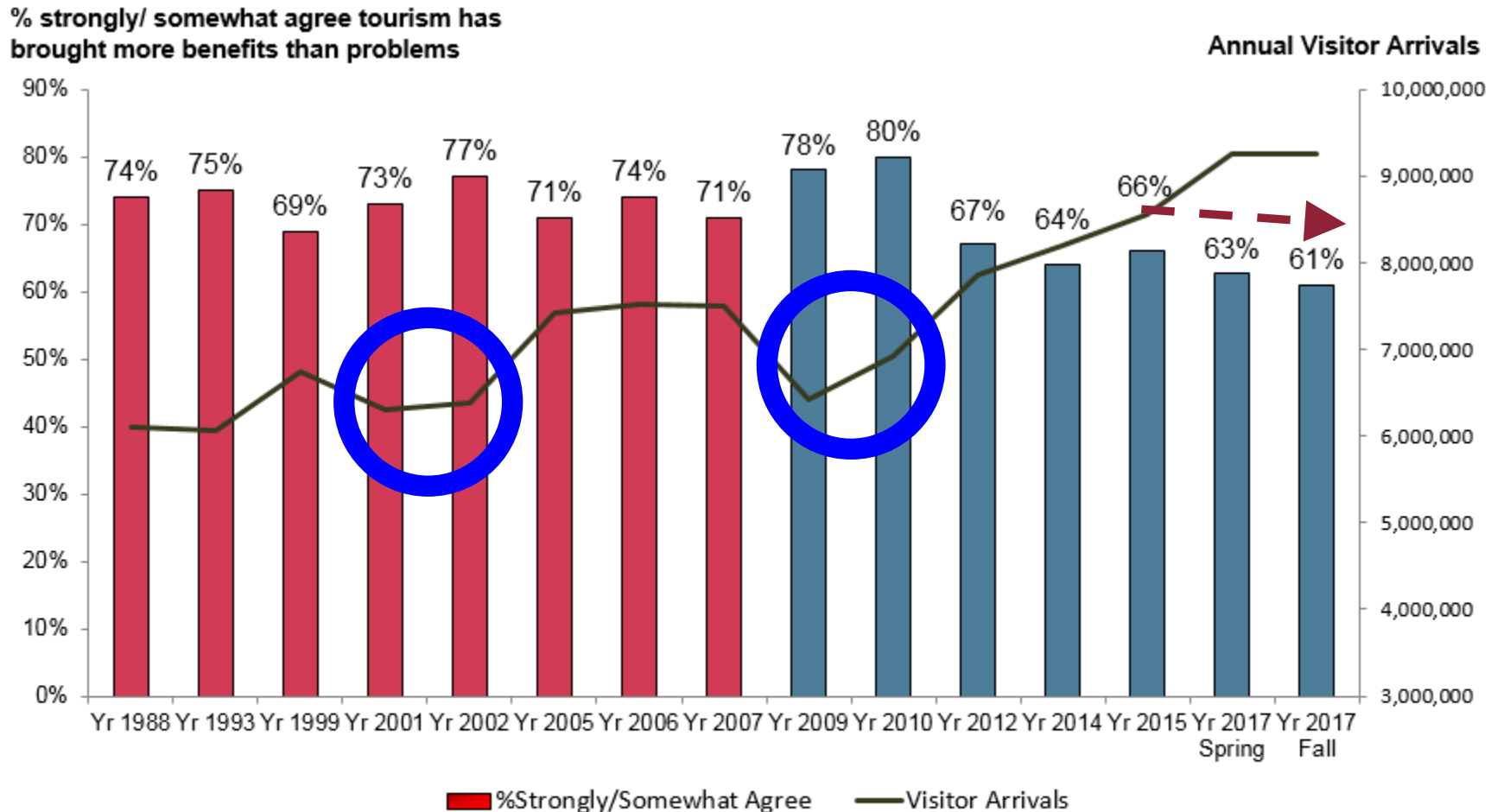


	OVERALL 2017 Spring	OVERALL 2017 Fall	O'ahu 2017 Spring	O'ahu 2017 Fall	Hawai'i Island 2017 Spring	Hawai'i Island 2017 Fall	Maui County 2017 Spring	Maui County 2017 Fall	Kaua'i 2017 Spring	Kaua'i 2017 Fall
Top Box (9-10)	18%	21%	16%	21%	20%	20%	27%	19%	17%	18%
Mid-Range (6-8)	30%	30%	32%	29%	22%	34%	28%	32%	33%	27%
Bottom Tier (1-5)	29%	26%	30%	25%	32%	26%	21%	29%	30%	31%
No Impact	22%	21%	21%	23%	25%	18%	25%	19%	19%	21%
DK/Rf	1%	2%	1%	2%	1%	2%	1%	2%	0%	3%
Base	1,650	1,614	600	614	450	480	400	320	200	200
MEAN	6.50	6.86	6.40	6.92	6.60	6.77	7.20	6.75	6.50	6.54

Q2b. Using a 10-point scale where 10 means Extremely Positive and 1 means Extremely Negative, how would you rate the overall impact tourism has on...You and Your family?



# Tourism has Brought more Benefits than Problems

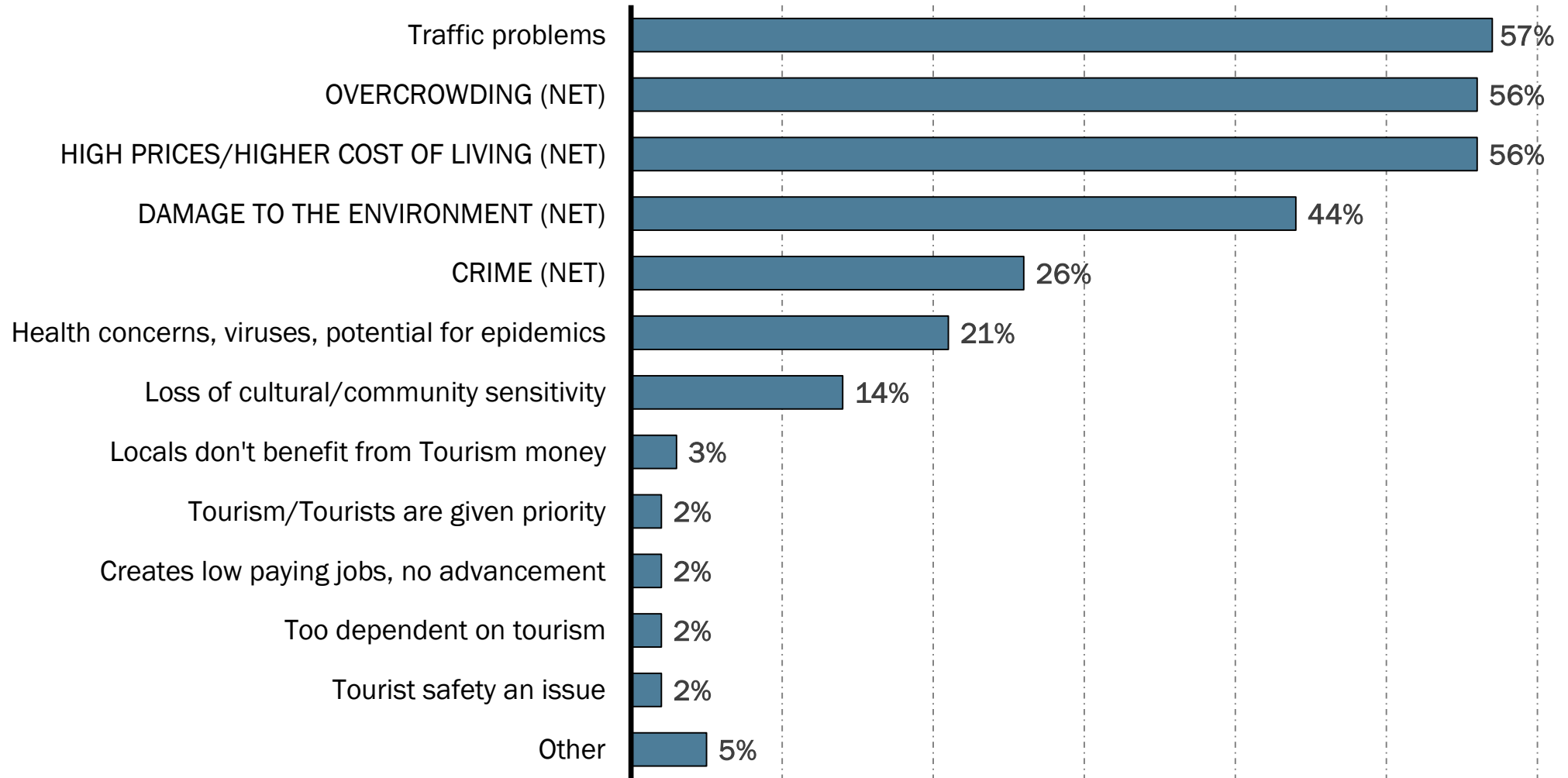


In order to track the data (change in rating scale) from 2009 on a rating of 6-10 was used to approximate the percent that felt positively about this statement.

Q. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

# Problems Created by Tourism in Hawai'i

(According to residents saying Hawai'i tourism creates more problems than benefits)



Q5a. In your opinion, what problems do you think tourism has created in Hawai'i?

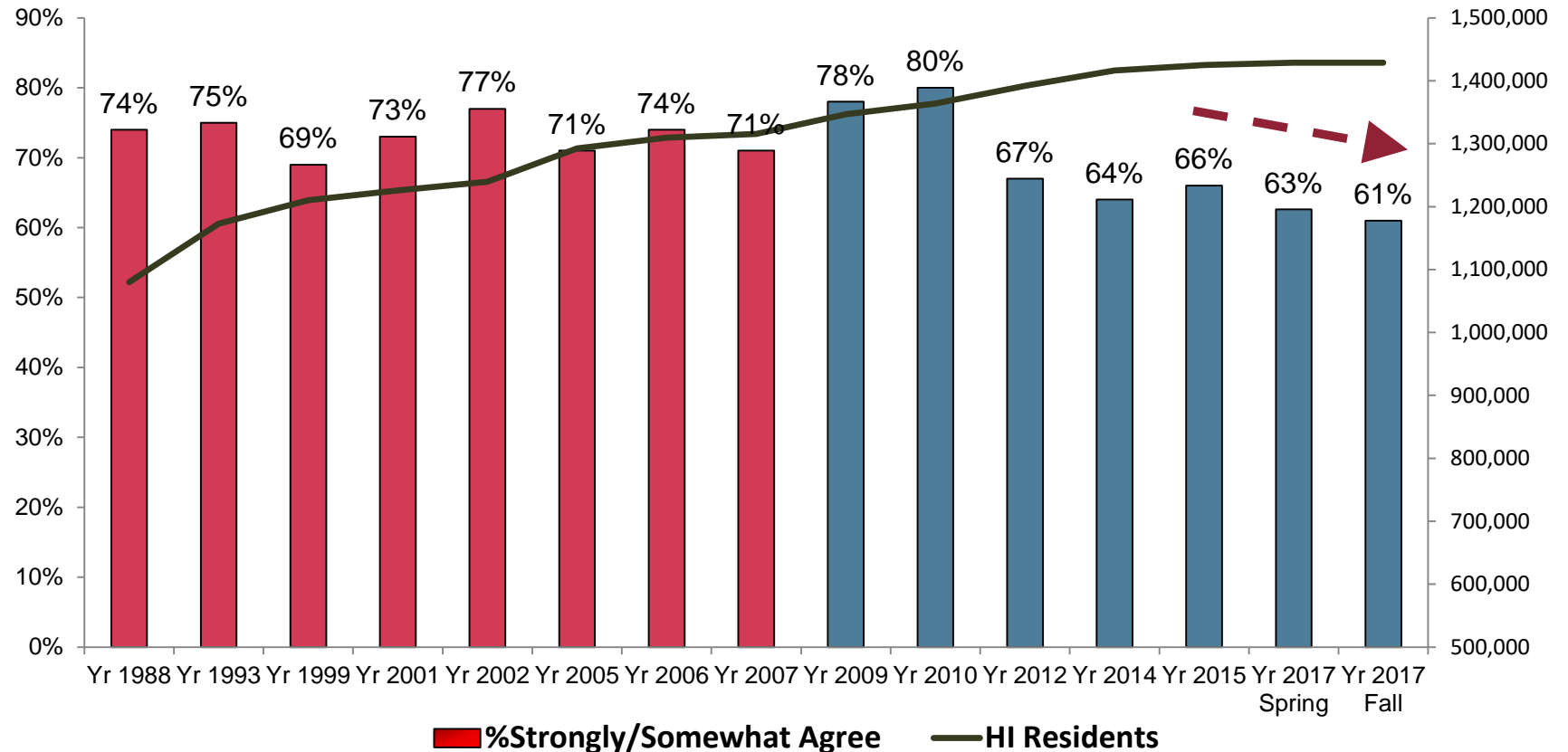
# “Tourism has brought more benefits than problems” - *Overall*

