



Hawai'i Convention Center  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815  
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**David Y. Ige**  
Governor

**Chris Tatum**  
President and Chief Executive Officer

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

**REGULAR BOARD MEETING  
HAWAII' TOURISM AUTHORITY**

*Po'ahā, 25 Iulai 2019, 9:30 a.m.*  
**Thursday, July 25, 2019 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'o***  
**AGENDA**

1. *Ho'omaka A Pule*  
Call to Order and Pule
2. *'Āpono I Ka Mo'o'ōlelo Hālāwai*  
Approval of Minutes of the June 27, 2019 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. *Hō'ike A Ka Luna Ho'okele*  
Report of the CEO Relating to Staff's Implementation of HTA's Programs During June 2019
5. *Hō'ike No Ka 'Aha Meia o 'Amelika ma Honolulu, 28 Iune-1 Iulai 2019*  
Recap of U.S. Conference of Mayors in Honolulu, June 28-July 1, 2019
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, Kūkākūkā a Ho'oholo No Nā Mo'okālā*  
Presentation, Discussion and Action on HTA's Financial Reports for May 2019 and June 2019



8. *Hō'ike No Ka Papahana Ho'oponopono*  
Update on the Status of the 2018 Audit Action Plan
9. *Hō'ike No Ke Kau 'Aha'ōlelo 2019*  
Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA
10. *Hō'ike No Ka Hana A Ke Kōmike Noi'i Papahana Ho'okele*  
Report of the Strategic Plan Investigative Committee's Activities
11. *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
12. *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.

*Kono 'ia ka lehulehu i ka hālāwai no ka ho'olohe a hāpai mana'o waha paha no nā kumuhana i helu 'ia ma ka papa kumumana'o. Inā hoihoi i ka hāpai mana'o kākau, hiki ke ho'ouna 'ia i ke Ke'ena Kuleana Ho'okipa O Hawai'i ma mua o ka hālāwai ma o ka leka uila iā carole@gohta.net; ma o ka leka i ka helu wahi o luna; a i 'ole ma o ke kelepa'i i ka helu o luna. Inā pono ke kōkua ma muli o kekahi kīnānā, e ho'omaopopo aku iā Carole Hagihara (973-2255 a i 'ole carole@gohta.net), he 'ekolu lā ma mua o ka hālāwai ka lohi loa.*

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 an auxiliary aid/service or other accommodation due to a disability, 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 27, 2019 Board  
Meeting**



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, June 27, 2019**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Micah Alameda, David Arakawa, Fred Atkins, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kimi Yuen, Kelly Sanders

**MEMBER NOT PRESENT:**

Daniel Chun

**HTA STAFF PRESENT:**

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Marisa Yamane, Jadie Goo, Kalani Ka'anā'anā, Caroline Anderson, Carole Hagihara, Chris Sadayasu, Chael Kekona, Joseph Patoskie, Laci Goshi, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Minami Aoki, Lawrence Liu

**GUESTS:**

Representative Richard Onishi, Senator Glenn Wakai, Guy Sibilla, Jon Itomura, Lynn Miyahira, John Monahan, John Knox, Randall Tanaka, Teri Orton, Mari Tait, Lee Conching, Erin Khan, Nathan Kam, Malia Sanders, Roth Puahala, David Baronfeld, Allison Schaefer, Trisha Watson, Brandon Askew

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

HTA Board Chair Richard Fried called the meeting to order at 9:33. Kalani Ka'anā'anā gave an oli to open the meeting. He explained the significance of the lehua plant and its symbolism in Hawaiian chants and poetry. Mr. Ka'anā'anā also shared that HTA funded a film project, in partnership with the Department of Land and Natural Resources (DLNR), University of Hawaii (UH), and SeaHAR, entitled Saving 'Ōhi'a: Hawaii's Sacred Tree, which won three Emmy

awards. He explained that HTA has funded more than \$200K to support the effort to save the Ohia through research and education. On the Go Hawai'i website, there is also a section to educate visitors on the dangers of Rapid 'Ōhi'a Death and the precautions they can take to help contribute to preventing its spread.

## **2. Approval of Minutes of the May 30, 2019 Board Meeting**

Chair Fried requested a motion to approve the minutes of the May 2019 Board meeting. George Kam made a motion to approve. Benjamin Rafter seconded the motion, which was then unanimously approved by the Board.

## **3. Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS § 92-2.5(c)**

Chair Fried asked the Board whether there were any permitted interactions to report, and there were none.

Chair Fried thanked Senator Glenn Wakai, Representative Richard Onishi, and Randy Tanaka, the deputy director of the state Department of Business, Economic Development, and Tourism (DBEDT) for attending the meeting.

## **4. Report Relating to Staff's Implementation of HTA's Programs During May 2019**

Chair Fried introduced Guy Sibilla, Executive Director of the Kalihi-Palama Culture and Arts Society, Inc. to give a presentation on the Keiki Hula competition. He discussed how he became involved in the Keiki Hula competition, and how the event has grown. Mr. Ka'anā'anā explained that HTA has been a sponsor of the competition for four years and that the roots of the Keiki Hula competition spread throughout the community. The vision of the competition was to be a pipeline for keiki to develop their cultural, language, and dance skills. Mr. Ka'anā'anā noted that one of the challenges for putting on the event has been space. In the last fiscal year, HTA awarded \$75,000 to the organization.

Mr. Regan noted that he will be visiting various cities in Japan to discuss the upcoming Honolulu Festival. He then acknowledged Caroline Anderson to introduce Lynn Miyahira and Jon Itomura to discuss the 2019 Okinawan Festival. Ms. Anderson explained that the Okinawan Festivals receives support from HTA's Community Enrichment Program (CEP). CEP supports projects which brings together residents and visitor interaction, as well as showcases the many different cultures of Hawai'i. Mr. Itomura is the incoming Executive Director of the Hawai'i United Okinawan Association (HUOA). This year marks the 37th Okinawan Festival. The theme of this year's festival is "Sharing Uchinanchu Aloha" and the goal is to share Okinawan culture with locals and visitors alike. The event began at McCoy Pavillion and has moved to Thomas Square, Kapi'olani Park, and in 2018 to the Hawai'i Convention Center (HCC). Ms. Miyahira discussed the various issues and factors that led to moving the event to HCC. Moving the event to HCC has allowed the festival to expand the types of programs it can

include. The festival will take place on Saturday, August 31st and Sunday, September 1st. Mr. Itomura added that many of the event's 3,000 volunteers stay at hotels during the festival and it also draws visitors from off-island. HUOA received \$15,000 from HTA for the 2019 Okinawan Festival. That money will be going primarily towards marketing and potentially towards transportation for bringing visitors to the festival.

Mr. Atkins noted that the HTA staff could help HUOA market the event to people in HTA's major market areas. Mr. Itomura agreed and said that many other cultural groups come to the Okinawan Festival to learn about how they can host their own events. Kalani noted that, in marketing Hawai'i as a destination, one of the elements is Hawaii's multiculturalism. Chair Fried noted that the funding comes from HTA's community enrichment efforts. Chair Tatum said that 32% of HTA's budget goes to these events, so it is important that the Board knows what these events are and what the budget is going towards.

Chair Fried said that the Mayor's Conference begins on June 28th through July 1st and encouraged Board members to attend some events which are being held throughout the island.

Mr. Tatum said that he recently had an opportunity to go to Hawai'i on the Hill with the Hawai'i Chamber of Commerce. He said that it was a tremendous event and opportunity for tourism and other businesses. Approximately 2,500 people (about 500 more than last year) attended the last night of the event. Mr. Tatum said that the plan is for HTA to invest in the event and be a larger part of it. Sherry Menor-McNamara thanked Mr. Tatum for attending. She said that the purpose of the event is to promote Hawai'i and she is excited about the growth and partnership with HTA moving forward.

Mr. Tatum said that the LA Rams clinic was held in June at 'Iolani School, and the Rams cheerleaders participated in a cheerleading camp. He said that, moving forward, any sporting event has to have a community element.

Mr. Tatum said he recently spent the day on Moloka'i and received feedback that the community wants to do things the right way. Mr. Tatum added that he also spent time on Hilo and got feedback on how HTA can do a good job moving forward on Hawai'i Island. He said that John Knox is working on the 5-Year plan and will be reaching out to the Board and key legislators to get feedback on how the industry and HTA's management are perceived.

Mr. Tatum said that he wants to work on how to continue to bring residents back into Waikiki, and to dispel the misconception that Waikiki is not for the residents. He added that he hopes events like the Okinawan Festival will encourage more residents to visit Waikiki.

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

Chair Fried introduced Minh-Chau Chun to provide a presentation on market insights. For the

first five months of 2019, visitors spent \$7.24 billion, which represents a decrease of 3.1% compared to the first five months of 2018. The State collected \$506.2 million in Transient Accommodations Tax (TAT), which, adjusted to factor in the rate hike, represents an increase of 4.3% from 2018. Total air capacity grew 1.6%. Visitor arrivals by air service and cruise ships grew by 4.6% compared to last year. Visitor spending increased from the US West and Canada, but decreased from US East and Japan. Visitor spending rose slightly on O'ahu, but dropped in Maui, Hawai'i Island, and Kaua'i.

Ms. Chun also noted that the Hawai'i hotel performance report was released last week and RevPAR was flat at \$203, ADR was at \$256, and occupancy was at 79.2%, which is a slight decline compared to last year. Looking at the county level, Maui County led ADR and RevPAR. Hotels on O'ahu showed similar results this May compared to last year, with a small increase in ADR off set by a slight decrease in occupancy. For Kaua'i, there was a decline in RevPAR by 14.2% due to a decrease in both ADR and occupancy. On Hawai'i Island, there was a small decline in RevPAR, ADR was up at 1.1% increase, and occupancy was at 71.7%, down 1.4% from last year.

Mr. Atkins asked if there was a way to track Hilo and Kona separately to compare if both sides are recovering equally. Ms. Chun said that she will provide that information to the Board. She said that she looked at the load factor comparison between May 2018 and 2019, and noted that occupancy increased in Kona from 74% to 80.4% from last year and in Hilo grew from 61.3% to 65.3%.

Rep. Onishi said that he also tracks unemployment on Hawai'i Island and that over the last two months unemployment on Hawai'i Island is 20% lower, compared to last year. Mr. Rafter suggested comparing 2017 through 2019 for all islands so that they can see the two-year trends. Ms. Kimura noted that the decrease in occupancy does not track with visitor arrivals (which in some cases have gone up). Ms. Hughes said that that may be because those visitors are not staying in hotels. Ms. Kimura added that it also appears that there are also shorter visitor stays. Chair Fried said that even though occupancy may be up on the Hilo side, RevPAR is still down. Ms. Kimura noted that she has been seeing Hawai'i images in Japan having a negative effect. For example, McDonald's did a Hawai'i campaign and those images were shown alongside a story about a comedian who was involved with a yakuza scandal. She asked if there were any ways to control that imaging. Ms. Hughes said that she would follow up.

Chair Fried said that the mayor has just signed a bill affecting O'ahu which addresses transient vacation rentals, and noted that they may be seeing the effect of that bill in the coming months.

## **6. Presentation, Discussion and Action on HTA's Financial Reports for May 2019**

Chair Fried recognized Mr. Regan to provide the May financial reports. He said that, because of the close of the fiscal year, the May 2019 is not ready but will be provided at the next meeting with the June 2019 financials.

## **7. Update on the Status of the 2018 Audit Action Plan**

Mr. Regan said that there is nothing new to report from the last meeting except that they continue to review the procedures and the finance and procurement team are working on their sections, which constitute the bulk of the report. He said that some major items should be completed in July, in time to report at the next meeting.

Mr. Fried said asked, if things continue on schedule, that the last item, relating with the evaluation of HTA management and staff performance, would be on schedule for completion in September. Mr. Regan responded that he is confident that they will complete those items before the deadline.

## **8. Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA**

Mr. Regan thanked Sen. Wakai and Rep. Onishi for their support during the legislative session and helping to pass critical legislation important to HTA. HB420 is currently sitting with Gov. Ige and did not make the intent-to-veto list. Mr. Regan has been in discussion with the Gov.'s office regarding that measure and he is hopeful the Governor will sign it. HB420 removes HCC as the designated location for the Hawaiian Center for Music, and does not designate a replacement location. The Governor has expressed his intent to veto SB1292, which is the short-term rental transient accommodations booking measure. At the City and County of Honolulu, Bills 85 and 89 were sent to Mayor Caldwell. Mayor Caldwell signed Bill 89 into law. That ordinance becomes effective on August 1<sup>st</sup>. It is expected to have a tremendous impact on illegal vacation rentals on O'ahu and will help address the proliferation of illegal vacation rentals. Chair Fried said that he was at the Governor's office when he signed several traffic safety bills including the red light camera bill.

Mr. Tatum asked Mr. Regan to provide an update on what HTA is doing to prepare for Hurricane Season. In preparation for that, the State held an exercise, Makani Pahili, to prepare for the event of a hurricane. HTA reviewed and updated its Emergency Operations Plan, which guides the agency as it deals with events like hurricanes, updates, and other disasters. Makani Pahili occurred on June 6th, and HTA went through the procedure as though it was actually going through a hurricane. He said there is room for improvement, particularly the "phone tree" process, which was successful but cumbersome. On June 7th, Hawai'i Emergency Management Agency senior leadership exercises were held at HCC to educate leadership and familiarize them with the process involved when they are activated in an emergency. Mr. Tatum and Mr. Regan participated in the executive management section including a tabletop exercise and discussion. Mr. Regan added that, with the start of hurricane system, it is important to check on our supplies and make sure that we are prepared. He said that the National Weather Service is anticipating 7 – 8 named storms this season.