## Other Marketplace Considerations

- Hawai'i resident count has also been on the rise.
- Fueled by the Sharing Economy and Social Media, visitors are appearing in places they have not been in in the past

% strongly/ somewhat agree tourism has brought more benefits than problems

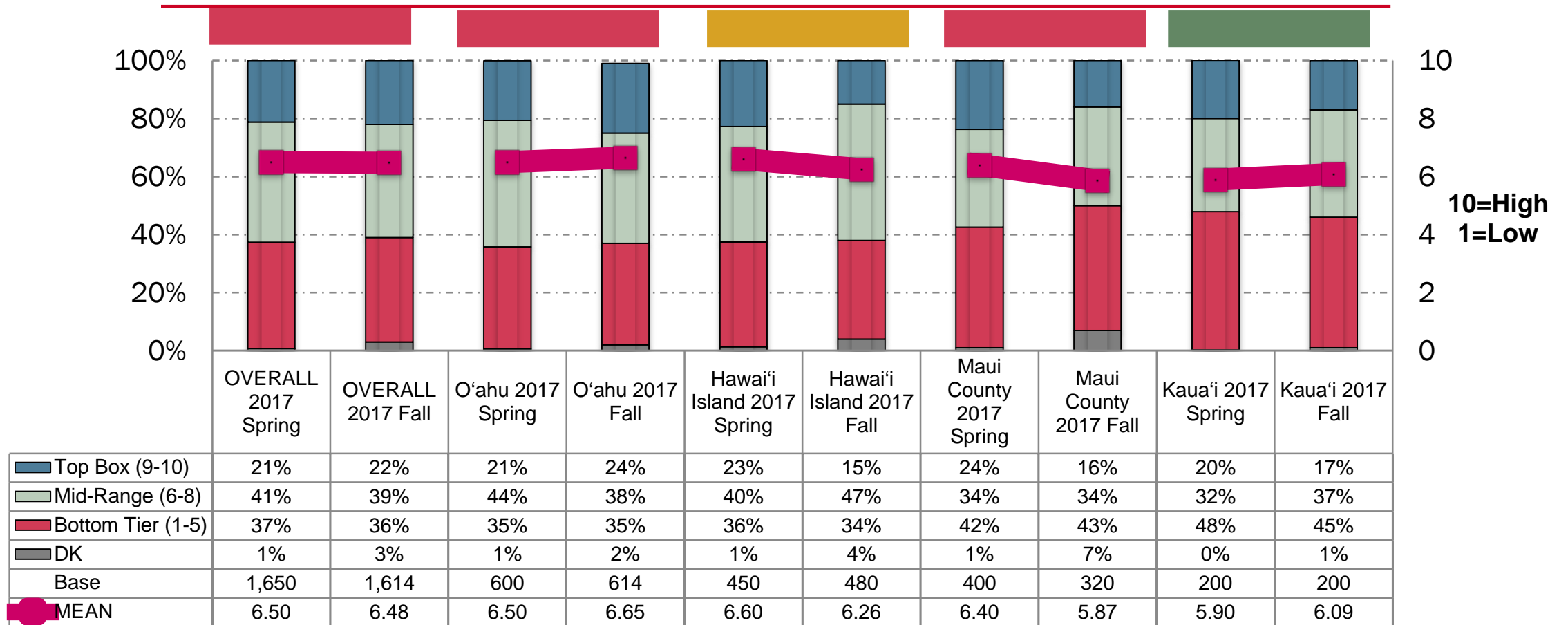
Hawai'i Resident Population



In order to track the data (change in rating scale) from 2009 on, a rating of 6-10 was used to approximate the percent that felt positively about this statement.

Q4.1. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

# “Tourism has brought more benefits than problems” – *By Island*



Q4.1. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

# Impact of Hawai'i Tourism – Mixed Results

Relatively steady

Slight decrease

Notable rise

Notable decrease

Relatively steady

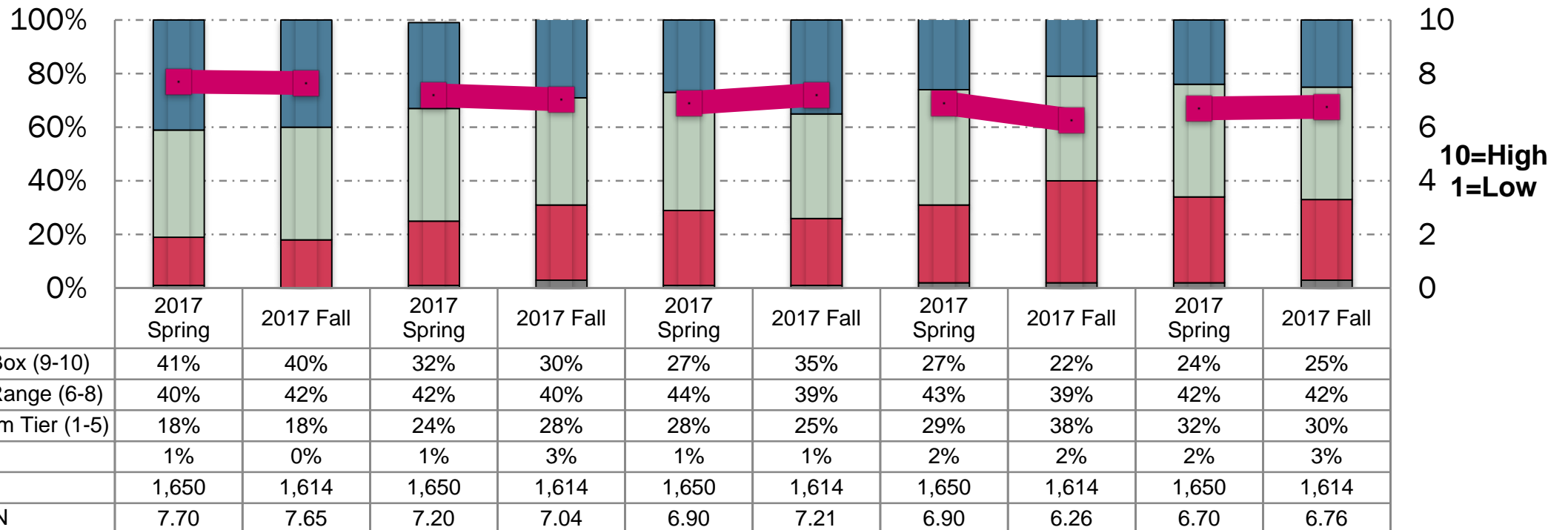
Creates shopping, restaurants & entertainment opportunities

Creates jobs that have opportunities for advancement

Creates many well-paying jobs for residents

Sponsors festivals, activities & sports events for residents and visitors

Provides opportunities for resident involvement



Q. I'm going to read you some ways tourism may affect your island, please tell me how much you agree or disagree with each statement using a scale of 1 to 10 with 10 being Completely Agree and 1 being Do Not Agree At All?

# Impact of Hawai'i Tourism – Mixed Results

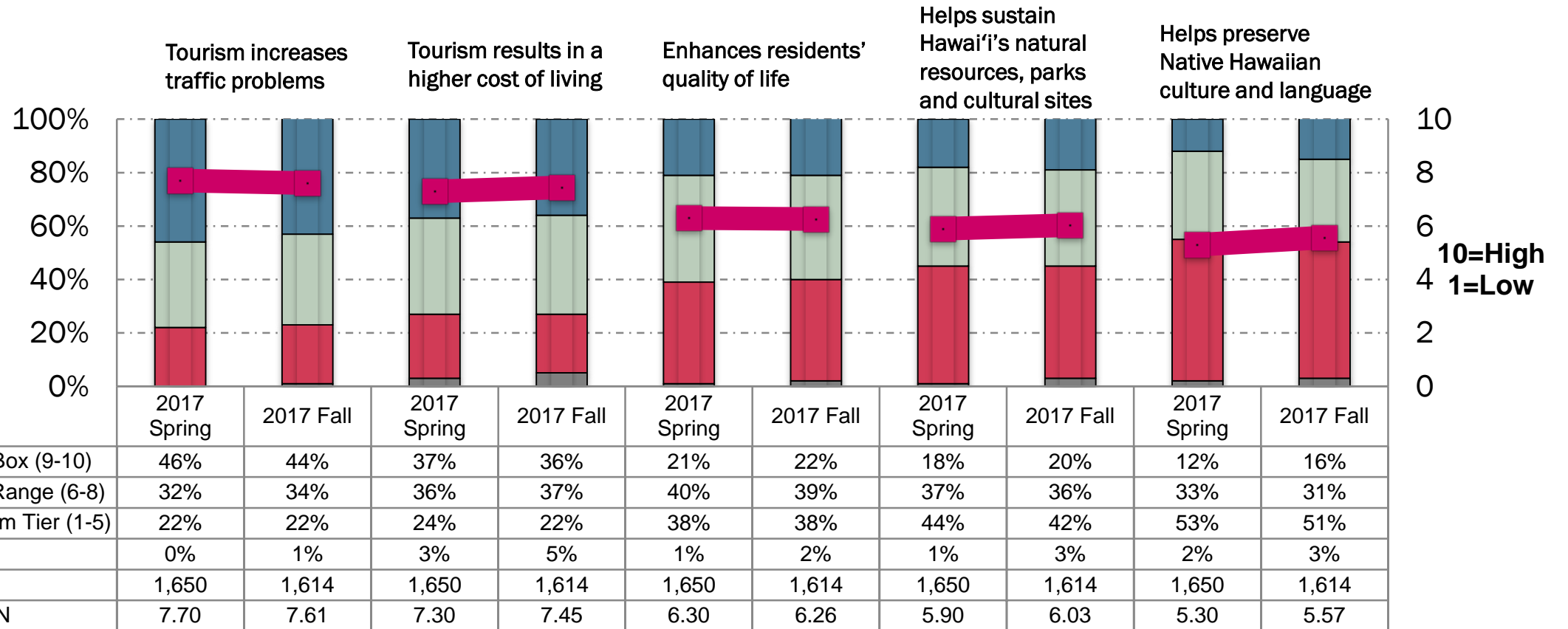
Relatively steady

Relatively steady

Holding steady

Relatively steady

Notable increase



Q. I'm going to read you some ways tourism may affect your island, please tell me how much you agree or disagree with each statement using a scale of 1 to 10 with 10 being Completely Agree and 1 being Do Not Agree At All?

# General Perceptions of Hawai'i Tourism – Pivot from Promotion

Notable decrease

Holding steady

Slight decrease

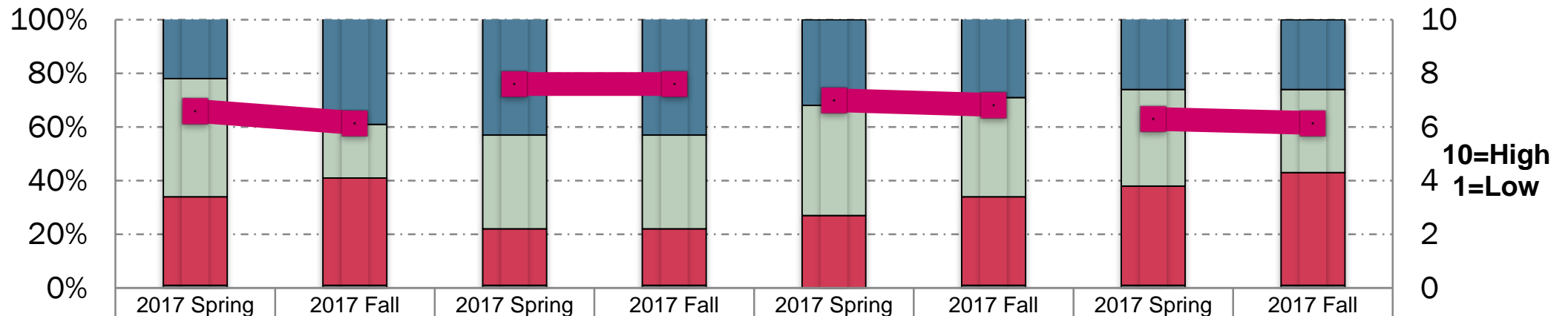
Slight decrease

Funds should be spent to promote tourism in Hawai'i

Tourism reminds me we have a unique culture to share

Tourism should be actively encouraged on my island

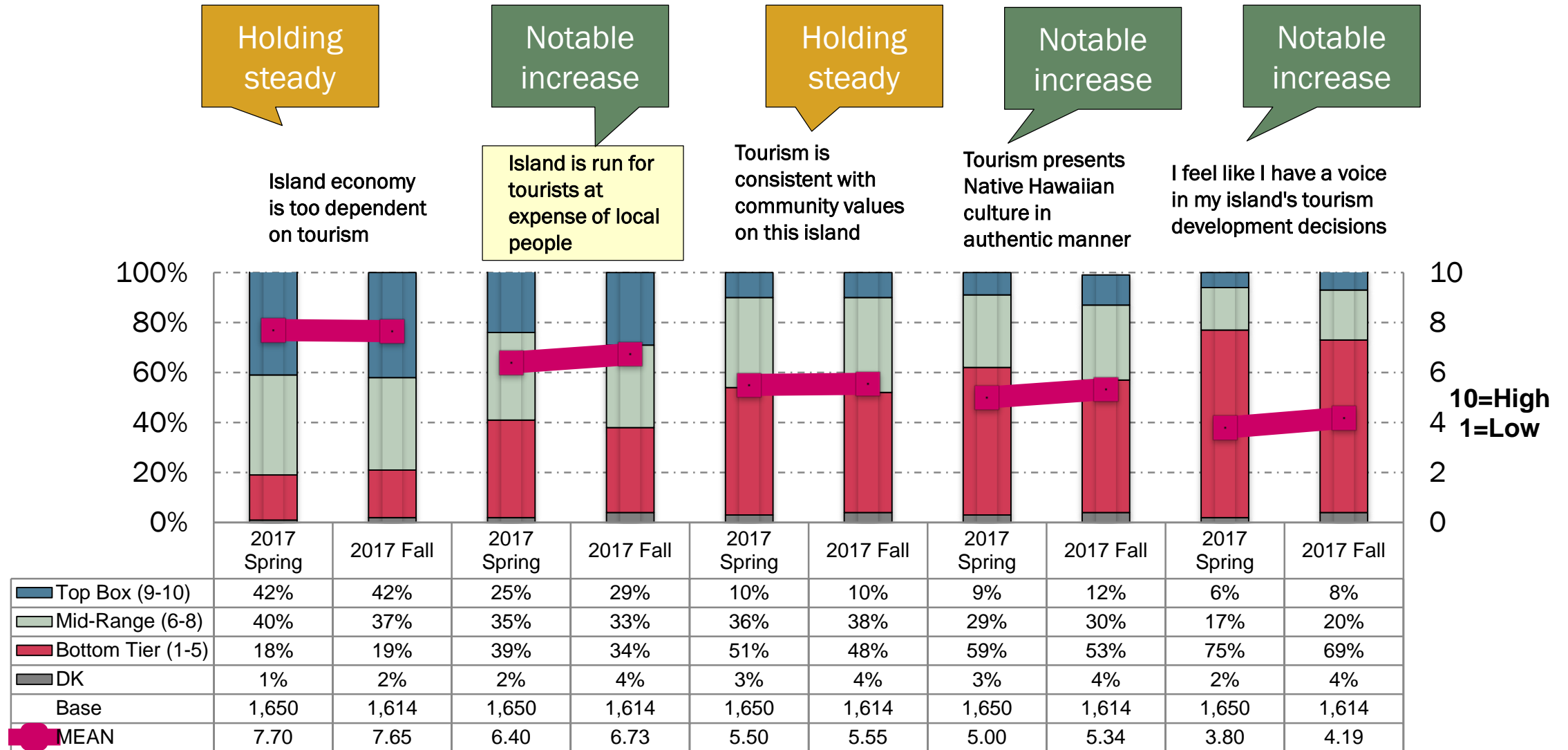
Tourism makes me feel special because people travel to see my island's unique features



	2017 Spring	2017 Fall	2017 Spring	2017 Fall	2017 Spring	2017 Fall	2017 Spring	2017 Fall
Top Box (9-10)	23%	59%	44%	44%	32%	30%	27%	26%
Mid-Range (6-8)	44%	20%	35%	35%	41%	37%	36%	31%
Bottom Tier (1-5)	33%	40%	21%	21%	27%	33%	37%	42%
DK	1%	1%	1%	1%	0%	1%	1%	1%
Base	1,650	1,614	1,650	1,614	1,650	1,614	1,650	1,614
MEAN	6.60	6.15	7.60	7.60	7.00	6.82	6.30	6.15

Q. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that ...

# General Perceptions of Hawai'i Tourism – Mixed Results

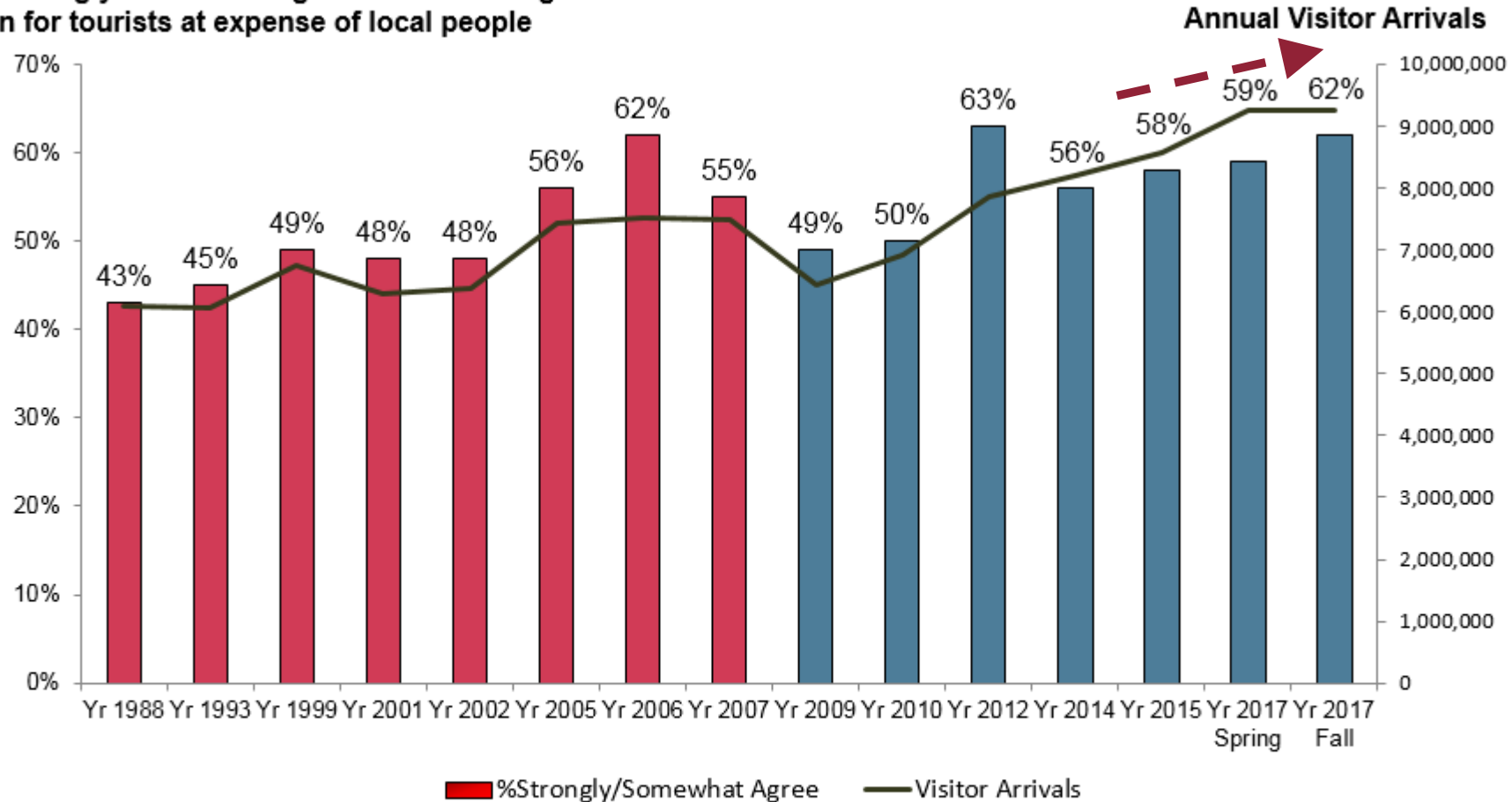


Q. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that ...