## **9. Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Approval by the Board**

Chair Friend recognized Mr. Sanders to provide an update on the Marketing Standing Committee. Mr. Sanders discussed the latest updates on the Go Hawai'i website. He said that there was also an update on the emergency marketing funds for Hawai'i Island and that overall there has been a benefit including 85% load factor to Hawai'i Island this summer, which is in line with 2017.

Mr. Sanders said that he was recently in Japan for ten days and saw great promotion and advertising for the State of Hawai'i and Hawai'i Island. The committee also had an update on the new MMAs and the RFP process. Ms. Hughes and her team have worked to make branding more consistent in all of the major markets.

Mr. Sanders said the committee looked at the upcoming Meetings, Conventions, and Incentives (MCI) global RFP and he acknowledged Ms. Hughes to discuss that matter. Ms. Hughes said that they are currently in a Request for Information (RFI) process to determine what entities might qualify based on a comprehensive list of minimum qualifications to accomplish what HTA wants to accomplish within the global MCI market. She said that the center of those qualifications is the right technology, including a CRM tool to keep track of all customer data, send leads out, and track sales and production globally. Next is a central, global team which can coordinate an effort around one central MCI leader who guides strategies with all GMT's around the world. Ms. Hughes said that the role of each market is lead generation, but some will have a larger role based upon market.

Mr. Sanders also said that there was dialogue around how more MCI business actually has less of an impact on Hawai'i's natural resources because those visitors are here primarily for meetings.

## **10. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives**

Chair Fried recognized Teri Orten to provide an update on HCC. For May, HCC had a great deal of activity include American Roentgen Ray Society (ARRS) which held their first event at HCC. That event had more than 2,400 attendees and they have already indicated they would like to return. There were also five other offshore events generating approximately \$3million in state revenue and 23 local events. Food and beverage generated \$881,000 which was \$385,000 coming from offshore business. Flowthrough is at 35% and the reforecast is \$9.6 million, with a flowthrough of about 37%.

Ms. Orten recognized Lee Conching to discuss sales initiatives. Mr. Conching said that most sales initiatives have focused on May Day Lei Day events in Chicago and D.C. He said that they are seeing more European groups interested in visiting Hawai'i. ARRS is planning on returning in 2025 and there was also excitement for the Rotary International Program to visit Hawai'i

next year. They are expecting 22,000 Rotarians to visit in 2020. Ms. Orton pointed out that the Board packet included a list of public relations initiatives.

Ms. Orton recognized Mari Tait to discuss Capital Improvement Project (CIP) updates. Regarding boiler replacement project, the contractor has submitted designs for final review. Regarding the cooling tower, the RFP has been issued, six proposals were received, and meeting and site visits have been conducted, and an award will likely take place shortly.

Regarding the rooftop structural assessment, KAI Hawaii has deemed the rooftop safe in its current condition. Mr. Rafter asked what the next step is for the roof. Mr. Tatum responded that the latest projection of cost between \$50-55 million has been shared with legislators and there have been discussions on what is the best use for HCC moving forward. They are considering how they can be more creative and thoughtful on how they use that rooftop space.

Ms. Tait said that they are also working on facility equipment upgrades. They have received several bids, are reviewing the proposals, and plan to make the award in July. Mr. Regan thanked Ms. Orton and Ms. Tait for their work on these projects.

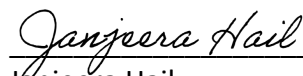
Mr. Tatum asked Ms. Orton about booking pace. Ms. Orton responded that they are at 22%. Mr. Tatum said that they are seeing softening, and it is important that the market knows what is on the books and the pacing going into 2020. Ms. Orton said that the team is focusing on shorter term business and groups that are the right size, in light of the high occupancy in hotels.

Mr. Fried said that there will also be a strategic plan investigative committee meeting to follow the Board meeting.

## **11. Adjournment**

At 11:37 a.m. Chair Fried asked for a motion to adjourn. Mr. Kam made a motion which was seconded by Mr. Atkins. The motion passed unanimously.

Respectfully submitted



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Janjeera Hail

Recorder

# **Agenda Item**

## **4**

**Report of the CEO Relating  
to Staff's Implementation of  
HTA's Programs During  
June 2019**



## **MEMORANDUM**

TO: HTA Board of Directors

FROM: Chris Tatum, President and CEO

DATE: July 25, 2019

RE: Report of the CEO

The following narrative utilizes the 2019 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 27, 2019. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

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

#### **A. Major Market Management**

##### **Destination Marketing Management Services**

HTA continued the request for proposal (RFP) process for inbound destination marketing management services regarding the major market areas of Korea, China, Southeast Asia and Taiwan by reviewing all questions submitted by potential bidders and providing aggregated answers. Currently, total 26 companies have provided their intent to submit proposals for 4 RFPs. HTA staff also confirmed evaluation committee members and scheduled related timetables.

##### **Global MCI Program Management Services**

HTA issued a request for information (RFI) to seek an established global meetings, conventions and incentives (MCI) sales and marketing organization based in Hawai'i, which would provide a full range of comprehensive sales and marketing management services for the Hawaiian Islands in the global MCI market. This RFI is meant to gauge the available market of qualified applicants in preparation for a prospective request for proposal (RFP). The deadline for organizations to respond is July 19.

##### **Major Market Area Reports**

HTA staff has been streamlining and aligning all Major Market Area (MMA) monthly, biannual and annual reports in accordance with the contractual requirements and needs of the team. The goal is to better manage contractor activities and results. Upgrades to the monthly reports will begin in August.

##### **Fall Tourism Update**

The Market Management team continued to prepare for the Fall Tourism Update to be held at Hilton Waikoloa Village from November 18-19, 2019. With the goal to *"inform, collaborate and integrate the industry, our culture, our community and natural resources as we work together to manage tourism in Hawai'i,"* the agenda is being developed to speak to a broad range of topics. HTA staff conducted a site

inspiration, developed the preliminary budget and draft agenda, and engaged the Island of Hawai'i Visitors Bureau for community involvement.

## **2020 Brand Management Plan**

HTA staff issued a revised Brand Management Plan (BMP) format for 2020 to all GMT markets that are not undergoing RFPs. The revised format will result in more consistency amongst all MMA plans, increased focus on identifying research that informs the plans, clarity regarding key campaigns, and deliberate planning for digital and responsible tourism initiatives. This format will also ensure that plans for the coordination of creative asset needs and development are clear. The deadline to submit the BMPs is August 15, 2019.

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

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

#### **1. Kūkulu Ola Program**

HTA continues to work with one of its 2017 Kūkulu Ola awardees to close out its work and complete the final evaluation. This program was granted a no-cost contract extension for extenuating circumstances.

HTA staff is still in receipt of a few final reports for the 2018 Kūkulu Ola programs, a majority of which ended work on December 31, 2018. Five programs were granted no-cost contract extensions due to extenuating circumstances. An additional four programs are missing items or have not submitted a final report as of this report. For the funding this year, 23 of the 31 projects are fully completed and evaluated.

The Kūkulu Ola 2019 program is supporting 28 awardees across the state with a total of \$1.22 million in funding. One award was rescinded because the contractor could not obtain a valid certificate of vendor compliance in time. HTA has paid out initial payments to 22 of the 27 projects. An additional three projects are still pending payment, one contractor's deliverables is incomplete, and one contractor has not turned in its deliverables as of this report. HTA has paid out second payments to 17 of the 22 projects that are on three-payment schedules. An additional three projects are still pending payment, one contractor's deliverables is incomplete, and two contractors have not turned in deliverables as of this report.

The RFP for Kūkulu Ola programs to be supported in calendar year 2020 closed on July 5, 2019. Evaluations will commence next week.

#### **2. Native Hawaiian Hospitality Association**

HTA and the Native Hawaiian Hospitality Association (NaHHA) continue to build stronger ties between the Hawaiian community and the tourism industry. Cultural industry resource meetings are held to bring together many of the industry's Hawaiian cultural advisors to discuss items of interest. HTA received great feedback from the participants as to their value of collaboration in moving the needle on culture in the industry.

NaHHA and HTA staff completed entrepreneurial development workshops statewide, which focused on presentations by the Department of Commerce and Consumer Affairs and the Small Business Administration, as well as information on social media marketing and other topics.

### **3. Native Hawaiian Festivals and Events**

#### King Kamehameha Day

The King Kamehameha Day celebrations were a success throughout the state. The O'ahu celebration began on June 7, 2019, with the Lei Draping of the King Kamehameha statue. It continued on June 8, 2019, with the 103<sup>rd</sup> Annual King Kamehameha Celebration Floral Parade from 'Iolani Palace to Kapi'olani Park and the King Kamehameha Celebration Ho'olaule'a at Kapi'olani Park. On the island of Hawai'i, the June 7 celebration included the Lei Draping of the King Kamehameha Statues in Kohala and Hilo, followed by the King Kamehameha Celebration Parade and Ho'olaule'a in Kohala, Hilo and Kona on June 8, 2019. On Kaua'i, the King Kamehameha Celebration Ho'olaule'a took place in Līhu'e. On Maui, the King Kamehameha Celebration Parade and Ho'olaule'a took place in Lahaina on June 16, 2019. Also on June 16, 2019, the King Kamehameha Celebration Parade and Ho'olaule'a on Moloka'i was revived since last being held in 1959.

#### Prince Lot Hula Festival

HTA staff has finalized an agreement with the Moanalua Gardens Foundation to be the title sponsor of the 2019 festival, which is taking place at 'Iolani Palace on July 20-21 with hālau from across the state participating.

#### Duke's Ocean Fest

A contract for Duke's Ocean Fest 2019 has been executed and HTA staff members have finalized the contract terms for this important event. Emphasis is placed on integrating new partnerships to invigorate long-standing festival traditions.

#### Queen Lili'uokalani Long Distance Canoe Race

Workplans are being finalized with HTA staff for the 2019 Queen Lili'uokalani Long Distance Canoe Race. There have been major shifts in the event's implementation following the passing of Uncle Bo Campos. Kai 'Opua Canoe Club has implemented a new team that HTA is working with to ensure a solid delivery of the events in Kona later this year.

#### Aloha Festivals

Events for the 2019 Aloha Festivals are still in the planning stages and HTA staff will continue to work with its community partners to finalize work plans. All contracts have been executed for the current funding year. New for the O'ahu events will be a concert at Queen's Beach during the festivities and potentially a movie.

#### Polynesian Football Hall of Fame 2020

HTA staff met with organizers and reached agreement on a three-year contract with two one-year extensions. Funding will continue to support the game and other activities. Added to the new contract terms are statewide clinics and outreach with Polynesian Football Hall of Fame

inductees, active NFL players and other leaders to help mentor and inspire Hawai'i youth. Appropriate paperwork will be drafted to move the approval process forward.

#### **4. Kāhea Greetings Program**

##### Harbors

Contracts for the various harbor greeting programs have been executed. Implementation has begun at the ports in Nāwiliwili, Honolulu, Lahaina, Hilo and Kona. Work will include, but is not limited to, hula, mele, lei making, maps and other collateral, as well as lei greeting with fresh flower lei. Discussions with DOT Harbors are underway to include more art and other improvements to enhance the harbor and port user experience.

##### Airports

HTA staff are coordinating and working on a new workplan for 2020 airport greetings statewide. New emphasis will be placed on baggage claim areas and incorporating more community-based hālau hula and Hawaiian cultural practitioners. Greetings are held at Līhu'e, Honolulu, Kahului, Hilo and Kona. Discussions with DOT Airports are underway to include more art and other improvements to enhance the airport user experience.

#### **5. Resort Area Hawaiian Culture Initiative**

Contracts are finalized for 2019 events with workplans having been submitted for various programs in Waikīkī, Lahaina, Hilo and Kona. New to the Waikīkī program this year is a seven-month pilot program to bring back Sunset on the Beach. The Waikīkī Improvement Association is producing the Sunset on the Beach events, which feature Hawaiian music concerts with hula preceding the screenings of films. Residents are the target audience for the new events. HTA has done media outreach to promote the events. The first Sunset on the Beach took place on May 11, 2019 with great attendance and the second screening took place on June 15, 2019 with a good turnout as well.

#### **6. Hawai'i Investment Ready 2019 Cohort**

HTA staff and Hawai'i Investment Ready finalized a new contract, which supports a cohort of social enterprises with a tourism focus, and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs. The intent is to elevate these social enterprises to seek other forms of capital to enhance and improve its programs. Hawai'i Investment Ready has completed the cohort recruitment, curriculum development, and pre-program preparation phases. They are presently in the implementation stage of Module 1, and the remaining modules will be completed throughout the year.

#### **7. Center for Hawaiian Music and Dance**

HTA staff will conduct internal planning meetings now that the law has been amended to remove the Hawai'i Convention Center as the location of the proposed Center for Hawaiian Music and Dance.



## **8. HTA Legacy Awards**

Planning is underway for a theme and other logistics for the 2019 HTA Legacy Awards to be held in conjunction with the Fall Tourism Update on Hawai'i Island in November.

## **9. Ma'ema'e**

HTA is working closely with the Global Marketing Team (GMT) to assess their needs for training of GMT staff to more accurately incorporate the Hawaiian culture into their efforts. Allocations have remained level year-over-year.

## **10. Market Support**

HTA staff supported Hawai'i Tourism Korea's sales mission and Hana Tour events from June 7-12, 2019.

Preparations are underway to support Hawai'i Tourism Taiwan's Hawai'i Aloha Festival 2019 from July 5-7, 2019.

## **B. Natural Resources**

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

HTA has closed out and completed all 2017 Aloha 'Āina contracts and evaluations, including those that were previously extended.

HTA staff is still in receipt of final reports for the 2018 Aloha 'Āina projects, a majority of which ended work on December 31, 2018. Five contracts were granted no-cost extensions due to extenuating circumstances, two of which are still open. One contract was mutually terminated, which lowered the total projects funded to 25 active contracts. An additional six projects have missing items, and one contractor has not submitted a final report. From this funding year, 15 of the 25 projects are fully completed and have been evaluated.