# “This island is being run for tourists at the expense of local people”

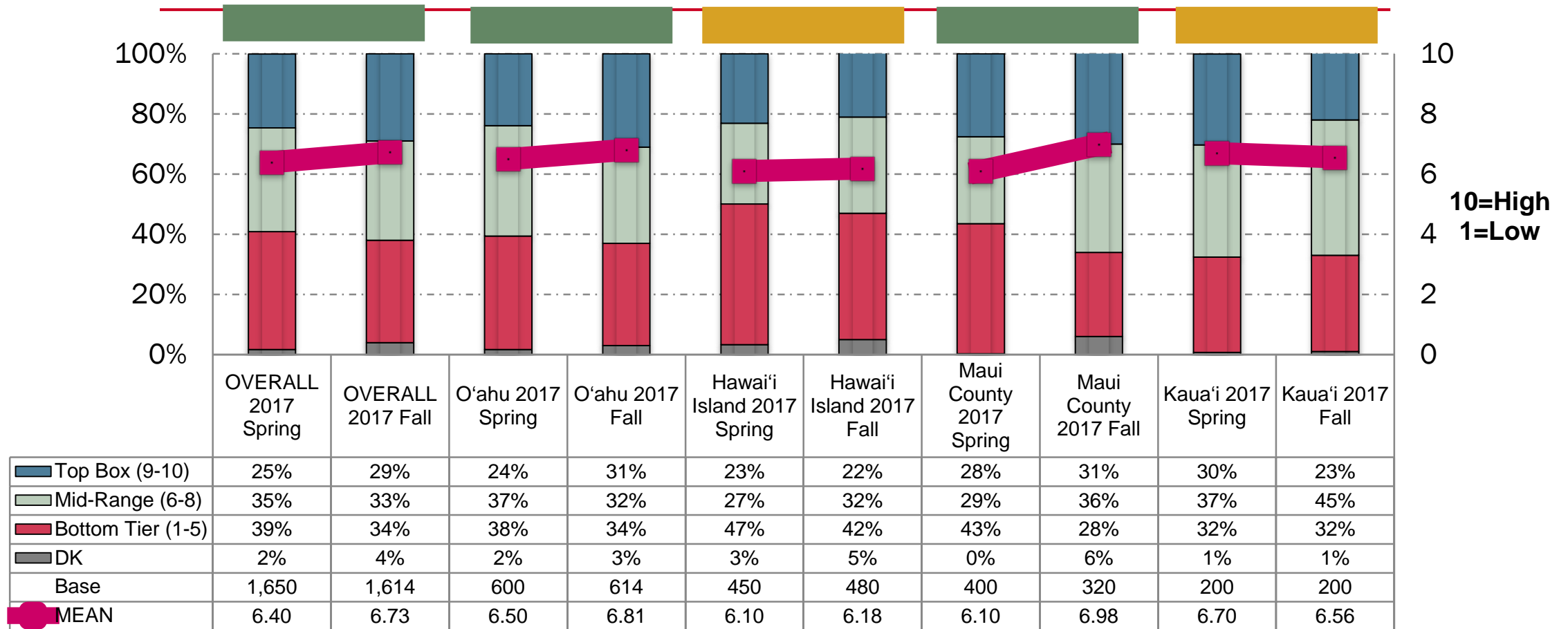
% strongly/ somewhat agree island is being run for tourists at expense of local people



In order to track the data (change in rating scale) from 2009 on a rating of 6-10 was used to approximate the percent that felt positively about this statement.

Q. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

# “This island is being run for tourists at the expense of local people” – *By Island*



Q4.2. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree at All, how much do you agree or disagree that...?

# Drivers of Resident Sentiment – Shift Towards Cultural/Community Benefits

Drivers (Driver Weight)	Attribute	Attribute Weights
<b>Cultural &amp; Community Benefits</b>  <b>Fall: 40%</b> (Spring: 29%)	Tourism presents Native Hawaiian language and culture in an authentic manner	10%
	I feel like I have a voice in my island’s tourism development decisions	10%
	Helps to preserves Native Hawaiian culture and language	8%
	Tourism makes me feel special because people travel to see my island’s unique features.	5%
	Tourism is consistent with community values on this island	4%
	Helps sustain Hawai‘i’s natural resources, parks and cultural sites	3%
	Tourism in Hawai‘i reminds me that we have a unique culture to share with visitors.	<1%
<b>Economic &amp; Social Benefits</b>  <b>Fall: 40%</b> (Spring: 47%)	Creates many well-paying jobs for residents	14%
	Creates shopping, restaurants and entertainment opportunities for residents	13%
	Creates jobs that have opportunities for advancement	7%
	Provides opportunities for residents to be involved	3%
	Sponsors festivals, activities & sports events for residents & visitors	3%
	Is an industry that enhances residents’ quality of life	<1%
<b>Negative Impacts</b>  <b>Fall: 20%</b> (Spring: 24%)	Tourism results in a higher cost of living	6%
	Tourism in Hawai‘i increases traffic problems	5%
	My island’s economy is too dependent on tourism	5%
	This island is being run for tourists at the expense of local people	4%



# Mahalo from the OmniTrak Group

# **Agenda Item**

## **8**

Presentation, Discussion and Action  
on Hawai'i Tourism USA's Recovery  
Plan Proposal to Use Emergency  
Funds to Fund Response and  
Recovery Marketing Plans Resulting  
from the Volcanic Activity on the  
Island of Hawaii

# Island of Hawai'i Recovery Plan

July 2018





**#ExploreIslandofHawaii**  
**Phase I - Campaign Results To Date**

# #ExploreIslandofHawaii Social Media Campaign

- Timing: June – August
- Results to-date (up to July 12)
  - 7,218,904 Impressions
  - 179,607 Video Views
  - 750 Shares
  - 349 Comments
  - 11 Partner Posts Boosted
  - 36 Partners Participating



# #ExploreIslandofHawaii Social Media Campaign



# HTA/HTUSA/IHVB News Bureau

- Media interviews to date = 46
- In-bound media relations = 63

**The New York Times**

**Los Angeles Times**

**Forbes**

 **USA TODAY**

# HTA/HTUSA/IHVB News Bureau

## The New York Times

UPDATE

### Hawaii Eruptions Have Disrupted Tourism, but Fears May Be Exaggerated

The Hawai'i Volcanoes National Park remains closed, but the eruptions of Kilauea may actually be providing new options for travelers.

## Mashable

Science

Don't let lava stop you from visiting Hawaii

## Los Angeles Times

NATION

Hawaii assures travelers it's open for business as erupting volcano makes tourists skittish

By HEIDI CHANG MAY 28, 2018 | 3:00 AM | HONOLULU



## DAILY BEAST



LAVA TRIPS



### The Surprising Tourism Bump From Hawaii's Spewing Volcano



'If people are concerned, they shouldn't be,' one tourist said. 'They should come on. Other than a little haze in the air, they wouldn't know anything was happening.'



KIM STEUTERMANN ROGERS 05.30.18 4:42 AM ET

# HTA/HTUSA/IHVB News Bureau

**Forbes**

MAY 31, 2018 @ 01:33 PM 15,302

2 Free Issues of Forbes

## Don't Cancel Your Trip To The Big Island: Hawaii Is Not Only Safe To Visit, It Needs Our Love



**Kim Westerman**, CONTRIBUTOR

Luxury and family travel, food destinations, wine and coffee trends. [FULL BIO](#) ▾

Opinions expressed by Forbes Contributors are their own.

 **USA TODAY**

## Don't let volcanoes, other irrational travel fears, ruin your summer vacation

Christopher Elliott, Special to USA TODAY Published 6:00 p.m. ET June 3, 2018

# HTA/HTUSA/IHVB News Bureau

## TRAVEL WEEKLY

ADVERTISEMENT

### Hawai'i is Open for Business – and Beautiful as Always

By Joanne Cooper

From my cottage at Puukae Ranch, near the northern tip of the island of Hawai'i, I can see a rainbow arching through the pale blue sky over the bright green hills, the wind gently rippling the deep blue ocean below. Native white hibiscus with jaunty pink stamens and fragrant white plumeria blossom all around me, while saffron finches flutter through swaying palm trees.

Some, including me, would call this paradise. But if I check my social media or news alerts, apparently I'm in hell.

A constant stream of videos and photos depict the island of Hawai'i (also known as the Big Island) as an inferno of fountaining lava, burning homes, billowing toxic clouds and raining ash. News reports that omit geographic and scientific context, and lead with fear-mongering headlines, imply no limit to the erupting Kilauea volcano's range, or risks of destruction.

The problem is those images actually reflect only 1 percent of the island's 4,028 square miles, including a small portion of its southeastern corner known as Lower Puna and the summit of Kilauea, both of which are now closed to visitors. The roughly 2,000 people who sadly have had to evacuate their homes in two Lower Puna neighborhoods also number about 1 percent of Hawai'i Island's total population.

So the relentless fire-and-brimstone coverage doesn't just miss the big picture, it creates a vividly distorted one that has understandably, if unnecessarily, frightened away prospective visitors to the island. By focusing on the negative impacts of a natural disaster confined to a remote area, social and news media are actually spreading financial hardship across the island and the state as cruise lines stop calling and reservations start falling.

This needlessly prevents many people from experiencing their own slice of paradise at one of the most exciting times to do so. As a travel writer and guidebook author who has visited Hawai'i many times over the last 20 years, I feel it's my *malowā* (responsibility) to clear up as many misperceptions as I can. What follows is more of what travelers and their agents need to know:

#### ALL OF HAWAII'S ISLANDS ARE VOLCANOES

Guess what? If you've been to Hawai'i since 1983, you've experienced a volcanic eruption and lived to tell the tale.

All of the main islands of Hawai'i were formed by shield volcanoes, which built up from the sea floor as magma slowly oozed from the earth's oceanic crust between 700,000 and 5 million years ago. They do not explode like pyroclastic flow volcanoes such as Mount St. Helens or Vesuvius.

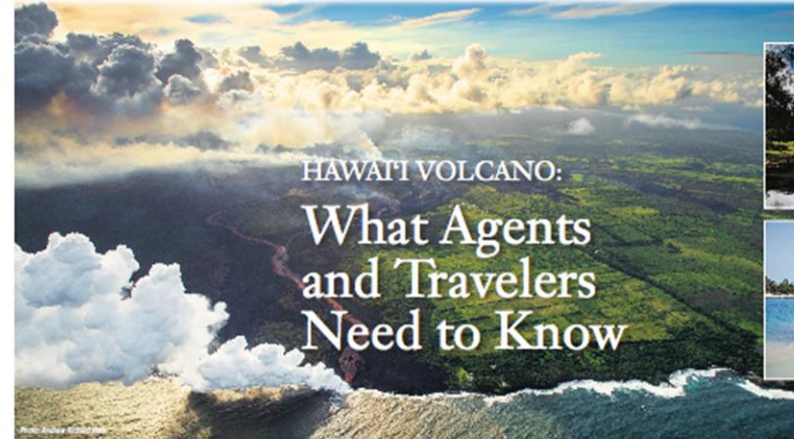
Despite what recent media reports suggest, Kilauea volcano did not suddenly spring into action in May. It has been erupting from a remote vent in its East Rift Zone – which descends into Lower Puna – since 1983. Most of Kilauea's lava flows in the 35 years since then have occurred in off-limits areas of Hawai'i Volcanoes National Park and forest reserves. But in 2014, over a period of seven months, one flow came close to cutting off road access to Lower Puna. In 2016, lava from the same vent, Pu'u'Ō'Ō, slowly spilled across a portion of the park's Chain of Craters Road and into the sea to the delight of hikers, mountain bikers, and lava boat and helicopter tour passengers who kept a safe distance from the spectacle.

#### IT'S EASY TO AVOID LAVA, LAZE, ASH AND VOG

To read many reports, you'd think these hazards of a volcanic eruption were everywhere, unexpected and unprecedented on Hawai'i Island. But that's simply not true, as the daily updates of the U.S. Geological Survey's Hawaiian Volcano Observatory, and state and local air quality monitoring, both show. The recent fissures that have created pools and fountains of lava first began as cracks in Kilauea's Lower East Rift Zone, appearing after a series of mostly small earthquakes that led the observatory to warn residents of possible eruptions.

For safety reasons, visitors are not allowed into the area where lava is flowing. Consequently, they are also not in danger of inhaling toxic laze, which forms when lava hits seawater. "It's really only around the ocean entry that you will get super high concentrations of gases, so laze is not something that anybody should be worrying about," said USGS volcanologist Wendy Stovall.

Similarly, the spread of ashfall from eruptions at the summit of Kilauea, which some experts predict may last only a few more weeks based on similar activity in 1924, is limited to Volcano Village and isolated areas southwest of Kilauea. For those wanting to explore southern attractions such as Ka'i Coffee Mill in Pāhala



Top: Lā'auakalani Gardens in Hilo from Ahi Drive in Kailua-Kona  
Bottom: Ahi Drive in Kailua-Kona  
Photos: Hawai'i Tourism Authority (HTA)/Jo Johnson

or Punalu'a Black Sand Beach, "having a little bit of ash fall onto the ground or vehicle is not something that's going to keep you from driving," according to Stovall.

Vog, an atmospheric haze formed by elevated levels of sulphur dioxide from volcanic emissions, has been an occasional presence on parts of Hawai'i Island since 1983 and whenever volcanoes were erupting before that. "Vog is like smog in Los Angeles," notes Gary Marrow, co-owner of KapohoKine Adventures, which offers a variety of volcano, zipline and other excursions from Hilo and Kona. "If you look right now at the air quality in Beijing or Tokyo, the cruise lines are still going there, and it's way worse than anything ever here on the Big Island."

Although vog can be irritating, particularly to those with sensitive respiratory systems, its intensity varies with wind patterns and emissions. Prevailing trade winds push vog toward Kona, but only stronger emissions creep toward the Kohala Coast, home to some of the island's most popular resorts. Visitors can always find at least one part of the island where skies are crystal clear on any given day. So, if vog is an irritant where you are, jump in a rental car and head to North Kohala, the cowboy town of Waimea or the lush Hāmākua Coast for clearer skies.

#### NEARLY ALL VISITOR ATTRACTIONS REMAIN OPEN AND SAFE

Although the Kilauea summit area of Hawai'i Volcanoes National Park remains closed "out of an abundance of caution," according to park



spokeswoman Jessica Ferracane, there's still plenty to do on the island of Hawai'i, from active pursuits such as ziplining, snorkeling, surfing, horseback riding and hiking to indulgent pastimes such as shopping and dining.

Hilo and the east side of Hawai'i Island also offer opportunities for great road trips, according to Rob Pacheco, co-owner of Hawai'i Forest and Trail, another of the island's premier excursion operators. "There are great museums, including the 'Imiloa Astronomy Center, Lyman Museum, Pacific Tsunami Museum, Mokuapiapa Discovery Center, plus the shopping and food scene is all really interesting in Hilo. You also have waterfalls, the Waialeale River, Onomes Scenic Drive, 'Akaka Falls and the little plantation towns along the Old Māmalaha Highway."

At Hawai'i Volcanoes National Park, rangers have expanded hours and programs at the park's Kahaui Unit, a 114,000-acre preserve on the slopes of Maunaloa, an hour south of the Kilauea summit. Praising its "gorgeous" 'ohia forest, which is currently in bloom, Ferracane says visitors can learn a lot about the 1868 eruptions that formed the area. "In their time the flows were destructive, but you can see how they are also life in Hawai'i, and how the forest has just thrived so magnificently since. It's a testament to how quickly life springs back and requires volcanoes to live here."

#### HAWAIIANS CELEBRATE PELE AS CREATION

Although everyone sympathizes with those who have lost homes in the current eruption – whose location is not far from similar eruptions that claimed homes in 1990, 1960 and 1955 – Native Hawaiians also celebrate the creation aspect of the natural force or deity they call Pele.

According to *huna huna* (hula instructor) and cultural practitioner Micah Kamohai'i of Waimea, "We look at Pele, or the *pōe*, meaning the lava, as creation. It's godly forces happening in front of us. It's like watching somebody give birth – you are completely enthralled with watching a life force being born out of something that's very profound. To me, and most of our native people, that's what's happening with this eruption. To see the birth of new land, the creation of something new, is very exciting."

In his view, there may be no better time to visit the island of Hawai'i.

Says Kamohai'i, "How many can say they saw creation happen? It's not like the world is ending on Hawai'i Island. The world is beginning."

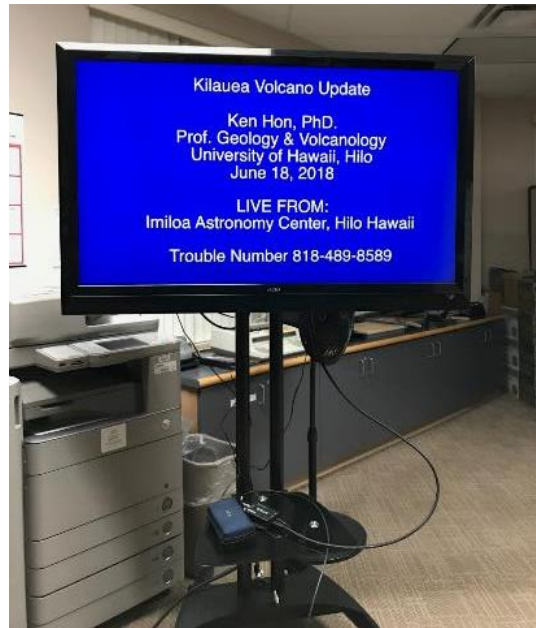


Former San Francisco Chronicle Travel Editor and Traveler's Hawaii co-author Joanne Cooper writes frequently about the Hawaiian Islands for the Chronicle, magazine and website.

# Satellite Media Tour

## SMT Results

- Total number of TV and radio stations = 31
- Total broadcast audience to-date = 12.3 million
- Created VNR package and shared with GMTs



# HTA/HTUSA/IHVB News Bureau

## Turned accurate information into opportunities



# Photo Shoot – July/Aug

- Supplement partner-provided #ExploreIslandofHawaii content
- In collaboration with partners island-wide
- Highlight multitude of activities, locations, unique culture, and cuisine that demonstrate a beautiful and safe environment



Sample Images



# **Island of Hawai'i Recovery Plan Phases II & III Strategies and Tactics**



# Strategies

## Market Insights

- Industry partners indicate booking pace has dramatically slowed
- Utilize consumer research to inform messaging
  - Nationwide research currently in-field

## Phased Approach

- Phase II: Situation Stabilizing, Pre-Viewing Platform Availability
- Phase III: Situation Stable, Viewing Platform Available

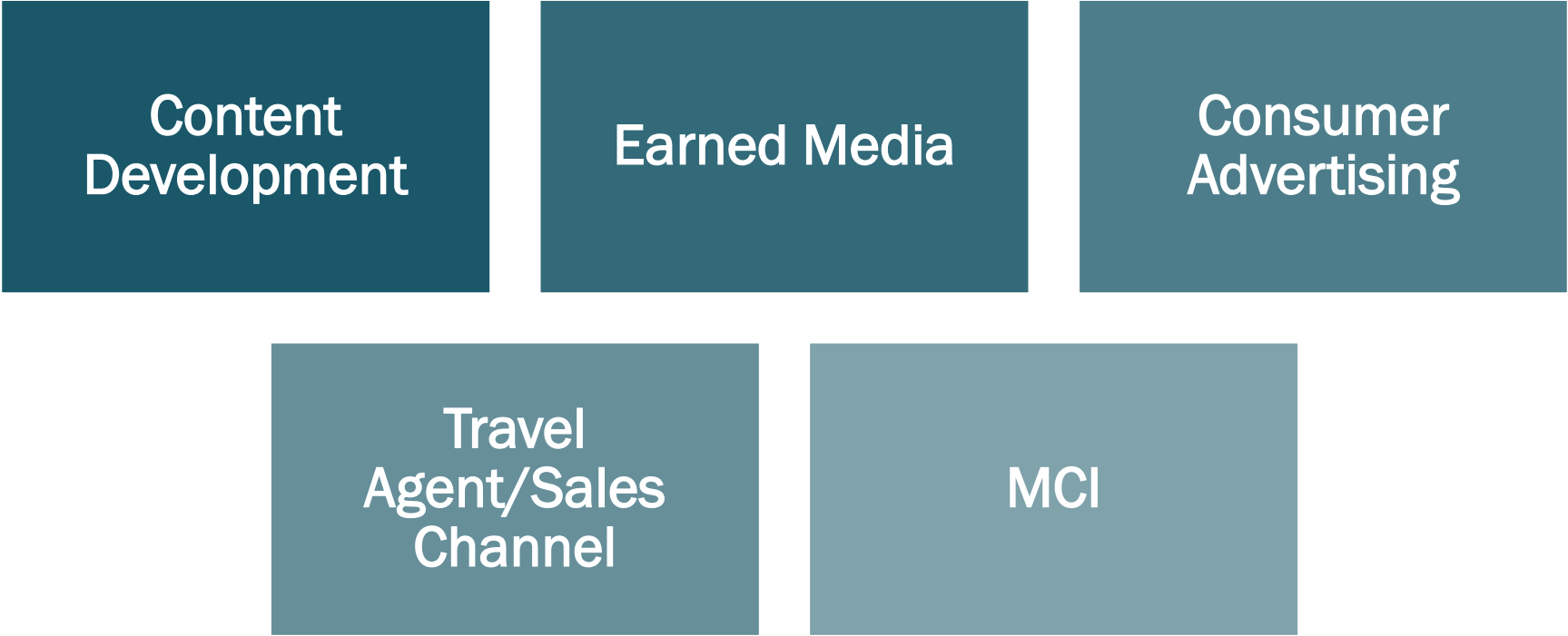
## Messaging

- Move existing consumer perception from:
  - “It’s not the right time to visit...” to
  - “Now just may be the best time ever to visit...”