The Aloha 'Āina 2019 program includes 28 awardees across the state at a total of \$1.24 million in funding. All contracts have been approved by DAGS. HTA paid out initial payments to 23 of the 28 projects. The first payments for the remaining five projects are in process with DAGS. HTA has paid out second payments to 16 of the 28 projects. An additional eight are in process with DAGS and four contractors' deliverables are incomplete.

The RFP for Aloha 'Āina programs to be supported in calendar year 2020 closed on July 5, 2019. Evaluations will commence next week.

### **2. DLNR Partnership**

HTA staff continues to work in partnership with the Department of Land and Natural Resources (DLNR) to protect our natural and cultural resources on state lands. Below are details regarding various initiatives underway or in the planning stages.



### Na Hele Trails and Access

HTA staff and DLNR have finalized an agreement for \$530,000 in FY2020, providing DLNR with funds to conduct a statewide trail assessment and monies for brushing and clearing trails.

### Mālama Hawai'i

Current year funding is supporting placement of Mālama Hawai'i collateral in roughly 24,000 hotel rooms statewide. Funding has also been provided to produce and distribute seven new 30-second public service announcements. Hawaiian Airlines and AirAsia X have already committed to sharing the content with its guests in-flight. HTA is currently negotiating with Japan Airlines and All Nippon Airways to have the content included on its flights as well.

### Rapid 'Ōhi'a Death

Funding in 2019 was used for tour operator bio-sanitation trainings across the state. Public service announcements on quarantine rules, as well as airport ad placements, were also part of the funding. In addition, two aerial survey flights with the Carnegie Airborne Observatory were conducted for Hawai'i Island and Kaua'i. Both islands now have confirmed cases of both species of Rapid 'Ōhi'a Death. HTA staff, in partnership with the state, placed visitor-focused tips to help reduce the spread of the disease as well as hosted a full-length documentary to help others better understand the significance of 'Ōhi'a to Hawaiian culture and our native ecosystems.

### Carbon Sequestration Certification

DLNR has selected and awarded a contract for carbon sequestration certification. The certification will allow DLNR to quantify and value the carbon offsets from its reforestation work in order to move the department and DOFAW toward self-reliance.

### Social Media Specialist

HTA continues its work with the social media specialist, a tourism funded position, to mitigate illegal tours on state lands, as well as develop visitor messaging focused on responsible behavior while exploring Hawai'i. Since the position was funded, DLNR reactivated its previously suspended social media accounts.

### Ambassador Program

Funds have been committed to a pilot an ambassador program in FY2020. The statewide program will be implemented in state parks and on trails. A total of \$500,000 has been set aside for this effort. Initial budget estimates allocate \$62,000 per position which would fund nine ambassadors. HTA has not received the workplan by DLNR identifying the areas where those positions would be deployed. No further work will continue until we are in receipt of the workplan.



### **3. Hawai'i State Park Survey**

HTA's contracting staff is working to finalize the draft request for proposals (RFPs). The project is expected to survey all state parks over a one-year period. The data and insights collected by the survey will help HTA and DLNR manage our resources better to protect natural and cultural assets.

### **4. Hawai'i Ecotourism Association**

The Hawai'i Ecotourism Association and HTA has finalized the scope of work for the 2019-2020 program. 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 trainings that will be made available online, including YouTube.

### **5. Hawai'i Green Business Program**

HTA has finalized a memorandum of agreement (MOA) with the Hawai'i Green Business Program. The primary focus of this work is to assist and recognize businesses that strive to operate in an environmentally, culturally and socially responsible manner. The program has a proven record of reducing energy consumption, water savings and waste diverted, which are three key metrics in HTA's strategic plan.

### **6. Hawai'i Green Growth**

Hawai'i's sustainable future is dependent upon our ability to measure and define what sustainable tourism is moving forward. In partnership with Hawai'i Green Growth, HTA staff is in discussions regarding the current year contract to support convening a diverse group of stakeholders toward this goal and others. More details will be shared as soon as they are finalized.

## **C. Safety and Security**

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

During the month of June, the Visitor Aloha Society of Hawai'i (VASH) was active and provided support in each of the four counties. In Maui County, VASH handled 25 cases and helped 54 visitors (year-to-date: 112 cases/255 visitors). On the island of Hawai'i, VASH handled 26 cases and provided assistance to 58 visitors (year-to-date: 205 cases/434 visitors). On O'ahu, VASH handled 56 cases and helped 146 visitors (year-to-date: 389 cases/858 visitors). On Kaua'i, VASH handled one case and provided assistance to two visitors (year-to-date: 33 cases/91 visitors).

### **Lifeguard Support Program**

HTA has agreements in place with the four counties to provide each with funding of \$125,000 based on a one-for-one match for the purpose of purchasing ocean safety equipment. The agreements for all four counties have been fully executed and the program is underway.

### **Waikīkī Camera Program**

The Memorandum of Agreement (MOA) providing the City and County of Honolulu with a total of \$300,000 in funding to purchase security cameras in Waikīkī has been executed. HTA staff has been following up with the City and County regarding the first invoice.

### **Ocean Safety Advertising Campaign**

HTA, through its contracts with SKYHI MEDIA and Pacific Media Group, is displaying ocean safety videos at airports throughout Hawai'i. These videos run primarily in the baggage claim areas during normal airport operating hour. The agreements have been extended to continue showing these videos in FY2020.

### **Snorkel Safety Study**

HTA has executed a contract with the Hawaiian Lifeguard Association (HLA) for \$131,000 to conduct a snorkel safety study. The purpose of this two-year study is to formally assess the causes and risk factors in snorkel-related fatalities and near fatal drownings. HLA will collect and analyze data, conduct scientific research, conduct surveys and interviews, and will consult with experts in the appropriate fields. The State of Hawai'i Department of Health and the City and County of Honolulu lifeguards are collaborating on the study. HLA has already begun collecting information on the cases of snorkeling-related accidents.

### **Hā'ena Emergency Support**

MOAs have been executed with the Department of Land and Natural Resources (DLNR) for \$54,860 and with the Kaua'i Police Department (KPD) for \$41,140 providing officers to support the enforcement of the "no parking" zone along a two-mile stretch of Kūhiō Highway.

## **D. Community Enrichment Program (CEP)**

### **2020 Request for Proposals**

HTA received 123 proposals in response to the 2020 Community Enrichment Program RFP, which closed on July 5, 2019. The evaluation committee members consist of representatives from the visitor industry, community and HTA staff. For submissions with projects that take place in two or more counties, the proposals will be reviewed on a county and statewide level. HTA aims to fund projects and events that bring together residents and visitors, and present community experiences in the niche markets of agritourism, culinary tourism, cultural tourism, ecotourism, edu-tourism, health and wellness, sports, techno-tourism and voluntourism.

### **Existing Contracts (2019)**

HTA staff continues to review 2019 deliverables and is processing first and second payments. The 2019 CEP includes 71 awardees statewide with total funding of more than \$1.2 million allocated. For a listing of 2019 CEP awardees visit: <https://www.hawaiiitourismauthority.org/what-we-do/hta-programs/community-enrichment-programs/>.

July Events

<b>Event Name</b>	<b>Organization</b>	<b>Island(s)</b>	<b>Start Date</b>	<b>End Date</b>
Asia Pacific Dance Festival 2019	University of Hawai'i Office of Research Services	O'ahu	7/22/2019	8/4/2019
Kōloa Plantation Days Paniolo Heritage Rodeo (aka Paniolo Heritage Rodeo, Heritage Rodeo)	Kaua'i Rodeo Club Inc.	Kaua'i	7/20/2019	7/22/2019
Tropical Inspirations Quilt Show	Kona Hawaiian Quilt Museum Society	Hawai'i Island	7/20/2019	7/21/2019
49th Annual 'Ukulele Festival Hawai'i	'Ukulele Festival Hawai'i	O'ahu	7/21/2019	7/21/2019
60th Hawaiian International Billfish Tournament	Hawaiian International Billfish Association dba Hawaiian International Billfish Tournament	Hawai'i Island	7/27/2019	8/4/2019

August Events

<b>Event Name</b>	<b>Organization</b>	<b>Island(s)</b>	<b>Start Date</b>	<b>End Date</b>
Honolulu Rainbow Film Festival	Honolulu Gay and Lesbian Cultural Foundation	O'ahu	8/8/2019	8/18/2019
17th Annual Korean Festival	Hawai'i Korean Chamber of Commerce	O'ahu	8/3/2019	8/3/2019
Heiva I Kaua'i 2019	Ka'imi Na'auao O Hawai'i Nei	Kaua'i	8/3/2019	8/4/2019
Nā Pali Challenge	Kaua'i Outrigger Association dba KOA	Kaua'i	8/4/2019	8/4/2019
Emma Farden Sharpe Hula Festival	Lōkahi Pacific	Maui County	8/9/2019	8/11/2019
37th Annual Hawaiian Slack Key Guitar Festival "Waikīkī Style"	Kī-hō'alu Foundation	O'ahu	8/10/2019	8/10/2019
37th Okinawan Festival	Hawai'i United Okinawa Association	O'ahu	8/31/2019	9/1/2019

CEP Year-Round Projects

<b>Event Name</b>	<b>Organization</b>	<b>Island(s)</b>
Hāna Arts Presents! - A Workshops & Events Program for East Maui	Hāna Arts	Maui
Visual Arts Exhibition Program 2019	Maui Arts & Cultural Center	Maui
History Theatre	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Maui, Kaua'i, Hawai'i

Market of Possibilities	AccesSurf Hawai'i Inc.	O'ahu
Kahilu Theatre 2019 Season	The Kahilu Theatre Foundation dba The Kahilu Theatre	Hawai'i
travel2change	travel2change	All islands
Volcano Art Center's Hula Arts at Niaulani	Volcano Art Center	Hawai'i
Hui No'eau Art Exhibitions 2019	Hui No'eau dba Hui No'eau Visual Arts Center	Maui
Hands on History at the Kona Coffee Living History Farm	Kona Historical Society	Hawai'i
Creating Unforgettable Experiences on Remote Beaches of Hawai'i	Sustainable Coastlines Hawai'i	O'ahu
Ho'omau Ka Hana No'eau o Waipi'o	Pohaha I Ka Lani	Hawai'i
Biki Bike Audio Tours	Bikeshare Hawai'i	O'ahu
Cultural Awareness Events 2019	'Ahā Hui E Kālā dba Lāwa'i International Center	Kaua'i
Hololea Visitor Tour Program	Mālama Loko Ea Foundation	O'ahu
North South East West Festival 2019	Ebb & Flow Arts	Hawai'i, Maui, O'ahu
Exploring Maui's Greenways, Bike and Walking Paths	Hawai'i Bicycling League	Maui
'Ohina Short Film Showcase	'Ohina LLC	O'ahu, Maui, Hawai'i Island
Anaina Hou Community Park Enrichment Programming 2019	Anaina Hou Community Park	Kaua'i
Hawaiian Cultural Events and Kaua'i Mokihana Festival 2019	Malie Foundation	Kaua'i
Maui Pops Orchestra 2019 Concerts	Maui Pops Orchestra, Inc.	Maui
The New Year's 'Ohana Festival / Shichi Go San: Keiki Kimono Dressing	Japanese Cultural Center of Hawai'i	O'ahu

**Major Festivals/Events**

July Events

Event Name	Organization	Island(s)	Start Date	End Date
Kōloa Plantation Days	Kōloa Plantation Days, Inc.*	Kaua'i	7/19/2019	7/28/2019

## **E. Ho'okaulike**

### **Kaua'i Safety Signage**

The MOA with Kaua'i County has been extended through October 31, 2019, due to the delay in approval of locations to place the materials.

### **Hawai'i Island Safety Signage**

The MOA with the County of Hawai'i has been extended through October 31, 2019, to ensure the work is complete on time.

### **Hawai'i Island Strategic Plan**

The MOA with the County of Hawai'i valued at \$35,000 has been executed to update the Hawai'i Island Tourism Strategic Plan that is dated 2001-2015.

### **Maui Coral Reef Signage**

The contract has been fully executed with the Maui Marine Resource Council for \$47,144. The Maui Nui Marine Resource Council has been working to replace existing signs and create new signs related to the coral reef on Maui.

### **City and County of Honolulu Security Cameras**

The MOA for \$204,000 to install 192 security cameras in 13 parks has been executed.