## Target Audience

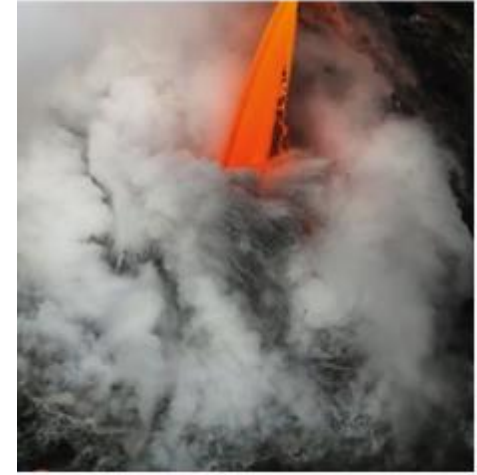
- Avid Travelers, media, and sales distribution channel
- Four month paid media flight

# Tactics



# Content Development

- Develop a library of spectacular lava video and stills
  - **Phase II** - License additional stills and footage
  - **Phase III** - Still and video photo shoot from air, land, ocean with talent



Sample Images

# Earned Media (Public Relations)

## Phase II

- Continue to counter misrepresentations, misperceptions
- Create island-wide newsworthy story angles to gain earned media

## Phase III

- Media tour – (tbd satellite/desk-side)
- Invite key media for press trips
  - Coordinate with on-island partners
  - Expand community engagement

# Consumer Advertising

- Influencer Marketing
  - Phases II & III - social influencer visits to Hawai'i Island
    - Coordinate with industry partners
    - Boost influencer posts for additional reach
- Hawai'i Rooted Integration
  - Phase III - additional long-format story-based video
- Digital Native Campaign
  - Phase III – develop video campaign with Great Big Story
- Social Media
  - Phase III – Develop additional social assets
- Paid Media Campaign (digital, social)



# Travel Agent/Sales Channel Communications

Continue frequent cadence of sharing information with both the sales channel and lodging, airline, and activity partners

## Phase II

- Leverage consumer communications as content to this channel

## Phase III

- Develop incremental cooperative sales/marketing programs

# MCI Initiatives

## Phase II

- Continue to update consistent talking points for HTUSA team and industry partner sales teams

## Phase III

- Coordinate a Market Blitz with senior industry partners (consider including government officials) to meet with target customers



# Budget

Phase II & III	
Content Development	\$100,000
Earned Media	\$100,000
Consumer Advertising	\$700,000
Travel Agent / Sales Channel	\$250,000
MCI	\$50,000
Total:	\$1,200,000

A close-up photograph of lush green foliage. The leaves are vibrant green and have a prominent vein structure. The lighting is soft, creating a gentle glow on the leaves. The word "Mahalo!" is overlaid in white, bold, sans-serif font on the left side of the image.

***Mahalo!***

# **Agenda Item**

## **9**

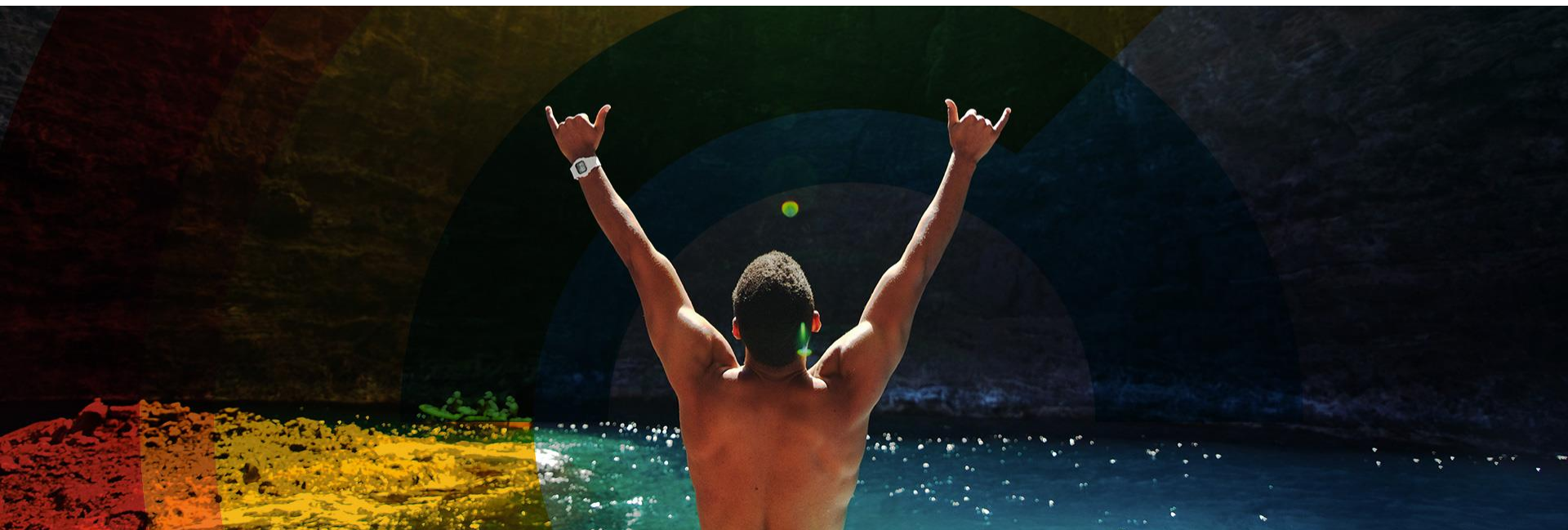
**Presentation and Discussion  
on the 2018 Global Tourism  
Summit**

# HTA Board Meeting

Thursday, July 26<sup>th</sup>

2018  
GLOBAL  
TOURISM  
SUMMIT

HAWAII TOURISM  
AUTHORITY



# Registration



# Registration Snapshot

- **Opened:** May 18<sup>th</sup>
- **Registration Goal:** 2,500
- **Total Registrations:** 204
- **Paid:** 182
- **Comp'd:** 22
- **Registration Income:** \$49,120
- **Registration Income Goal:** \$330,000
- **Full Summit:** 172
- **Group (minimum of 8):** 0
- **2 Day:** 17
- **Faculty:** 11
- **Student:** 4
- **Japan Summit:** 48

# Programming



# Programming Updates

- Opening Keynote Speaker: Pending
- Added General Session Topic: Illegal Vacation Rentals



# Sponsorship Updates



# Sponsorship Committed Totals

- **Total Cash Committed: \$66,500**
- **Total In-Kind Value Committed : \$12,500**
- **Total Cash and In-Kind Committed : \$79,000**
- **Total Committed Exhibit Companies: 4**

# Confirmed Sponsors

- **Alaska Airlines**
  - Customized ‘Io Level: \$50,000
- **Hawaii Convention Center AEG Facilities**
  - I‘iwi Level Summit Tote Sponsor: \$15,000
- **Hanatour USA, INC**
  - ‘Amakihi Level + Booth: \$5,750
- **Rocky Mountain Sunscreen**
  - ‘Apapane Level + Booth: \$3,250
- **Levy**
  - ‘Apapane Level: \$2,500
- **Honolulu Cookie Co.**
  - ‘Apapane Level: \$2,500

# Sponsors Pending/In Discussion

- Hawaiian Airlines & Japan Airlines - Customized 'Iwa Level
- Southwest Airlines - Customized Pu'uwai Level
- Oahu Publishing (Star Advertiser) - Customized Pueo Level
- Ala Moana Hotel – Pueo Level
- Outrigger Hotels & Resorts – Customized I'iwi Level
- Enterprise Rent-A-Car – I'iwi Level
- Kualoa Ranch - Amakihi Level

# Marketing Updates



# Website Updates

- Speakers continue to be updated
- Hotel information is being added (under the Travel tab)
- Sponsors are the next addition
- Social media icons are in the process of being added

## SESSION SPEAKERS & PANELISTS

Click headshots for Speaker Bio.



**Brad O'Flaherty**  
Assistant Vice President  
American Consulting



**Dan Fenton**  
A/C Hospitality &  
Reserve Group



**Amanda Hsu**  
Hawaii Tourism  
Europe



**Heese Hee Ohng**  
Hawaii Tourism  
China



**Anthony Kuli**  
Hawaii Tourism  
Tahiti



**Lynn Campbell**  
Marketing Specialist  
Science Center



**Helen Lim**  
Hawaii Tourism  
Korea



**Rosemary Ho**  
Hawaii Tourism  
Hong Kong



**Tracy Mitchell**  
STC  
Communications



**Kelly Hester**  
Hawaii Tourism  
United States



**Howard Heald**  
Assistant Hawaii  
Development  
Association (AHEA)



**Mark Wroblewski**  
USMCA  
Initiative



**Eric Teasdale**  
Hawaii Tourism  
Japan



**Myrle Tavel**  
Hawaii Tourism  
United States



**Catherine Hooper**  
Hawaii Tourism  
China



**Susan Smith**  
Hawaii Tourism  
Canada

# Advertising & Media

- Print ad is updated and ready for review
- Hawaii News Now
  - Production of TV Commercial
- Star Advertiser
  - Sponsorship in process
  - Print ad prior to Early Bird deadline



October 1-3, 2018  
Globaltourismsummithawaii.com

A registration poster for the 2018 Global Tourism Summit. The poster features a collage of images: a person hiking on a trail, a person climbing a rock face, a person standing on a beach with arms raised, and a person sitting on a log in a forest. The text on the poster includes the event name, dates, location, and a list of activities and opportunities.

**2018 GLOBAL TOURISM SUMMIT**  
HAWAII TOURISM AUTHORITY

**REGISTER TODAY** HAWAII CONVENTION CENTER HONOLULU  
OCTOBER 1-3, 2018

THREE DAYS OF COLLABORATION & SHARING ON INDUSTRY-LEADING VISION, SUSTAINABLE TOURISM, BEST PRACTICES & SOLUTIONS, PLUS:

- › Networking with 2,500 global innovators and tourism industry stakeholders
- › Opportunities to showcase products and services in the Networking Lounge
- › Over 30 sessions with topics including Hawaiian culture, global trends and sustainability
- › Innovation Days where companies and college students connect to foster innovation and entrepreneurship
- › Keynote Speakers including Tourism New Zealand's Stephen England-Jal, The HONAN Board's Chris Malone, MGM Resorts International's Mike Dominguez, and Google's Sali Vainivala
- › Aloha Reception featuring top chefs from Hawai'i
- › B2B Sessions where tour operators and wholesalers connect with Hawai'i suppliers

[globaltourismsummithawaii.com](http://globaltourismsummithawaii.com)

Interested in being part of the action and showcasing your brand? Email [info@GlobalTourismSummitHawaii.com](mailto:info@GlobalTourismSummitHawaii.com) for our sponsorship and exhibitor packages.

EGTSHAWAII

# **Agenda Item**

**11**

Update on the Status of the  
2018 Audit Action Plan



STATUS UPDATE ON  
HTA ACTION PLAN  
ADDRESSING  
RECOMMENDATIONS FROM  
STATE AUDIT 18-04  
JULY BOARD MEETING

# HTA Action Plan Status Summary

This is an update to the audit action plan approved by the Board on March 29, 2018.

Status	# from Auditors' 21 Recommendations
Completed	4e, 4g, 5, 6, 11, 12
In Progress	<p>HTA Policies and Procedures need to be updated: 1, 3, 4a, 4b, 4c, 4d, 4f, 8, 9, 10, 13, 14, 15, 16, 17</p> <p>Items that require actions other than HTA Policies and Procedures update: 7 (Complete when the rest of staff who haven't been to this year's Ethics training attend the training held in October) 18, 19 (Staff is currently working with AG's office)</p>
Have Not Started Beyond Initial Discussion	2 (Upon filling the Chief Administrative Officer's position) 20, 21 (Working to identify solutions)

## General Recommendations

1. Update internal Policies and Procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel.

Action Plan	Timeline	Assigned to	Status
Currently updating internal Policies and Procedures in the areas of:	Started: Q3 2017 Completion: Q3 2018	Chief Administrative Officer	In Progress
Finance		VP of Finance	
Procurement		Contract Specialist	
Operations (IT, Board of Directors and HR)		Operations Manager	
Quality Assurance/Compliance		Chief Administrative Officer Quality Assurance Specialist	

## General Recommendations

2. Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.

Action Plan	Timeline	Assigned to	Status
Chief Administrative Officer(CAO) oversees Hawai'i Tourism Authority's (HTA) quality assurance function.	Upon filling the currently vacant CAO position.	President and CEO	Pending
Review current quality assurance process. Implement changes to the process if necessary.	Upon filling the currently vacant CAO position.	Chief Administrative Officer	Pending

## Overall Procurement Recommendations

3. Update internal Policies and Procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.

Action Plan	Timeline	Assigned to	Status
HTA is currently updating internal Policies and Procedures to identify and incorporate any necessary changes in responsibilities and to reflect the Chief Administrative Officer's areas of oversight.	Q3 2018	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

a. Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.

Action Plan	Timeline	Assigned to	Status
Solicitation Procurement Planning Worksheet (PPW) is being updated to require price justification and documentation of market research as applicable.	May 2018	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated accordingly.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Available competitive cost data will be provided prior to solicitation. Contracts Specialist or Chief Administrative Officer will be included in any sole source or 201B-12B HRS procurement process.	Immediately and ongoing	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

b. Requiring proposals for each contract, contract amendment, and extension.

Action Plan	Timeline	Assigned to	Status
The Contract PPW and Contract Supplemental PPW have both been updated to require attachment of a contractor proposal.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff to be trained regarding HTA's expectations of the content that should be included in contractor proposals.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

c. Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

Action Plan	Timeline	Assigned to	Status
CVC is currently required to be filed prior to contract execution for all contracts with a value of \$2,500 or more and for the exercising of contract options. For some RFPs, CVC is being required from applicants as part of their proposal submission and as a condition for award.	Immediately and ongoing.	Program Managers Contracts Specialist Quality Assurance Specialist	Completed
Policies and Procedures are also being updated.	Q3 2018	Chief Administrative Officer	In Progress



## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

d. Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

Action Plan	Timeline	Assigned to	Status
Contract PPW and Supplemental PPW include a requirement to outline contract objectives. The CAO, Contracts Specialist, and Program Manager will work together to ensure that the intended criteria, benchmarks, and deliverables are documented in the PPW and align with these objectives.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - e. Requiring contractors to provide regular progress reports.

Action Plan	Timeline	Assigned to	Status
Existing practices and procedures are in place regarding the submission of progress reports. Staff is being trained to file these reports in a manner that ensures compliance can be evidenced.	Immediately and ongoing.	Chief Administrative Officer Program Managers Quality Assurance Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - f. Evaluating contractor performance against performance criteria.

Action Plan	Timeline	Assigned to	Status
Policies and Procedures are being updated regarding the evaluation of performance criteria. Program Managers will work with the Vice President of Marketing & Product Development and Chief Administrative Officer to ensure performance is being measured against the criteria.	Immediately and ongoing.	Chief Administrative Officer VP of Marketing & Product Development Program Managers	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

g. Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.

Action Plan	Timeline	Assigned to	Status
HTA will continue to train staff to ensure a written evaluation of contractor performance is completed before the contract is amended, modified, or extended. Procurement Planning Worksheet will be modified to incorporate a requirement for a written evaluation of contractor performance.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

5. Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State’s ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW and Contract PPW have been modified to ask whether intellectual property is to be waived. HTA is working with Attorney General to craft exceptions to State ownership, including language, where applicable, that differentiates the assets being paid for versus the technology or the process used to gather those assets. Attorney General’s office will have final approval on waivers.	Modified in February 2018	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

6. Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.

Action Plan	Timeline	Assigned to	Status
HTA's annual employee performance form will be reviewed and updated to include the above.	June 2018	Chief Administrative Officer	Completed

## Overall Procurement Recommendations

7. Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS,12 and the State Ethics Code, specifically, Section 84-15, HRS.

Action Plan	Timeline	Assigned to	Status
HTA will continue to hold annual agency-wide in-house procurement training, as well as individual training upon hire, to ensure compliance with Policies and Procedures as updated.	Immediately and ongoing.	Chief Administrative Officer	In Progress
All staff will continue to attend annual Ethics Commission training and attorneys will attend additional State attorney ethics training.	Immediately and ongoing.	Chief Administrative Officer	In Progress

## Sole Source Procurements Recommendations

8. Limit sole source procurement to where a good or service is deemed available from only one source.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations, such as RFPs.</li> <li>Sole Source Procurements.</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: April 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained in filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed



## Sole Source Procurements Recommendations

9. Require completed documentation to support use of sole source procurement.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations such as RFPs.</li> <li>Sole Source Procurements,</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: Q2 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained on filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

## Sole Source Procurements Recommendations

10. Require written confirmation and justification of sole source contract pricing.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW was updated, and Policies and Procedures are being updated, to include questions regarding price justification and market research information.	PPW: May 2018  Policies and Procedures: Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Contracts Specialist or Chief Administrative Officer will provide best available cost data and will be included in any sole source or 201B-12B HRS procurement process prior to award.	May 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff will be trained on definitions and practices.	May 2018	Chief Administrative Officer Contracts Specialist	Completed

## Sole Source Procurements Recommendations

11. Develop a publicly accessible list of sole source procurement contracts.

Action Plan	Timeline	Assigned to	Status
The monthly Board book that is published, and made public in conjunction with the monthly Board meeting, includes a list of contracts executed in the previous month. Starting with the April Board book, that list will include a legend to identify any contracts that were procured by sole source or by 201B-12B HRS procurement process exception.	April 2018	Contracts Specialist	Completed

## Cost Reimbursement Contracts Recommendations

12. Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
Receipts for cost reimbursement contracts will be required from contractors.	April 2018	VP of Finance	Completed

## Cost Reimbursement Contracts Recommendations

13. Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
HTA will draft and develop procedures for cost reimbursement payments to be included in the Policies and Procedures updated manual.	Q3 2018	Chief Administrative Officer VP of Finance	In Progress

## Major Contractors (AEG and HVCB) Recommendations

14. Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.

Action Plan	Timeline	Assigned to	Status
Currently in practice with HTA's Major Market Area (MMA) contractors, HTA will update its Policies and Procedures to include semi-annual performance evaluations of MMA contractors. Performance evaluations for AEG will be increased to a semi-annual basis.	Q3 2018	Chief Administrative Officer	In Progress

## Major Contractors (AEG and HVCB) Recommendations

15. Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

Action Plan	Timeline	Assigned to	Status
Updating Policies and Procedures to require Major Market Area contractors, who are subcontracting individual subcontracts greater than \$50,000 in services, to obtain prior approval by Chief Administrative Officer and Program Managers.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

## Major Contractors (AEG and HVCB) Recommendations

16. Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.

Action Plan	Timeline	Assigned to	Status
HTA Policies and Procedures will be updated to include a form with points (1) to (4) to be completed for HTA's Major Market Area contractors and AEG.	Q3 2018	Chief Administrative Officer Program Managers	In Progress



## Major Contractors (AEG and HVCB) Recommendations

17. For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.

Action Plan	Timeline	Assigned to	Status
Current subcontracts of major contractors will be reviewed and assessed for reasonableness and necessity.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Policies and Procedures will be updated to include prior written approval of all subcontracts of major contractors.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Major Contractors (AEG and HVCB) Recommendations

18. Determine whether “agreements” and “arrangements” for goods or services relating to AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.

Action Plan	Timeline	Assigned to	Status
HTA will determine the legal relationship between AEG and Levy.	Q2 2018	Chief Administrative Officer VP of Finance	In Progress

## Major Contractors (AEG and HVCB) Recommendations

19. Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.

Action Plan	Timeline	Assigned to	Status
Once the legal relationship between AEG and Levy is determined, the information will be submitted to the Attorney General's office to determine appropriate action to ensure that the agreement is compliant with the change made to Section 102-2(b) HRS, which previously, but no longer, applied an exception to the bidding requirement for concessions at the Hawai'i Convention Center.	Q2 2018	Chief Administrative Officer VP of Finance Contracts Specialist	In Progress

## The Limit on Administrative Expenses Recommendations

20. Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

## The Limit on Administrative Expenses Recommendations

21. Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

# **Agenda Item**

**17**

**Discussion and Approval of  
the FY19 HTA Budgets\*\*\***

## **Brand Management Plan 2019 Addendum I**

Please find attached more detailed implementation plans for the following programs:

- Environmental Sustainability Program
- Hookaulike
- Responsible Tourism
- Waikī Security Program

These pages will replace pages 22, 23, and 41 in the Draft Brand Management Plan 2019 (dated 6/26/2018).

### 3.2.3 Environmental Sustainability Program

**Project Description:** To support island specific issues that have a significant visitor impact on the environment. Examples of past programs under this include Hawaii Green Growth; Aloha+ Challenge; the Ala Wai Watershed Collaboration; Programs and partnerships to address Rapid 'Ōhi'a Death; support for the Department of Land and Natural Resources with the Mālama Hawai'i campaign. In FY19 we are working with the DLNR to launch a pilot program that would organize ambassadors for the most utilized state parks and trails across Hawai'i's. Next, the program will support a comprehensive park survey of all state parks to give conservation managers the data needed to protect Hawai'i's natural and cultural resources. Next, the program will continue to partner with Hawai'i Green Growth (Aloha + Challenge) in their work on the Sustainable Business Forum which brings Hawai'i's business leaders together to address sustainability and identify meaningful measures by which we can manage waste and water and energy consumption. Finally, the program will provide support for the Green Business Program (DBEDT) who certify hotels and events as being sustainable. Note they work in tandem but separately with Hawai'i Ecotourism Association.

#### **Implementation:**

- Allocate funds to projects that mitigate visitor impacts in accordance with the state objectives
- Continue to partner with other state agencies and organizations to implement programs and projects that mitigate visitor impacts.
  - DLNR: Ambassador program will support tentatively 6 ambassadors. This is roughly \$60,000 per ambassador, per year. The benefits of having ambassadors on premise is that they are a tangible presence to deter illegal activity, aid visitors with information or seeking additional resources in the event of a medical or security event. Also help to interpret and educate visitors on the uniqueness of the park. This is a pilot program.
  - Comprehensive State Park Survey: Last completed 11 years ago and used by park/conservation managers at DLNR to strategically assess and manage state parks. This is a onetime cost and not done annually. This survey will be a yearlong survey and help us to understand the number of visitors accessing state parks, the seasonality and time of day of those visits as well as an overall assessment of park conditions. The benefit of the park survey is that DLNR will have the quality information by which to make conservation and management decisions for a growing usage of state park facilities.
  - DBEDT: The Hawai'i Green Business Program assists businesses that operate in an environmentally, culturally, and socially responsible manner and recognizes and promotes their achievements. This program will allow HGBP to continue to implement the rigorous checks and eventual certifications of sustainable partners. Mainly focused on the lodging, Restaurant, office and event spaces this does not overlap with the Hawai'i Ecotourism Association's work.
  - Hawai'i Green Growth: This is a continuation of our engagement with the Sustainable Business Forum and their work in convening statewide stakeholder meetings, implementation of the Aloha+ Challenge Dashboard and identify robust tourism metrics by which to measure and manage tourism's impacts to the islands.
- Amplify community outreach and stakeholder engagement through our active participation in the collaborative and work with community organizations and industry to develop solutions.