## **III. KNOWLEDGE AND COLLABORATION**

### **A. Communication and Outreach: June 2019**

#### **News Releases/Reports Issued**

- News Release in partnership with the Los Angeles Rams, Hawai'i Lodging and Tourism Association (HLTA) and Hawai'i Visitors and Convention Bureau (HVCB): Los Angeles Rams Safety John Johnson III, Pisa Tinoisamoa, and Cheerleaders to Visit Hawai'i June 14-17 (June 10)
- Media Advisory in partnership with Los Angeles Rams regarding media availabilities during the football and cheerleading clinics: Los Angeles Rams Safety John Johnson III, Pisa Tinoisamoa, and Cheerleaders to Visit Hawai'i June 14-17 (June 12)
- News Release in partnership with Moanalua Gardens Foundation: 42nd Annual Prince Lot Hula Festival at 'Iolani Palace Features Special Performances (June 13)
- News Release: HTA Issues RFPs for Destination Marketing Management Services (June 20)
- News Release in partnership with Los Angeles Rams: Los Angeles Rams Launch "Aloha Hawai'i Sweepstakes" (June 26)
- Report: HTA Airline Seat Capacity Outlook for Third Quarter 2019 (June 26)

- News Release: Hawaii Visitor Statistics Released for May 2019 (June 27)

### **Media Relations**

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
  - Honolulu Star-Advertiser: Assisted sports reporter Dave Reardon with interviews with Chris Tatum (CT), Mufi Hannemann (HLTA), John Monahan (HVCB) and Kalani Ka'anā'anā (KK) for series on youth sports in Hawai'i and their connection with tourism. (June 3)
  - Honolulu Civil Beat: Coordinated CT phone interview with reporter Stewart Yerton regarding story about visitor arrivals and spending. (June 7)
  - Honolulu Star-Advertiser: Responded to sports reporter Ferd Lewis about whether the Los Angeles Clippers will be returning to Hawai'i this year and advised that the contract has not yet been signed. (June 10)
  - KHON: Coordinated Mufi Hannemann's appearance on KHON2 News on KHII at 7pm, and Wake Up 2day, regarding the Los Angeles Rams football and cheerleading clinics. (June 13 & 14)
  - Honolulu Civil Beat: Provided assistance during meeting with reporter Stewart Yerton, graphic specialist Carlie, and JC to discuss graphics for upcoming story on tourism trends. (June 13)
  - HPR: Keith Regan interview with reporter Casey Harlow regarding eSports. (June 19)
  - Hawaii Business Magazine: CT interview with reporter Gina Gelber for a Talk Story article. (June 26)
- **Publicity Support:** Provided the following information and/or assistance:
  - Honolulu Star-Advertiser: Responded to request from reporter Allison Schaefer for information regarding visitor spending based on accommodations type. (June 3)
  - Honolulu Star-Advertiser: Provided reporter Allison Schaefer with CT quote for story about the state's \$13 million appropriation for Waikīkī Beach restoration. (June 4)
  - TravelAge West: Responded to request from Hawai'i editor Marty Wentzel who inquired about the status of the Los Angeles Clippers returning to Hawai'i and Pacific Rim Cup details. Advised her that the contracts are not yet finalized. Also provided her with a news release from the Hawai'i Open. (June 5)
  - Travel Weekly: Responded to request from news editor Johanna Jainchill who inquired about the importance of the China market to Hawai'i, in response to China issuing a travel warning for the United States. Provided information on air seats and the China visitor market in Hawai'i, and suggested she contact a Hawai'i professor or travel agents/companies that bring Chinese visitors to the islands. (June 5)

- Honolulu Star-Advertiser: Provided reporter Allison Schaefer with quotes from CT and Jennifer Chun (JC) for story about visitor spending based on accommodations type. (June 6)
- Hawaii News Now: Responded to intern Aalii Dukelow's request for safety tips while visiting popular destinations in the wake of Spitting Caves deaths. Referred him to the Honolulu Fire Department, Honolulu Crimestoppers and Visitors Aloha Society of Hawai'i. (June 6)
- KRON (San Francisco): Referred integrated sales manager George Anne Garcia-Arana to HVCB regarding her pitch to have an anchor do stories on Hawai'i through an advertising program. (June 7)
- Honolulu Civil Beat: Provided reporter Stewart Yerton with HTA's FY2020 budget, 2018 resident satisfaction survey and per person per day spending chart as requested. (June 7)
- CNN: Responded to request from national news editor Chris Boyette for information on the \$13 million in funding for repairs at Waikīkī Beach. Provided link to HB 1259 and recommended he contact the legislators who introduced the bill. Also provided CT quote. (June 10)
- KHON, KITV, HNN: Pitched interviews with Mufi Hannemann leading up to the Los Angeles Rams football and cheerleading clinics. (June 12)
- Hawaii News Now: Responded to digital media intern Alexandria Ng's request for information regarding Chinese visitors to Hawai'i. Provided a pie chart with the breakdown of where visitors came from in 2018, in addition to information on 2018 per person per day spending based on where they came from. Also referred her to HTA's website for further information on research data. (June 12)
- Honolulu Star-Advertiser: Provided reporter Allison Schaefer with CT quote for story about the Aloha Pledge on Kaua'i, which was modeled after the Palau Pledge, and referred her to speak with Senator Glenn Wakai, who was appointed honorary consul of Palau. (June 13)
- Los Angeles Times: Responded to interview request from reporter Jay Jones for story about Kailua Beach being named one of the nation's best beaches and the impacts of overcrowding and tourism. Declined interview and referred him to the Kailua Neighborhood Board. (June 17)
- Honolulu Star-Advertiser: Responded to request from reporter Allison Schaefer for information regarding Frontier Airlines. (June 21)
- Maui Now: Pitched story to reporter Rod Antone about Lahainaluna High School football team attending the Los Angeles Rams clinic on O'ahu, due to funding support from Hawai'i Tourism. (June 21)
- Cruise Industry News: Responded to request from managing editor Monty Mathisen regarding the number of cruise passengers in Honolulu in 2018. Minh-Chau Chun (MC) provided him the data. (June 24)



- Honolulu Star-Advertiser: Responded to reporter Dave Reardon's inquiry about how much money HTA provided the Los Angeles Rams as an incentive to hold its pre-season game in Hawai'i. (June 24)
- Maui Now: Responded to reporter Rod Antone who inquired about whether HTA has a relationship with the Center for Responsible Travel. (June 25)
- Law360: Responded to reporter Daniel Tay's request for comment regarding Governor David Ige's intent to veto SB 1292, a bill related to transient accommodations. Provided CT quote. (June 25)
- Honolulu Civil Beat: Responded to request from reporter Christina Jedra regarding story on possible difficulty in bringing conferences to Hawai'i due to the perception that Hawai'i is just for play. Referred to HVCB. Mary Neister (HVCB) did the interview. (June 26)
- eTurboNews: Referred reporter Juergen Steinmetz to MC regarding information about the May 2019 visitor statistics. (June 27)
- Travel Weekly: Responded to request from news editor Johanna Jainchill for help in utilizing HTA's Knowledge Bank. (June 27)
- Wall Street Journal: Responded to real estate reporter Tess Riski's request for an interview about the uptick in short term rentals and the broader economic status of Hawai'i, its businesses and residents. Referred to DBEDT. (June 28)
- This Week Publications: Connected with director of sales David Baronfeld about including CT message in the O'ahu, Maui, Kaua'i and island of Hawai'i editions. (June 28)

### **Community Initiatives and Public Outreach**

- Prince Lot Hula Festival: Drafted CT welcome letter on behalf of CT and provided his headshot for the 42nd Annual Prince Lot Hula Festival's program book. (June 4)
- Fall Tourism Update:
  - Met with conference planning contractor Lee-Ann Choy to start planning. (June 5 & 6)
  - Drafted save-the-date e-blast. (June 7)
  - Site visit at Hilton Waikoloa Village with Choy, KK and Laci Goshi. (June 14)
- Hawai'i State Department of Land and Natural Resources (DLNR): Reviewed DLNR's news release, "Dawning of New Day for Hā'ena Blessing". (June 6)
- King Kamehameha Celebration Commission: Reviewed news release, "King Kamehameha Celebration Events Slated for Maui County". (June 13)
- PacRim Marketing Group: Provided Jean Dickinson with group and leisure visitor statistics for the Japan, China and Korea markets. (June 26)
- Aloha Festivals: Provided Hawai'i Tourism logo to Jim Fulton for the festival's street banners. (June 27)
- HTA 2020-2025 Strategic Plan

- Stakeholder Meetings
  - June 17 – Kailua-Kona, Courtyard King Kamehameha’s Kona Beach Hotel (17 attendees)
  - June 18 – Moloka’i, Kūlana ‘Ōiwi (13 attendees)
  - June 19 – Kaua’i, Kauai Beach Resort (33 attendees)
  - June 20 -- Maui, Maui Arts & Cultural Center (24 attendees)
  - June 21 – O’ahu, Hawai’i Convention Center (55 attendees)
  - June 24 – Lāna’i (10 attendees)
  - June 25 – Hilo (14 attendees)
- Communications
  - Created e-blast and Constant Contact event, uploaded O’ahu list and distributed meeting invitation. (June 4). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Kailua-Kona meeting invitation (June 4). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Moloka’i meeting invitation (June 4). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Kaua’i meeting invitation (June 4). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Maui meeting invitation (June 4). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Lāna’i meeting invitation (June 14). Also managed RSVP lists.
  - Created e-blast and Constant Contact event, uploaded island of Hawai’i list and distributed Hilo meeting invitation (June 19). Also managed RSVP lists.
  - Sent O’ahu, Kailua-Kona, Maui, Kaua’i and Moloka’i meeting reminders. (June 10)
  - Sent Lāna’i meeting reminder. (June 20)
  - Sent Hilo meeting reminder. (June 21)
  - Created e-blast and distributed request to participate in online survey (June 28).

#### **Social Media Posts on HTA’s Facebook Page**

- June 4: Post on HTA/Hawai’i State Department of Health video on ocean safety tips. **Total Reach 479 | Total Reactions 11**
- June 7: Post on tourism dollars funding the Pan-Pacific Festival. **Total Reach 512 | Total Reactions 33**

- June 8: Post on tourism dollars funding the King Kamehameha Celebration Floral Parade. **Total Reach 792 | Total Reactions 30**
- June 9: Post on HTA's Kalani Ka'anā'anā being selected for the Omidyar Fellows program. **Total Reach 671 | Total Reactions 29**
- June 14: Post on tourism dollars funding the Los Angeles Rams football and cheerleading clinics benefiting the community. **Total Reach 779 | Total Reactions 50**
- June 14: Post on Sunset on the Beach. **Total Reach 183 | Total Reactions 11**
- June 17: Post on HTA Strategic Plan meeting with industry and community stakeholders in Kailua-Kona. **Total Reach 1,522 | Total Reactions 220**
- June 18: Post on HTA Strategic Plan meeting with industry and community stakeholders on Moloka'i. **Total Reach 1,203 | Total Reactions 147**
- June 18: Post on anticipating delays at Daniel K. Inouye International Airport due to false reports of shooter. **Total Reach 1,119 | Total Reactions 72**
- June 19: Post on HTA Strategic Plan meeting with industry and community stakeholders on Kaua'i. **Total Reach 1,180 | Total Reactions 151**
- June 21: Post on State of Hawai'i career fair. **Total Reach 512 | Total Reactions 23**
- June 23: Post on HTA Strategic Plan meeting with industry and community stakeholders on Maui and O'ahu. **Total Reach 786 | Total Reactions 36**
- June 24: Post on HTA Strategic Plan meeting with industry and community stakeholders on Lāna'i. **Total Reach 1,392 | Total Reactions 242**
- June 25: Shot and posted interview regarding tourism dollars helping to fund the Pana'ewa Stampede Rodeo. **Total Reach 396 | Total Reactions 21**
- June 25: Post on HTA Strategic Plan meeting with industry and community stakeholders in Hilo. **Total Reach 607 | Total Reactions 36**
- June 26: Post on Los Angeles Rams' Aloha Hawai'i Sweepstakes. **Total Reach 789 | Total Reactions 36**
- June 27: Post to remind people about the new parking fees at Kōke'e and Waimea Canyon State Parks. **Total Reach 8,619 | Total Reactions 810**
- June 27: Post on HTA helping to fund the "Saving 'Ōhi'a" video documentary on the importance of 'ōhi'a and the threat of Rapid 'Ōhi'a Death, which won three Emmy awards. **Total Reach 531 | Total Reactions 38**
- June 27: Post to remind people about the July 5 RFP deadline for 2020 Community Enrichment, Aloha 'Āina and Kūkulu Ola programs. **Total Reach 435 | Total Reactions 17**
- June 27: Shot and posted interview regarding tourism dollars helping to fund the Okinawan Festival. **Total Reach 738 | Total Reactions 77**

## **Communications Strategy**

- Drafted HTA's Communications Strategy for July 2019 to December 2019, with the overall goal of improving resident sentiment about the impact of tourism on Hawai'i's communities. The strategy focuses on four main areas: perpetuation of Hawaiian culture, preservation of natural resources, community programs and branding. (June 21)

## **International News Bureau**

- **Media Assistance**
  - Brazil: Declined request from journalist Paulo Basso Jr. of Rota de Feries travel website for press trip opportunities and provided the gohawaii.com site. (June 7)
  - Argentina: Directed English teacher Patricia Guaraz to gohawaii.com for more information on tourist sights on O'ahu. (June 10)
  - Singapore: Declined request from blogger Isabel Leong of Bel Around the World for travel support and provided the gohawaii.com site. (June 26)
  - Turkmenistan: Declined request from purchasing manager Rahman Babajanov to prepare a proposal and give government directors traveling to Hawai'i a tour to learn about the tourism industry. (June 24)

## **B. Research and Planning**

The Tourism Research Division (TRD) issued the May 2019 monthly visitor statistics on June 27, 2019 which included 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 through September 2019 to the Infrastructure Research Section of the HTA website.

State, major market and island fact sheets were updated with the May 2019 data and posted to the HTA Board of Directors site. State and market fact sheets were published on the website.

TRD issued the May Hawai'i Hotel Performance Report on June 21, 2019. The report and related May 2019 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 on inbound travel from seven affected countries.

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

Jennifer Chun attended the 2019 Travel & Tourism Research Association International Conference in Melbourne, Australia, June 25-27, 2019.

TRD continues to reply to requests for information from HTA's 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
- Research inquiries routed through DBEDT
- 2018 preliminary Canadian visitor characteristics by province for Destination Marketing Hawai'i
- 2018 preliminary cruise visitors by island, for Cruise Industry News
- 2018 Resident Sentiment survey Kaua'i data for the Kaua'i Visitors Bureau
- 2014-2017 \$PPPD by category by accommodation type, hotel supply and demand, and visitor characteristic analyses for Mike McCartney
- 2018 preliminary O'ahu \$PPPD by category by accommodation type and average length of stay and party size by accommodation type
- 2018 O'ahu accommodations inventory, hotel supply and demand, and visitor characteristics for Alaska Airlines
- Oceania market-specific VSAT tables and charts for Hawaii Tourism Oceania

### **Update of the 2020 Tourism Strategic Plan**

HTA held community meetings across the state with NextFactor Enterprises, Inc. as part its destination assessment, which includes gathering stakeholder input about each island's tourism products, destination strength, and community support and engagement. Meetings took place from June 17-25, 2019 on all islands, including separate meetings in Hilo and Kona on Hawai'i Island. Approximately 165 people attended representing community, visitor industry, and government agencies. A DestinationNext survey was also sent to all participants and invitees to these meetings to obtain further feedback.

John Knox & Associates will conduct staff interviews from July 2-15, 2019, and board member interviews in the second half of July. HTA is aiming to have the 2025 Tourism Strategic Plan approved by the HTA Board of Directors at its December 2019 meeting.

### **C. Career Development**

#### **University of Hawai'i – Kapi'olani Community College**

HTA has entered into an agreement with the University of Hawai'i - Kapi'olani Community College and its sister community colleges on the neighbor islands to offer the Certificate for Customer Service in Hawai'i Training Program and Certification for Hawai'i's Professional Tour Guides for the Fall 2019 and Spring 2020 semesters. As part of this agreement, HTA will support 50% of student class fees (with the employer paying the other 50%). Participants of this training programing will be able to:

- Apply professional standards to all sectors of the visitor and customer service industries.
- Demonstrate professional standards when dealing with both visitors and residents of Hawai'i.
- Incorporate the service principles of "Hospitality with Aloha" in their role and career as a professional "host" of Hawai'i.
- Present interesting and accurate information about the history, culture, language, and significant sites in Hawai'i.

## **D. Educational Workshops**

### **Ho'ola Na Pua**

Hawai'i has been identified as a major hub of human trafficking in a 2012 study that reported that 63% of trafficking incidents happen in hotels, ranging from luxury to economy, with the majority of victims being children. HTA has identified a need for training and educating Hawai'i's visitor industry on the topic of human trafficking to know the signs of illegal acts of trafficking so it can be appropriately identified and reported. Previous workshops conducted by other parties have been presented to the legal profession, law enforcement, educators and social workers. However, HTA recognizes that the tourism industry, particularly hoteliers, are in very close proximity to much of this illegal activity and that raising awareness in this industry could potentially save lives. HTA issued an RFP in May, and awarded the contract to Ho'ola Na Pua to conduct four workshops across the state of Hawai'i. Workshop dates and locations are currently being set.

## **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 2019

### Leisure

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

U.S. Travel reports domestic travel demand increased +2.6 percent in April, supported entirely by leisure segment growth. Business travel demand was likely impacted by both Easter and Passover, as meetings and conventions tend to shift to other months. Looking ahead, leisure travel is expected to grow at a faster pace than business travel. Vacation intentions slowed slightly but remain in healthy territory, and forward-looking bookings and searches point to continued growth.

Domestic leisure travel extended its growth trend in April (+3.2 percent), on par with its six-month trend. However, the business segment stalled (0.0%). The six-month Leisure Travel Index (LTI) reading of 50.9 indicates that total U.S. travel volume is expected to grow at a rate of around +1.8 percent through October 2019. Over the same period, domestic travel will achieve +2.0 percent growth.

STR and Tourism Economics has downgraded its RevPAR (revenue per available room) growth forecast for the U.S. hotel industry following an unexpectedly challenging first quarter. The adjusted growth projection of +two percent to \$87.65 for 2019 is down from the +2.3 percent growth expected back in February. "The first quarter of the year came in worse than forecasted on the ADR side, and while the indicators point to better performance the remainder of this year we lowered our RevPAR projection 30 basis points mostly as a result of Q1 performance," said Amanda Hite, STR's president and CEO. STR and Tourism Economics' 2020 forecast remains mostly unchanged with occupancy expected to decrease -0.2 percent to 66.1 percent; ADR projected to climb +2.2 percent to \$135.17 and RevPAR expected to rise +1.9 percent to \$89.36.

The U.S. hasn't experienced a year over year decline in occupancy since last decade.

According to STR, U.S. hotel occupancy rose +0.9 percent to 68.7 percent in May; ADR increased 0.9 percent to 68.7 percent; and RevPAR rose +2.5 percent to US\$91.01.

"The industry sold 3 million more room nights than last May and continued the trend of monthly performance records with modest year-over-year growth," said Jan Freitag, STR's senior VP of lodging insights. "A sign of the times, the 0.9 percent lift in occupancy was the highest since August 2018, while the ADR and RevPAR growth figures were the second highest this year. While we did downgrade our forecast for 2019 as a whole, we are expecting solid performance for the summer months with U.S. air travel bookings and vacation intentions on the incline."

The industry has now posted year-over-year RevPAR growth for 110 of the past 111 months. The longest overall expansion cycle in industry history lasted 112 months from December 1991 through March 2001.

The Leading Trends Index (LTI) indicates that total U.S. travel volume is expected to grow at a rate of +1.8 percent through October 2019, a result of deceleration across all segments. Over the same

period, domestic travel is expected to achieve +two percent growth, while international inbound market is predicted to slow to an anemic 0.8 percent through October.

### **Economy**

The U.S. economic outlook is healthy according to the key economic indicators. The most critical indicator is the gross domestic product, which measures the nation's production output. The GDP growth rate is expected to remain between two and three percent. Unemployment is forecast to continue at the current rate. There isn't much inflation or deflation.

The U.S. economy grew at a healthy +3.1 percent rate in the first three months of this year. The Commerce Department reports that the gain in the gross domestic product, the broadest measure of economic health, was unchanged from a month ago. However, the components of growth shifted slightly with stronger business investment and slowing consumer spending that was more than previously estimated.

The Conference Board Consumer Confidence Index® declined in June, following an increase in May. The Index now stands at 121.5 (1985=100), down from 131.3 in May.

The Present Situation Index – based on consumers' assessment of current business and labor market conditions – decreased from 170.7 to 162.6.

The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 105.0 last month to 94.1 this month, according to Conference Board Consumer Confidence Index®.

### **Competitor Update**

Tourist arrivals in Mexico decreased to 1.9 million in April from 2.4 million in March of 2019. The frequent travel warnings about violence in various regions of Mexico issued by the U.S. State Department are having an effect. Tourism from the United States to Mexico has not grown at the anticipated rate this year due to a variety of factors – the most resonant being the constant barrage of negative travel advisories, the Mexican Tourism Board says. According to figures from the U.S. Department of Commerce's National Travel and Tourism Office, 5.36 million U.S. citizens traveled to Mexico between January and June. This is an increase of around 100,000 (roughly 2 percent) compared with 2017, considerably less than the 300,000 expected by Mexico's tourism sector. Growth in the same period last year was +11 percent. Just over 70 percent of all international tourism to Mexico is from the United States.

### **Airlift**

U.S. seats for May are 817,594, a +4.6 percent increase over 2018. June and July are 898,439 and 948,803, respectively, with a +8.4 percent and +8.9 percent increase over 2018.

Southwest Airlines Co. will keep the Boeing Co. 737 Max out of its flight schedule at least through Oct. 1, a month more than previously planned, as safety regulators debate when the grounded aircraft will be approved to resume operations. American, United, WestJet and Air Canada are likely to follow suit.

Effective Nov. 6, Alaska Airlines will discontinue seasonal flights from Bellingham to Maui and Kona and will add a third daily flight from Seattle to Maui. This winter season, the airline will average 32 daily flights to Hawai'i from the West Coast, more than any other carrier.



## **LEISURE ACTIVITIES**

### **Consumer**

#### On-line

June firmwide digital campaign estimates: Central 11.2 million impressions; KVB 4.2 million impressions; OVB 3.5 million impressions; MVCB 5.5 million impressions; LVB 711,000 impressions; DMVB 706,000 impressions; IHVB 5.4 million impressions.

#### – Social Media

In June, HTUSA continued work on promoting the island of Hawai'i through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

### **Travel Trade**

Travel Leaders Network held their EDGE Conference in National Harbor, MD, from June 5-11 drawing 1,500 travel advisors. In addition to general sessions and networking events, HTUSA, KVB and OVB participated in a trade show and workshop presentation for 67 advisors. HTUSA also conducted 19 one-on-one appointments with pre-qualified attendees during the Luxury Forum.

HTUSA participated in Pleasant Holidays' 2019 Hawai'i Open House in Westlake Village, CA, on June 7. There were 100 agents, supervisors, managers and marketing staff present for an opportunity to be updated on the Hawaiian Islands. Hawai'i suppliers present included Aulani, A Disney Resort & Spa, Grand Wailea, A Waldorf Astoria Resort, Hawaiian Hotels & Resorts, Hilton Hotels & Resorts Hawai'i, Honua Kai Resort & Spa, Kōloa Landing Resort at Po'ipū, Kualoa Private Nature Reserve, Marriott Hawai'i, Nāpili Kai Beach Resort, Outrigger Hotels & Resorts, Turtle Bay Resort, Polynesian Cultural Center, Queen Kapi'olani Hotel, Waikīkī Beach, Hawaiian Airlines and re-branded Sheraton Kaua'i Coconut Beach Resort.

HTUSA conducted Hawai'i training at Classic Vacations Call Center in San Jose, CA, on June 13. Seventy agents were updated on the Hawaiian Islands with an emphasis on the island of Hawai'i.

The Hawaiian Islands received top honors at the recent *TravelAge West* WAVE (Western Agents' Votes of Excellence) Awards for "U.S. Destination with the Highest Client Satisfaction, USA" and "U.S. Tourism Board Providing the Best Travel Advisor Support." This recognition affords HTUSA year-over-year accolades, having earned the same two distinctions 2015-2018. More than 4,500 travel agent professionals throughout the 15 Western states and readers of *TravelAge West* voted on the best-of-the-best from a list of Editor's Pick award recipients that were chosen after careful review by *TravelAge West* Editor-in-Chief Kenneth Shapiro and the editorial team of *TravelAge West*. Businesses with Hawai'i ties were also honored including:

- Best Tour Operator, Hawai'i – Pleasant Holidays
- Best New Resort or Major Renovation – The Ritz-Carlton Kapalua
- Best Hotel Chain, Hawai'i – Outrigger Hotels & Resorts
- Best Hotel for Families – Outrigger Hotels & Resorts
- HTUSA was a presenting sponsor at Signature Travel Network's Regional Educational Forum in San Francisco, CA, on June 14. There were 80 travel advisors in attendance. HTUSA was a co-sponsor for lunch, presented a destination update with an emphasis on the island of Hawai'i and participated in a trade show. Outrigger Hotels & Resorts also participated.

The Pacific Northwest 'Ohana conducted the 2019 CocoNuts and Bolts events in Seattle WA, and Portland, OR, from June 19-20. There were 70 travel advisors present in Seattle and 100 travel advisors in Portland. Live Hawaiian entertainment and *lei* were provided. HTUSA presented a destination update with an emphasis on the island of Hawai'i. Hawai'i suppliers present included All About Hawai'i, Delta Vacations, Pleasant Holidays, Halekūlani, Marriott Hawai'i, Kā'anapali Beach Hotel, Polynesian Cultural Center, Un-Cruise Adventures and 20 other participants.

In partnership with Pleasant Holidays, HTUSA conducted an HDS training in Boca Raton, FL, on June 20 to 14 agents. Pleasant Holidays also conducted a brief presentation on their product and current Hawai'i incentives.

HTUSA conducted a destination presentation and participated in the trade show at the Signature Travel Network Regional Educational Forum in Fort Lauderdale, FL, on June 21. 165 agents were in attendance.

HTUSA teamed up with Pleasant Holidays to provide a Hawai'i-themed Lunch & Learn for Terra Travel and training calls to Cruise Holidays, AAA Greenway and AAA Paradise Valley, AZ, from June 26-27. There were 20 total advisors who received updates on the Hawaiian Islands, All-Hawai'i Vacation Planners, All-Island Maps and updated Quarterly Flyers.

At Signature Travel Network's Regional Educational Forum in Scottsdale, AZ, on June 28, HTUSA was a presenting sponsor. There were 80 travel advisors in attendance. Sponsorship included lunch, a Hawai'i destination update with an emphasis on the island of Hawai'i and trade show. Outrigger Hotels & Resorts also participated.

HTUSA participated in the TravelSavers Bootcamp in Atlanta, GA, on June 29-30. In addition to the trade show, HTUSA conducted two experience workshops reaching 75 advisors, featuring *lei* greeting and *hula* lessons with the entertainers.

### **Public Relations**

As a result of HTUSA's mini press-trip with *Vogue* and a part of island of Hawai'i recovery efforts, writer Rachel Hahn and photographer Mayan Toledano curated a digital story titled, "Deep in Hawaiian Cowboy Country, Female Pau Riders Keep Family Traditions Alive." From this visit, the *Vogue* team was able to gather an appreciation and understanding of Hawaiian views and culture. The story intimately shares Auntie Dee Dee Keakealani Bertlemann and her 'ohana's life as *paniolo*. The story also highlights the unique culture and history of *paniolo* and *pā'ū*, and how the Bertlemann's personal legacy of *paniolo* lives on today. *Vogue* and influential individuals who participated in the press trip posted multiple photos on their social media channels. Continuing efforts to market Hawai'i as a culinary destination, the HTUSA PR team assisted with the Food Network's "Best Thing I Ever Ate" in shooting three episodes across Maui and O'ahu in late 2018. The latest episode, "Best Meal Deal," aired in early June and featured Sheldon Simeon's Maui restaurant, Tin Roof.

KVB. Kaua'i was featured five times online resulting in an estimated 4.4 million unique visitors per month (uvpm) and three times in print for a total estimated circulation of 131,000.

OVB. O'ahu was featured three times online resulting in 74.5 million in estimated uvpm.

MVCB. Maui was featured four times online resulting in an estimated 161 million uvpm.

IHVB. The Island of Hawai'i was featured twice online for an estimated total of 3.6 million uvpm and

once in print, total estimated circulation 60,000.