**Staff Lead:** Director of Hawaiian Cultural Affairs – Kalani Ka'anā'anā



**Contractors:**

- Department of Land & Natural Resources
- Department of Business Economic Development & Tourism, Green Business Program
- Hawai'i Green Growth (OEDB as Fiscal Sponsor)
- Park Survey Contractor – TBD (Pending RFP)

**Timeline:**

Start date	End Date	Activity
8/1/18	8/31/18	Prepare the RFP for the parks survey in consultation with DLNR
8/1/18	8/31/18	Concurrently negotiate final details of the MOA/Contracts with DLNR, DBEDT and Hawai'i Green Growth.
9/1/18	6/30/19	Implementation of various program elements.

**Budget:**

- DLNR Mālama Hawai'i & Park/Trail Ambassador Pilot Program: \$550,000
- Comprehensive State Park Survey: \$400,000
- Hawai'i Green Growth (Aloha +): \$25,000
- DBEDT Green Business Program: \$25,000

**Measurements**

Output Measures	Performance Measures	Productivity Measures
Appreciation of Hawai'i's Natural Resources	High awareness and satisfaction with Hawai'i's natural resources	% of visitors who used State Parks
# of participating community organizations and stakeholder groups		

### 3.3.1 Hookaulike

**Project Description:** Statewide initiative that addresses managing the destination with programs that strengthen a community's resources, capacity and understanding of the benefits of tourism. Projects and programs under this fund should be public and/or private in nature and seek to find a balance between community needs and visitor desires in an effort to improve the quality of life for all the people of Hawai'i. The program must address at least one of these goals: 1. Sustainable management of the destination 2. Socioeconomic impacts 3. Cultural impacts 4. Environmental impacts

#### Implementation

- The HTA will reach out to the community, government officials and the industry to compile feedback on issues pertaining managing the destination.
- Feedback will include data from the resident sentiment report and will consider issues that impact both residents and visitors.
- Projects will include:
  - The Island Tourism Strategic Plan for Kauai and Hawai'i counties that align with the HTA five-year strategic plan.
    - Kaua'i TSP ends in 2018
    - Hawai'i TSP will start on a plan
    - Maui TSP ends in 2026
    - O'ahu TSP-TBD
  - Designer for the signage for the FY18 Hookaulike program on interpretive and educational signs in county parks, beaches or trails. Supports programs on Kaua'i and Hawai'i. O'ahu and Maui did not proceed with the program.
  - Interpretive signage for Maui county to replace existing signs located at facilities that are deteriorating.
    - Working with the Maui Nui Resource Marine Resource Council to develop sign verbiage that address concerns with the environment
    - Matching funds from the County
  - Security Cameras in City and County of Honolulu Parks
    - Approximately 42 parks out of 299 County parks identified based on high visitor visitation and use. **266 security cameras**
    - City and County of Honolulu FY19 budget will cover comfort station gates and security to close park gates
    - Pilot program at five parks with cameras situated around bathrooms showed that the cameras are a deterrent
    - Park staff will monitor the video tapes
    - Costs include the cameras and installation
  - Security Cameras in Kaua'i County Parks and Beaches
    - Identified approximately eight parks where cameras will help deter vandalism. (Lihi Park, Po'ipū Beach park, Kapa'a Beach Park, Salt Pond Beach Park, Spouting Horn Beach Park, Kealia Kai, Kealia Beach Park, Hanamaulu Park). Approximately **19 security cameras and warning signs** needed (estimated)
    - Security cameras are used at Bryan J. Baptiste Sports Complex and were successful in helping in apprehending the vandals
    - No County budget to purchase and install security cameras
    - Parks Permit and Security coordinator will monitor the videos if the videos can connect to the County system

- Security Cameras in Hawai'i County Park Facilities
  - Approximately 47 facilities out of 327 county facilities that are high use for residents and visitors where security cameras would help apprehend and aid in the prosecution of vandals. Facilities include beaches, parks large aquatic areas and camp sites
  - Approximately **94 security cameras** (two at each facility) with **warning signage**
  - Biggest issue is homelessness and vandalism
  - Currently no funding allocated for security cameras and due to the constraints of the lava flow expense, cameras are not on the budget
  - No police staffing increase since 1975
  - Discussion about installing a webcam at Isaac Hale right before the lava flow, but that did not materialize
  - Videos will be managed by the Parks. No server needed
  - At Mo'oheau Park in downtown Hilo, across from the Hilo Farmers Market, visitors hop on and hop off trolleys. There is a County visitor center and a covered gazebo and a police substation that is not consistently staffed. Security cameras would help in reducing crime
- Security Cameras in Maui County- To be confirmed

**Staff Lead:** Director of Communications – Charlene Chan

**Contractors:** Hawai'i, Maui, O'ahu and Kaua'i Counties

**Timeline:**

Start date	End Date	Activity
August 2018		Continued discussions on the plan to roll out the program and timing, with each county
August 2018		Discussions with Hawai'i and Kaua'i county on the TSP. Timeline based on the County
September 2018		Confirm if signage support needed for the continuation of the FY18 interpretive sign program
October 2018		Based on the County's timeline, start rolling out the security camera program based on the County's timeline

**Budget:**

- \$100,000 (\$50,000 each for Kaua'i and Hawai'i) Tourism Strategic Plan aligned with HTA five-year strategic plan
- O'ahu- TBD
- \$50,000 Designer for signage template
- \$50,000 Maui County interpretive signs
- Security Cameras
  - City and County of Honolulu: \$550,000

- Kaua'i County: \$40,000
- County of Hawai'i: \$200,000
- Maui County: \$266,000

**Measurements**

Output Measures	Performance Measures	Productivity Measure
# of issues addressed in the year	# of residents who can see the positive changes to their communities	Residents who can see the positive changes in their communities
# of meetings with the community and partners to garner feedback		Residents who feel they have a voice in communicating their concerns
# of programs funded		Understanding by residents of the complexity of finding the balance of tourism and community impact

### 3.3.2 Responsible Tourism Program

**Project Description:** Responsible Tourism is “an active awareness about the effects travel can have on places, both positive and negative.” This project is a pre and post-arrival informational campaign to educate visitors about how to travel throughout the Hawaiian islands in a sensitive manner. HTA seeks to develop responsible travelers – considering who and how they interact with the residents, the impact their movement throughout the destination has on the environment, and selecting accommodations, transportation, and activities in a manner that helps preserve the destination and benefits the people who live there.

**Implementation:**

- Work with Hawai‘i Tourism USA and Hawai‘i Tourism Japan on directing the content and messaging to build out this project
  - End result is consistent content and messaging
- Each MMA will decide how the message will be spread throughout their respective markets
- Consider promoting community-based tourism initiatives, such as but not limited to:
  - Community-oriented projects and events, such as those funded by HTA’s Community Enrichment Program, Aloha ‘Āina Program and Kūkulu Ola program, and other identified projects to promote and market.
  - Hawai‘i Ecotourism Association and their certified ecotourism operators
- Create and develop the assets for the project.
  - Create videos highlighting each of the six Hawaiian islands and messaging themes. The digital assets will be used pre-arrival via on-line, social media channels, and in-flight.
- Develop a digital media plan to promote the project via GMTs social media channels.
- Develop a media plan to air video at car rental companies, shuttles, and possibly in-room hotel channels.
- Work with internal HTA Communications Team and share assets to inform residents and visitors post-arrival.

**Staff Lead:** Tourism Brand Manager – Caroline Anderson

**Contractors:** Hawai‘i Tourism U.S., Hawai‘i Tourism Japan, global marketing team

**Timeline:**

Start date	End Date	Activity
8/6/18	8/17/18	HTA convenes meetings with HTUS, HTJ on info campaign, content development
8/20/18	9/14/18	Solidify messaging and content development and social media plan
9/17/18	1/31/19	Coordination and development of the messaging/assets/content/videos/
10/1/18	11/9/18	Identify projects/programs to highlight as well as include
11/1/18	1/31/18	Finalize media plans with airlines and in-state
2/1/19	2/28/19	Finalize assets/materials; develop media kit; give to GMTs and other identified partners
3/1/19		Roll out the campaign

**Budget:**

- \$750,000 for content, messaging, and video development for the global markets
- \$150,000 for content and messaging development for inflight/post arrival
- \$200,000 for airline distribution

**Measurements:**

Output Measures	Performance Measures	Productivity Measure
# of videos produced	# of residents who can see the positive changes to their communities	Residents believe that tourism has brought more benefits than problems to my island
# of ads produced		
# of posts		
# of airlines showing the video		
Audience reach		

### 3.11.3 Waikīkī Security Program

**Project Description:** Hawai‘i’s attractiveness as a leisure destination is highly dependent on the perception that it provides a safe and secure environment for visitors and residents. An increase in crime against visitors to Hawai‘i or even the perception of such an increase, and the resultant negative publicity about the destination can adversely impact future visitation and visitor expenditures. This in turn impacts both the tax revenues that support public facilities and services, as well as the visitor industry jobs that support Hawai‘i’s residents’ livelihood and quality of life.

In 2017, visitor plant inventory in Hawai‘i increased to 80,336 units. Nearly half (47.9 percent; 38,508 units) of the state’s visitor units were located on O‘ahu, with the majority of units located in Waikīkī. Recent crimes in Waikīkī against visitors and members of the military caught the headlines of national and international press. Despite the best efforts of our law enforcement, the fight against crime is hampered by limited resources in communities heavily impacted by tourism with high visitor counts. It’s important for HTA to partner with safety & security lead agencies to increase safety measures and help strengthen criminal deterrence and law enforcement efforts to bolster community safety for both residents and visitors.

#### **Implementation:**

- **Waikīkī Security Camera Program:** Currently there are ten security cameras in Waikīkī, six on Kalākaua and four on Kūhiō. City is the process of adding six more with estimated cost of \$100,000. There is a need of additional cameras for increased vigilance and security in the district. HTA will partner with Mayor’s Office, Honolulu Police Department, and Waikīkī Business Improvement District Association and allocate funds to add **20 more cameras** for Waikīkī.
- **Waikīkī Ambassador Program:** HTA will provide funds to support Waikīkī Business Improvement District Association to enhance and expand the existing ambassador program by adding **four to five ambassadors**. Currently, the number of ambassadors in the district ranges on average between 10-14 individuals at one time. They also staff two stationary kiosks on Lewers Street and in front of HPD Substation. These ambassadors work from 10a.m. to 11p.m., every day of the year, providing information, hospitality, and safety patrol services on foot and bike. Additional ambassadors will help strengthen criminal deterrence.

**Staff Lead:** Director of Marketing – Jadie Goo

#### **Timeline:**

<b>Start date</b>	<b>End Date</b>	<b>Activity</b>
8/1/18	11/30/18	Further discussions and planning with C&C of Honolulu, HPD, WBID to finalize plans/proposals
12/1/18	12/31/18	Agreements fully executed
1/1/19	2/28/19	Ambassadors hired
1/1/19	12/31/19	Camera installation completed

**Contractors:**

- City & County of Honolulu
- Waikīkī Business Improvement District Association

**Budget:**

- Waikīkī Security Camera Program: \$500,000
- Waikīkī Ambassador Program: \$300,000

**Measurements:**

Output Measures	Performance Measures
# of cameras purchased/installed	Visitors rate Hawai'i as safe and secure
# of additional ambassadors hired	
# of visitors served	