- In May, HTUSA generated:
- 11.9 million social media impressions (*Facebook, Instagram*)
- May impressions and publicity values for articles that included Hawai'i:
  - o 40.9 million print impressions
  - o 28.9 billion online impressions
  - o 128.3 million broadcast impressions

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

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

The travel trade team will participate in the Virtuoso LEAP Webinar, July 10; Travel + Leisure World's Best Awards, July 16, New York, NY; MAST Webinar, July 16; Midwest 'Ohana Summer Events, July 23, Chicago, IL; Apple Leisure Group Hawai'i Day, July 24, Elk Grove Village, IL; Delta Vacations Hawai'i Day, July 25-26, Minot, ND; Global Travel Marketplace, July 26-28, Fort Lauderdale, FL; Delta Vacations Webinar, July 30; Cruise Planners Luxury & River Cruise Forum, Aug. 4-9, Cancun, Mexico; 2019 Virtuoso Travel Week, Aug. 10-16, Las Vegas, NV; HVCB Leisure Sales Blitz, Aug. 19-22, Minneapolis, MN, Atlanta, GA, Houston, TX, Dallas, TX; ASTA Global Convention, Aug. 23-26, Fort Lauderdale, FL; Avoya Land Summit, Aug. 27-29, Fort Lauderdale, FL.

The HTUSA PR team is coordinating an upcoming mini press-trip focused on Hawaiian culture with freelance writer Jackie Bryant (*Thrillist, Condé Nast Traveler*) as the ring-leader. The press trip is scheduled for the island of Hawai'i and O'ahu, July 14-21. In addition, the team is planning an individual visit by Sherrie Nachman (*Forbes*) to curate sustainability and wellness stories featuring Lāna'i and O'ahu from July 28-Aug. 4.

Continuing efforts to position Hawai'i as a culinary destination, the HTUSA PR team is assisting "Tasting America," which airs on DirectTV, with a Hawai'i episode that is expected to air in late August 2019. The episode will feature three O'ahu restaurants and a local guide who offers insights on the island's unique food industry.

## Hawai'i Tourism Japan Monthly Marketing Report June 2019

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

- Tensions between South Korea and Japan intensify as economic sanctions continue. At the G20 summit hosted in Osaka, South Korea proposed to hold a summit on the sidelines of the G20 which Japan failed to respond to. Regulations were also announced, whereby Japanese exports of materials for Korea's booming technology industry such as chemicals will now require prior authorization, further deteriorating relations.
- Quarterly studies of the Bank of Japan on business sentiment found that an increasing number of major manufacturers are beginning to have a negative outlook. This comes from the ongoing tensions with South Korea and poor US-China relations, adversely affecting exports to two significant importers of Japanese products.

#### Outbound Travel Market

- Although Japanese outbound traveler growth in April was over 20%, May values were not as significant with the Super Golden Week at growth of 3.9%. Main reason for limited growth was the concerns for congestion. Many also showed tendencies to focus trips on the first portion of the Super Golden Week, while reserving the latter half to prepare for return to work.
- Survey studies were performed on consumers mindsets of Japan vs foreign countries. Results showed that there were greater amounts of consumers who never traveled abroad. Main reasons given for not traveling was the high standard of living and affinity to Japan, indicative of their satisfaction with attractions domestically offered. Of consumers that had traveled abroad, Asian destinations remained the most popular.

#### Competitive Environment

- Australia is maintaining popularity amongst Japanese consumers with 5 consecutive years of growth. In 2018 Japanese visitors surpassed 450,000, a level not achieved in 10 years. Continued collaborative promotions between airlines and travel agencies, along with the growth in airlift are the main reasons for growth.
- Tourism New Zealand announced their Tiaki Promise commitment program, calling for visitors and residents to care for New Zealand for current and future generations. Initiatives such as electric camping car rentals and zero waste challenges by various facilities have started.
- Destinations including Germany and Thailand are enhancing development of the Japanese luxury market by showcasing their unique and surreal attractions. Destination workshops, new tour itineraries, and FAM tours specifically arranged for the Japanese affluent market were initiated.
- The Netherlands Board of Tourism and Conventions decided to stop all promotions to curb overtourism, as the impact of visitors are becoming apparent with their rise in popularity. The country will now shift efforts from attracting visitors to managing them by dispersing them to lesser known destinations outside the capital.

### **Consumer Trends**

- Millennial consumers vary greatly from older generations and can be characterized as being socially aware, reliant on technology, ethnically open-minded, open to experience-based consumption, educated, health/wellness oriented, meticulous with money and spiritual. The generation also has tendencies for lower wages, resulting in them emphasizing saving for their futures, fueling industries relating to the sharing economy.
- Studies found that close to half of consumers are influenced by smartphones and/or the internet when making purchases. Popular factors continued to include SNS, flea market apps and influencers. In contrast, consumers over 40 showed greater tendencies to be affected by societal and economical occurrences such as the planned tax hike.
- A new segment amongst millennials known as “rich millennials” are arising in Japan. This segment typically displays willingness to spend for exclusive experiences. Value is placed not on the goods, but on its underlying stories. As affluent millennial segments arise, new values are arising for purchases made based on events and/or times.
- Studies conducted on consumer behavior for the 2020 Olympic Games found that over 60% of consumers were not planning anything special. Of those planning to watch the games, only a third expressed intents to watch the games first-hand at the various venues; seemingly more popular amongst younger consumers.

### **Travel Trends**

- The travel industry is increasingly adopting digital cryptocurrency services for payment lead by Facebook called “Libra”. Service providers such as booking.com and Uber, along with financial service entities such as Mastercard, Visa and Paypal will also be supporting Facebook’s new currency. Such services will be increasing convenience for travelers and may potentially drive a surge in consumption.
- The Japan Tourism Agency finalized the logo for “Kids Week” to be utilized on travel products. Kids Week was established by the Government as part of initiatives aimed at having consumers reevaluate their work-life balance. They hope to encourage active acquisition of paid time off to consumers and better disbursement of holidays to entities.
- Numerous travel lounges have been opening in Hawaii. In June, HIS opened their new lounge in the T Galleria, along with ANA opening their new airport lounge earlier in 2019. JTB, HIS and KNT have also operated lounges, along with OTAs such as Rakuten and airlines such as ANA also following suit. The lounges are aimed to capture the FIT market by focusing on experiences to offer, such as optional tours, during trips.

### **Media & Online Trends**

- Millennial consumers consume contents at extreme speeds and can determine their value of organic posts and ads instantly. As such, Instagram Stories are popular for this segment, with significant amount of time and actions spent on it. This indicates the importance of creative attention-grabbing tools to efficiently promote brands.
- Instagram post submissions have been growing, with amateur contents becoming more accepted. Popular stories often feature captions with useful information related to the post, effectively implementing call to action.
- Facebook announced new features allowing users to find new friends based on communities. The new feature is aimed to develop and enhance connections that users have with one another by allowing them to search with reference to communities of interest.

### **Airlift**

- Japan Airlines (JAL) and All Nippon Airways (ANA) announced the rise of fuel surcharge rates to 8,500 yen from 6,000 yen for tickets issued from August. Other legacy carriers are also expected to follow suit.
- Hawaiian Airlines (HA) affirmed importance of the Japanese market as it comprises 56% of their international flight network, with hopes for continued growth including the planned direct flight service from Fukuoka. Extra comfort seats offered by HA in Japan have also seen growth, significantly contributing to their business.

### **LEISURE ACTIVITIES**

#### **Hawai'i Expo Fukuoka**

- Major B to C event, Hawaii Expo, was held on June 22 and 23 in Fukuoka to maintain interest and branding of Hawaii after the cancellation of direct service was announced. Over the two days, 15,965 consumers attended the event.
- Various methods of promotion were initiated to ensure attraction of consumers to the event. This included invitation of reporters from the region's largest newspaper and a TV station on day 1 to have contents featured in the morning paper and a TV show on day 2. Overall, 69 exposures with 3,764,900,774 impressions resulted from the event.
- A total 20 partners from the Hotel, Attraction, Rental Car, Airline, Travel Agency and Wedding industries operated booths at the event to offer a place for attendees to obtain all information related to Hawaii travels. Other booths including those offering Hawaii themed products/foods were also prepared to stir consumer interest.
- At a nearby venue, educational sessions were arranged for consumers including ribbon lei, ukulele and hula workshops, a seminar on basic information, and a seminar on the connections between Kauai and a popular hula song.
- The Aloha Program also conducted a beginner level Hawaii Specialist seminar for 15 people, along with a screening of a documentary film of Hōkūle'a, "Moananuiākea one ocean one people one canoe" for the first time in Japan for members. HTJ worked with Polynesian Voyaging Society and 'Ōiwi TV to insert subtitles for attendees. The screening was fully booked within 3 days, with 183 people attending.

#### **Hawai'i Island Recovery Initiative**

- HTJ supported the creation of a music video for popular Japanese hip-hop group M-flo, filmed on the island of Hawaii. The video featured powerful natural elements on the island, leading to an effective new type of promotion to raise consumer buzz. An advanced screening was also arranged at the Hawaii Expo event, to raise consumer interest. The music video recorded 199,324 views in June, with press releases resulting in 118 exposures with reach of 1,303,248,110.
- A new campaign was launched with HA and Konica Minolta at a planetarium in Tokyo from June 14. Each Friday, the facility will be featuring constellations that can be observed in Hawaii, along with the venue being changed to a Hawaii theme. A consumer campaign also launched, whereby a lucky entry will be awarded round trip tickets to Kona, set to run through the end of November each Friday, with an estimated total reach of 1,600.
- HTJ blasted a targeted mail magazine utilizing previously obtained CRM data, to 86,299 consumers in Tokyo who had responded as wanting to visit the island of Hawaii. The mail

magazine featured contents to raise interest of consumers to provide triggers for trips to be made. Opening rates of the mail magazine were 19.46%.

- HTJ assisted joint sales call with representatives from Mauna Lani Resort to meet with 6 Japanese travel agents on June 18. Discussions were held on methods to increase opportunities for the island of Hawaii and the newly opening luxury resort.

### **Hakken Hawai'i**

- Hakken Hawaii OOH were displayed in Fukuoka at the Tenjin station for one week, timed together with the Hawaii Expo. This station was selected as there are numerous businesses and attractions nearby with an average 130,000 users per day. 4 outdoor screens also featured the 15 sec. version Hakken Hawaii video, reaching close to 1.5 million consumers.
- Banner ads on Japan's predominant SNS app LINE were placed for one month. This ad campaign was initiated to reach a wider range of consumers which could not be reached by Facebook and Instagram. 313,258 consumers were reached in June alone.
- A Hakken Hawaii event for 52 Instagrammers, avid travelers, and active SNS females was hosted together with the Ritz Carlton Waikiki Beach, Westin Hapuna Beach Resort, Beachcomber by Outrigger and ANA Sales at a restaurant/café "bills". The event resulted in numerous posts on SNS where Hawaii themed food items and the Hakken Hawaii campaign were linked. Supporting partners also provided a presentation and held a lottery for stays at their properties. Reach of 250,000 was obtained from Instagram alone.
- The support of m-flo's music video for their song commemorating their 20th anniversary was arranged as a tie-up with the Hakken Hawaii campaign. All related posts from the group featured the #hakkenhawaii, along with the Hakken Hawaii logo being included in all related media exposures, including the back panel used at the release for their song.
- Highly influential women's magazine "Hanako" and "CREA" both featured Hawaii in June through a collaboration with the Hakken Hawaii campaign. Using numbers and statistics, both magazines extensively featured contents of Oahu and the island of Hawaii. A combined total impression of 725,375 was obtained.

### **Aloha Program**

- Aloha Program delivered 3 email blasts to members with an average click through rate of 43.80%.
- Aloha Program site statistics: Unique users at 34,113; Page Views at 273,336; Average Browse Time at 5:02.
- Aloha Program members totaled 635 youth, 9,775 beginners, 5,079 intermediate and 6,915 advanced members for a total of 22,404 specialists. (Total of 42,971 Aloha Program Members)
- The 3rd Annual Aloha Program Week in Hawai'i was held from 6/4-10 on Kauai and Oahu. Over 35 Hawaii specialists from beginner to advanced level attended to learn first-hand about culture, history and nature to gain an understanding of Hawaiian values. Tours included learning the history of Kauai at Kauai Museum, experience Kauai's sustainability initiatives at Haraguchi Mills, a gourmet experience through Kauai Tasting Tours and learning Olelo Hawaii at Bishop Museum. The tours were held to promote membership amongst Japanese consumers and raise awareness of the rich and diverse opportunities.
- Aloha Program conducted Ukulele workshops at Aloha Tokyo 2019 in Ebisu on 6/1-6/2. Total 47 new Aloha Program members attended and learned about basic information on the Ukulele and how to play it.

- A webinar titled “Hawaiian language 101” was held by Kumu Mi’ilani Cooper for Hawaii Specialist members on 6/22. Total of 123 specialists attended the webinar to gain basic knowledge and engage in basic greetings in Olelo Hawaii.
- Aloha Program held a social gathering in Fukuoka with 34 Hawaii specialists during the Hawaii Expo on 6/22. This was provided for general consumers, travel agents, Aloha Program curators, and musicians from Hawaii to socialize and connect with one another to share information valuable to all parties.
- Popular Japanese TV program which focuses on Hawaii, “Hawaii ni Koishite”, continued showcasing the Island of Hawaii and promoted the Aloha Program through its weekly airtime in June to enhance rebranding initiatives, making **159,315 impressions** each week. The show also promoted the Aloha Program’s new registration campaign from 6/16-7/17.

### **HTJ Certified “Konin” Product Campaign**

- Certified product campaign with Koikeya, Japan’s largest potato chips manufacturer was launched on June 17. The campaign seeks to raise awareness of Hawaii to consumers HTJ was traditionally not able to reach, while also growing HTJ’s consumer database through a lottery campaign whereby 5 pairs of roundtrip tickets to Kona will be awarded. HTJ worked with numerous entities including Hawaii media LaniLani, JAL and Koikeya to enhance reach of the press release, resulting in 139 exposures and 1,265,970,920 impressions.
- The press release for the Mc Donald’s certified product campaign was held on June 25. Mc Donald’s stores throughout Japan will be redecorated to a Hawaii theme, with posters, tray mats, etc. all indicating the certified product campaign. The tray mats will feature links to HTJ’s VR videos, to allow customers to experience Hawaii. Contents will also guide customers to HTJ portal site and Twitter page where a survey campaign is being held to increase followers. The portal site experienced access from over 7,000 in just one day after the press release, which obtained 438 exposures and 3,114,930,017 impressions.

### **Travel Trade**

- Continued seminars with the Hawaii Association of Japan, comprised of stakeholder groups in the Japan – Hawaii travel business to promote the various opportunities in Hawaii to travel agents. The June seminars were held in three cities in the Kyushu region to better equip agents for the returning direct flight service from Fukuoka. Throughout the three cities, a total of 66 companies and 124 representatives participated.

### **Public Relations**

- HTJ generated a total of 808 exposures, 10,176,030,485 impressions and \$16,068,428 ad value in June.
- HTJ provided media assistance to 7 print media, 2 TV and 1 radio entities in June.
- Media entities showed interest in the tourism industry of Hawaii and visitor statistic numbers. HTJ provided information on tourism in Hawaii and its importance, along with sustainable tourism initiatives being carried out.
- HTJ worked with IHVB, Hawaiian Airlines, Waikoloa Beach Marriott Resort & Spa and Waikiki Beachcomber by Outrigger to arrange a Hakken Hawaii themed press tour for 8 media entities on Oahu and the island of Hawaii. Attending media were able to physically experience the safety and readiness of travels of the island of Hawaii, while discovering new aspects on Oahu.



**Sales Activities** – HTJ conducted 43 sales calls and met with 80 agents to promote Hawai'i.

**Wholesaler Performance**

- JTB is exhibiting positive performance with the Global Destination Campaign. With priorities set on growth of customers handled, they are maintaining healthy growth.
- For the peak summer vacation travel season, JTB is planning 6 charter flights from regional cities, with HIS also planning 5 charter flights mainly from the Tokyo area. Bookings for the charter flights are expected to grow as the peak travel season approaches and scheduled flights become less available.
- FIT bookings are beginning to show noticeable tendencies to be made earlier. Because consumers can obtain PEX rates from up to one year in advance, bookings for peak travel seasons such as year-end, Golden Week and summer vacation season are already being made.

**Kyushu Market**

- Although Hawaiian Airlines (HA) is set to begin direct service from Fukuoka in November, the delay of approvals is preventing travel agents from starting preparation for the service. The industry continues to suggest trips via Korea and/or Tokyo, to maintain relevancy in the market.
- Some wholesalers are beginning to divert focus to alternative destinations with greater ease of access. Upon the finalization of plans by HA, it will be crucial for the industry to collectively promote Hawaii utilizing both the direct service and via Tokyo with the expected significant growth in market share.
- The Kyushu market overall has a strong image of Hawaii being an expensive destination, where consumers visit once in their life for special occasions such as their honeymoon. HTJ will work with media to rebrand Hawaii as a destination that can be more easily accessed.

**Island of Hawai'i**

- The Japanese travel industry reported significant growth in products sold for the island of Hawaii after the TV show, "Sekai Fushigi Hakken", was aired. This national show is highly effective in promoting a destination as it has a wide range of dedicated followers.
- While there are still consumers which worry about Kilauea, awareness of the island amongst consumers remains relatively low. On SNS, many consumers continue to upload images of Oahu with #islandofHawaii. HTJ will work with media to raise awareness and better establish branding for the island.
- Travel agencies are focusing on product development for the island of Hawaii, recording positive response from the market. JTB media and HIS introduced trial (monitor) tours, both of which were able to record positive feedback and response mostly from older consumers with substantial assets.

**Airline Related**

- Airlines are maintaining positive growth, largely being fueled by JTB's GDC campaign. JAL is making moves to attract business by lowering prices to those below previous bottom price setters KE and DL, with ANA starting to follow suit.
- ANA is beginning to offer PEX rates lower than wholesale rates given to travel agencies, creating possibility for wholesalers to secure decreasing amounts of seats with ANA. Overall performance for the Airbus A380 has been positive with their significant ad campaigns. Consumers are beginning to raise compliments on its comfort and delicious food items, garnering a positive reputation.
- Consumers and travel agencies alike in Kyushu are keeping close watch on the return of direct flight service from Fukuoka. Since HA's initial announcement of reviving the service, various media have been featuring news related to its return, causing numerous inquiries to HTJ,

exhibiting the markets strong interest. HTJ will work closely with HA to promote the returning service in the region.

**Partner Relations**

- Details on the Japan Summit was shared with partners and travel agencies to encourage attendance. There will be over 22 representatives from major wholesalers and 34 local partners participating in the trade show portion to be held on 7/18.
- HTJ attended a meeting with the Japan Hawaii Travel Association on how the wholesalers can collaborate with HTJ’s 2020 initiatives. HTJ learned about the challenges and opportunities of each wholesaler and will work with them to create programs in promoting first-timer programs and regional sales efforts.
- HTJ discussed 2020 plans with Japan Sub-Committee members and exchanged ideas regarding future programs to work together on. HTJ will continue communicating with partners to develop collaborative programs.
- HTJ met with NOAA to discuss creation of Japanese versions of brochures on fisheries in Hawaii. HTJ will review the current translation and proofread, then, provide design/typesetting for the brochure.
- HTJ worked with DLNR to create subtitles for their Malama Hawaii video. The video is placed in ANA’s inflight PSA to educate passengers on guidelines for how to behave in Hawaii to support sustainability.

**Key Performance Indicators**

**Island Chapters Engagement Update**

- Japan Summit: HTJ shared information on the Japan Summit and participating partners with all Island Chapters.
- IHVB: HTJ continued planning for the Japan Summit with IHVB. IHVB is communicating with island partners and suppliers to participate in the trade show on 7/18. IHVB is also organizing a dinner with key partners on July 17.
- KVB: HTJ and KVB were able to promote Kauai by inviting Kumu Hula Maka Herrods from Kauai to the Hawaii Expo to provide a Hula workshop and Kauai Seminar. KVB provided special island gifts for the seminar attendees. KVB also provided a greeting to Aloha Program members at the Aloha Program Week in Hawaii at the Kauai Museum.

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

#	Event Name	Date	Location
1	View Travel Agents’ Seminar	7/5	Tokyo
2	Aloha Program Advance Level Seminar	7/8	Osaka
3	Hankyu Department Store Hawaii Fair	7/10 – 7/15	Osaka
4	Island of Hawaii Japan Summit	7/17 – 7/21	Island of Hawaii
5	Hawaii Association x HTJ Hawaii Workshop	7/18 – 7/19	Sendai & Sapporo
6	Aloha Program Advance Level Seminar	8/2	Tokyo

7	Ukulele Paina	8/24 – 8/25	Kanazawa
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## Hawai'i Tourism Canada Monthly Marketing Report June 2019

### Leisure

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

The Canadian dollar weakened after a long period of strength against its U.S. counterpart. Unfortunately, oil price fluctuation has a direct relation on the price of the loonie, thus the acquisitive power of Canadians in US destinations. However, the low unemployment rate and the predicted wage rises might counteract this effect.

As the strategy for Canada further prioritizes HVTs vs. a total visitor metric, HTCAN will continue to closely monitor the spend metrics.

#### **Economy**

- Canada's economy has been mired in a soft patch, with real GDP growing just 0.4% (annualized) in the first quarter, following 0.3% in the final quarter of 2018.
- The weakness in broad output trends has concealed a better story underneath the surface. Notably, domestic demand (spending by households and businesses) rebounded in Q1 and the job market has remained resilient. However, the external backdrop continues to deteriorate in the wake of ongoing trade disputes.
- The expected gap between soft real GDP growth and robust job growth to close over the next few quarters, as output growth picks up somewhat while employment eases to a more sustainable pace. For 2019 as a whole, the anticipated real GDP expansion is around 1.3%, while the unemployment rate remains below the 6% mark.
- It is not assured that the Bank of Canada will follow the Federal Reserve in the event of rate cuts, as markets so often expect. Absent clear evidence of domestic economic deterioration, easing in Canada is unlikely for several reasons. First, after an extended soft path, the domestic data is coming in better than expected in Q2, tracking 2%. This is above the Bank of Canada's expectation. Second, housing is showing signs of stabilization, and the Bank will want to avoid the risk of re-fueling leverage dynamics. Third, the policy rate is already lower relative to south of the border.
- Despite the slow growth, the economy is expected to post one of its strongest job gains on record this year, while tight labour markets are resulting in strong wage growth.
- Consumer spending will post another solid increase this year despite ongoing concerns about the elevated level of household debt.
- The housing market will continue to cool this year, with a decline in residential investment and prices.
- The outlook for business investment is weak. Businesses are expressing a great deal of pessimism about their future spending.

-Canada's merchandise exports are expected to see no growth this year, held back by weakness in the energy sector and increased protectionism abroad.

### **Consumer Confidence**

Although consumer spending and national housing activity are finding a firmer footing, we remain skeptical that the first quarter's spending growth will be repeated. Market volatility has returned, albeit to a lesser extent, and the household savings rate is low, at just 1.1% of disposable income. On top of this, even as borrowing costs have come down recently, credit growth suggests highly-indebted households remain cautious.

The result is an elusive 'soft landing' captured by a convergence between nominal spending, credit growth, and household incomes to a modest but sustainable 3.0% to 3.5% rate, or 1.0-1.5% in real terms. This would set the stage for continued stability in the household debt burden, albeit at elevated levels, and for a modest increase in the saving rate. At the same time, our projection for modest real spending gains will enable the gradual absorption of excess inventories.

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

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

Canadians made more than 5.2 million overnight trips to the U.S. and other outbound destinations during the first two months of 2019, an estimated increase of 1.8% compared to the same period in 2018. Of this total, approximately 4 million trips were for leisure purposes. During the period, overseas leisure travel increased 1.2%, while trips to the U.S. grew an estimated 2.6%. The first four months of the winter travel season (Nov-Feb) saw 10 million overnight outbound trips, compared to 9.8 million during the same period in 2017-18.

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

Canadians made an estimated 2.7 million overnight trips to the U.S. in January and February 2019, compared to 2.6 million in 2018. Compared to the previous year, there was a -5.7% decrease in the average monthly value of the loonie *vis-à-vis* the greenback during the period. January and February 2019 saw overnight trips by automobile decline -6.4% while travel by other modes grew an estimated 9.7% as popular destinations recorded higher volumes of direct air deplanements from Canada. Throughout the first two months of the year, many of the tracked destinations in Florida, California, Texas, Nevada and Hawaii posted increases.

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

There were more than 1.6 million Canadian arrivals in destinations in Mexico, the Caribbean, and Central America in January and February 2019, a year-over-year increase of 5.4%. Of the larger volume destinations, arrivals in Mexico grew 7.6%, while the Dominican Republic recorded an increase of 2.1% and travel to Cuba grew 2.6%. Mexico and the Dominican Republic accounted for 59.5% of activity in the region during the period; up from 59.1% last year and 55.5% in 2017.

The first four months of the winter travel season (Nov-Feb) saw Canadian arrivals in sun destinations surpass 2.56 million, an increase of 4.3%.

**Dominican Republic:** Canadians made almost 254,000 visits to the Dominican Republic in January and February 2019 a 2.1% increase compared to 2018. During the period, Puerto Plata saw arrivals increase 8.0% and visits to Punta Cana grew 2.2%. Despite a decrease in activity in January, the first four months of the winter travel season recorded 424, 000 Canadian arrivals, an increase of 2.9% compared to winter 2017-18.

**Mexico:** Throughout January and February 2019, Canadian arrivals in Mexico grew 7.6%. During the period, there were 701,000 visitors, 70% of whom deplaned in Cancún and Puerto Vallarta. Even so, other destinations, including Los Cabos and Mazatlán, recorded more distinct increases in their share of arrivals.

Despite safety concerns, the first four months of the winter travel season saw 1.2 million Canadian arrivals in Mexico, an increase of 5.7% compared to winter 2017-18.

### **Canadian Travel to Europe**

There were 446,000 Canadian arrivals in European destinations (based on reporting by 26 countries) throughout the first two months of 2019, a year-over-year increase of 1.9%. During the period, Slovenia, Hungary, Croatia and Turkey recorded the largest proportional increases in Canadian visitors.

The first four months of the winter travel season (Nov-Feb) saw more than 1.02 million Canadian arrivals in various European destinations, compared to 980, 000 during the same period in 2017-18. The largest recorded change was in Spain, where there were 20, 000 fewer arrivals recorded, primarily during November and December.

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

There were 667,000 Canadian arrivals in key destinations in the Asia/Pacific region in January and February 2019, a similar volume as recorded the previous year (0.8%). Throughout the period, Sri Lanka, Japan and Fiji recorded the largest proportional increases in visitors. On the other hand, arrivals in China and Hong Kong declined. South Korea's year-over-year decline is solely due to the uptick in visitation recorded last year during the winter Olympics.

The region saw more than 1.36 million arrivals from Canada throughout the first four months of the 2018-19 winter travel season, an increase of 2.7%. Only China, Hong Kong, and India saw a decline in arrivals during the period.

### **Consumer Trends**

No news to report.

### **Travel Trends**

#### **Increase in Proportion of Repeat Visitors**

- Sixty-six percent of the Canadian visitors were repeating which represent 1% increase compared to same period last year, but hasn't reached the max of 69% in 2015.

#### **Independent Travel Volume Sets New Record**

- The volume of package travellers reached 53 thousand so far in 2019, a similar volume as recorded in 2018 (-1.3%).
- At the same time, independent travel volumes increased 2.4% and accounted for 82% of total visits.
- The first five months of 2019 saw the number of independent travellers surpass 238 thousand; the highest level ever recorded for the period.

### **Media & Online Trends**

No news to report.

**Airlift**

- Air Canada and WestJet offered 290 thousand direct seats to Hawai'i throughout the first five months of 2019.
- During the period, Air Canada offered 10.8% more seats and WestJet increased direct capacity by 3.7%.
- So far this year, Air Canada has increased service from Toronto and Vancouver, while WestJet expanded service from Calgary and Vancouver.
- Compared to 2017-18, direct capacity from Canada increased by 36 thousand seats (10.1%) throughout winter 2018-19.
- Between Nov 2018 and April 2019, Air Canada offered 149 thousand direct seats (12.4%) and WestJet offered 242 thousand seats (8.7%).
- The additional service supported an increase in direct arrivals, but indirect arrivals slowed during the season. Overall, there were more than 386 thousand visitors throughout the winter, a 1.1% increase compared to 2017-18.
- Air Canada is foreseeing a decrease of its seats moving forward on the year due to the extended 737 MAX landing.

Number of Direct Seats by City			
Jan-May, 2018	Air Canada	WestJet	Total
Calgary	14,382	25,152	<b>39,534</b>
Edmonton	--	8,646	<b>8,646</b>
Toronto	4,512	--	<b>4,512</b>
Vancouver	84,600	130,032	<b>214,632</b>
<b>Total</b>	<b>103,494</b>	<b>168,830</b>	<b>267,324</b>
Jan-May, 2019	Air Canada	WestJet	Total
Calgary	12,121	32,284	<b>44,405</b>
Edmonton	--	8,646	<b>8,646</b>
Toronto	5,161	--	<b>5,161</b>
Vancouver	97,430	134,154	<b>231,584</b>
<b>Total</b>	<b>114,712</b>	<b>175,084</b>	<b>289,796</b>
% change	Air Canada	WestJet	Total
Calgary	-15.7%	28.4%	12.3%
Edmonton	--	0.0%	0.0%
Toronto	14.4%	--	14.4%
Vancouver	15.2%	3.2%	7.9%
<b>Total</b>	<b>10.8%</b>	<b>3.7%</b>	<b>8.4%</b>

Source: OAG, US BTS

**LEISURE ACTIVITIES**

**Consumer**

- We have received the proposal for the joint campaign with Air Canada Vacations aiming the consumer through The Weather Network site. A 3-day takeover of the site with call to actions to Hawaii.
- Carson Wagonlit will be hosting in September 11th a Hawaii webinar for its clients.
- Social media activity has been ongoing for Twitter, Instagram, and Facebook.

**Travel Trade**

**WestJet Vacations Travel Trade Expos**

- Preparations for Fall Air Canada Vacations Trade shows are ongoing (Vancouver, BC., Calgary, AB., Halifax, NS., Montreal, QC., and Toronto, ON.)

- Aloha Canada itinerary proposal waiting for authorization by HTA
- Spoiled Agent Webinars are running from July through December, each one of the six islands will have a 30 min webinar
- Plans and communications to arrange the Flight Centre/Flight Centre Holidays O'ahu and other island, tentative Island of Hawai'i.
- Plans and communication to arrange the AMA fam trip to O'ahu and Maui
- Hawaii was selected as the Favourite Honeymoon Destination at the 20th Annual Baxter's Agents Choice Awards 2019.
- Hawaii Tourism Canada was chosen as the Favourite Asia-Pacific Tourist Board at the 20th Annual Baxter's Agents Choice Awards 2019.

### **Public Relations**

- HTCAN coordinating individual FAMs with Jim Buyers, Lāna'i & Molokai; Allison McGill, O'ahu.
- 2019 group media FAM to take place in November, waiting for airlines to release non-stops from Eastern Canada to confirm dates. Theme of outdoor adventure + culture on the island of Hawai'i. Short listing media and enquiring about their availability

### **Sales Activities**

Celebration travel, White Rock, BC – Janet Flegel, Owner.

Carlson Wagonlit Travel, Vancouver, BC – Theresia Smith, Travel Counsellor HP, Americas.

TPI, Langley, BC – Rob Houston, Cruise, Groups & Festivals Specialist.

Pride Enterprises, Vancouver, BC – Rick Hurlbut, President.

Travel Best Bets, Burnaby, BC – Leah Rushton, Travel Consultant.

TPI, Langley, BC – Carol Mackey, Cruise & Groups Specialist.

Expedia CruiseShipCenters, Kerrisdale, BC – Greg and Lynne Seid, Cruise & Vacation Consultant

Travel Best Bets, Delta, BC – Dawn Donahue, Travel Consultant- Connected Agent

Travel Best Bets, Burnaby, BC – Heather Benedet, Travel Consultant.

Flight Centre Kitsilano, West Vancouver, BC – Hiba AlKinani, team Leader.

Maritime Travel, Langley, BC – Jenna Matthews, Destination Wedding and Group Specialist.

Talk Travel Media, Vancouver, BC - Steve Klein, Associate Editor and Show manager.

#### **I. “Coming Attractions” for Leisure Market**

- Air Canada Vacation Product Launch – Sep 10, Calgary- Sept 11 Vancouver - Sept 13 Halifax - Sept 17 Montreal - Sept 19 Toronto
- Spoiled Agent webinar – July 18, Island of Hawai'i
- Aloha Canada shows- Oct 22, 23, 24



## Hawai'i Tourism Oceania Monthly Marketing Report June 2019

### Leisure

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

##### **Economy**

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

Australia's economy has slowed further with GDP growth at under 2% over the past year. Growth in the first quarter of 2019 was 0.4%, the lowest since September 2009. Household spending continues to be weak, particularly discretionary spending on new household items, recreation and hospitality. The Government plans to pass a range of tax cuts after July 1 which it hopes will give the economy a boost. In June, the Australian dollar continued to hover at the US\$0.69 mark.

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

The IMF recently commented on the New Zealand economy, stating that New Zealand's economic expansion has lost momentum. And while the near-term outlook is expected to improve, there are risks towards the downside. Meanwhile, the New Zealand dollar maintained a similar value during the month, sitting around US\$0.66.

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

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

Overseas travel by Australians during April 2019 decreased 0.5% when compared with the previous month, however remained steady year-on-year. Travel to the USA decreased by 6.4% when compared to April 2018. The timing of school holidays from year-to-year may have some impact on these figures. Thailand (-4.5%), Vietnam (-5.8%), Singapore (-4.2%) and the United Kingdom (-3.1%) all experienced decreases in arrivals. India was the only destination to see a significant increase (+5.8%) while visitor numbers to New Zealand and Indonesia were flat.

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

The number of New Zealand residents returning from an overseas trip in April 2019 was up 7,400 from April 2018, to 243,300. The biggest changes were in arrivals from: Australia (up 6,300); United States (down 1,800); and Indonesia/Bali (up 1,300).

Source: Statistics New Zealand

#### **Travel Trends**

Flight Centre is seeking to boost its online market share in Australia, announcing the removal of all online booking fees from its flightcentre.com.au site.

Several travel firms have appeared in media monitoring firm Nielsen's 2018 list of the top 50 advertisers within Australia, with industry disruptor TripADeal leading the travel industry. The company was the 33<sup>rd</sup> largest ad spender overall, spending \$30.4M on media, up from \$6.9M the year prior. Flight Centre is in 36<sup>th</sup> place overall with a total of \$28.9M spent across television, newspapers, magazines and radio. Expedia-owned accommodation meta-search firm Trivago, rounded out the top three travel advertisers, spending an impressive \$19.7M - almost all exclusively via television.

### **Airlift**

Qantas has confirmed it will operate flights from Brisbane to both Chicago and San Francisco once its American Airlines joint business is approved by US authorities. The 787-9 routes are expected to launch by the end of April 2020.

## **LEISURE ACTIVITIES**

### **Consumer**

**HTO Blog:** Articles published on the blog and promoted on our EDM this month were:

- Nature Therapy – Wild and wonderful experiences that will reconnect you with Mother Nature: <https://www.gohawaii.com/blog-down-under/nature-therapy>
- Ten Natural Wonders of Hawaii: <https://www.gohawaii.com/blog-down-under/ten-natural-wonders-of-hawaii>

**Consumer Newsletter May:** HTO sent out a consumer EDM aligning with social media content that had a spotlight soft adventure and nature. **Results:** 118,496 recipients, 28,378 (17.4%) opens and 1,269 link clicks.

**US Embassy Event:** Attended the US Embassy Independence Day event in Wellington. A good opportunity to meet with diplomatic and business connections.

### **Travel Trade**

- **Trade Educational Program:** In June, we were able to provide face-to-face training to our secondary trade partners, Hoot Holidays. We have also been working on building a catalogue of training videos that provide education starting with an introduction video and then branching out to island specific videos. These tools will be housed on internal training platforms with the following trade partners:
  - AMEX; Flight Centre; Helloworld; Ignite/MyHawaii; MTA Travel
- **Virtuoso Lunch and Learn Sessions**  
HTO has engaged with Virtuoso to organise a series of lunch and learn sessions in late August/early September. We will add value by partnering with 2-3 suppliers and present on the latest in product and destination information.
- **Hawaiian Airlines short breaks stop-over campaign (June):** HTO supported Hawaiian Airlines and Brand USA's multi-city USA campaign focusing on 5 key cities and promoting a Hawai'i stopover on the way home. This campaign aimed to achieve incremental visitors to the Hawaiian Islands focused on creating new demand from Australians who were planning on visiting mainland USA. The activity was timed to organically capture bookings for the September/October key travel period as well as target low season travel in August and November via airfare flash sales. The campaign was promoted across HA digital assets including EDMs, paid social and their website. It was also promoted across external channels including the Flight Centre channels and their Discover Americas Expo, Viva Holidays and Travel Zoo.

- **Travel Counsellors Conference, June 14 – 15**  
Travel Counsellors is a company that specializes in bespoke holidays and business travel, and has over 1,800 travel agents globally, running their own home-based franchise globally. HTO attended the Travel Counsellors annual conference that took place in Adelaide, South Australia. HTO had speaking opportunities, networking time with agents during the trade show and attendance to the Gala Dinner on the last night.
  - 2 days of conference events
  - 220 delegates in total including Travel Counsellors and their partners, business leaders, the support team, supplier partners and the media
  - 90 delegates in total attended the Gala Dinner
- **Aloha Fridays June:** Every second Friday Travel Weekly will include an 'Aloha Friday wrap' featuring Hawaii news in their Friday newsletter that goes out to 14,200 people in the travel industry. Link: <http://www.travelweekly.com.au/tag/aloha-down-under/>. This month the articles featured the following activities:
  - Meeting planners experience the unique of Oahu's MICE offering
  - Hawai'i Tourism Oceania takes on IPW
  - Hawai'i Tourism Oceania and Hawaiian Islands delegates to attend Get Global 2019
  - Ten natural wonders of Hawaii

### **Public Relations**

During June, Hawaii Tourism Oceania worked with a number of media on editorial features and other publicity opportunities. The purpose of these activities was to promote the various marketing pillars for 2019 including multi-island travel, soft adventure, stopovers and luxury.

Throughout June, Hawai'i Tourism Oceania engaged with various media to discuss family opportunities for the remainder of 2019. Families have been confirmed for the following media from August – November: Luxury Escapes Magazine, Mindfood, Expedia, Traveller, Escape, Mamamia and 9Honey. In addition to this, Hawai'i Tourism Oceania will aim to run a second group media family in late October, visiting the Island of Hawai'i and O'ahu.

## Hawai'i Tourism China Monthly Marketing Report June 2019

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

#### Economy

##### a) China Mainland

- **Economy:** China's GDP grew 6.4% YOY in Q1 2019, slightly above market expectations of a 6.3% expansion. As forecasted by Bank of China International Financial Institute, the growth of the Q2 GDP will be slightly lower than Q1 at 6.3% in light of the Sino-U.S. trade war.
- **Currency:** In June, Chinese Yuan per USD depreciated to 6.9 from 6.7 in Q1 due to the escalating trade war between the U.S. and China.
- **Unemployment rate:** The unemployment rate in China decreased to 3.67% in Q1 2019 from 3.8% in Q4 2018, reaching a record low since 2002.
- **Consumer confidence:** Consumer confidence in China increased in April 2019, standing at 125.3 Index Points from 124.1 in March 2019.

##### b) Hong Kong

- **Economy:** The real GDP growth of 0.5% YOY in the Q1 2019, contrasting sharply with 4.6% growth in the Q1 2018. The smallest increase in city's GDP growth since 2019 is explained by the weaker performance of the global economy and the continuing impact of the China-U.S. trade war.
- **Currency:** Hong Kong dollar and USD maintained a linked exchange rate of 1 USD = 7.80889 HKD as of June.
- **Unemployment rate:** The seasonally adjusted unemployment rate in Hong Kong was unchanged at 2.8% in May 2019.
- **Consumer prices:** The annual inflation rate in Hong Kong dropped to 2.8% in May 2019 from 2.9% in the previous month. Prices slowed mostly for housing, transport and miscellaneous services.

#### Outbound Travel Market

##### a) China Mainland

- In early June, the Ministry of Culture and Tourism issued multiple travel alerts, reminding Chinese tourists to assess the risks before traveling to the U.S. due to the safety issues, citing increased incidents of shooting rampages, robberies and thefts happening in the country recently. According to the industry insiders and feedbacks from MCI intermediaries, as safety is the most important factor for Chinese travelers, this may impact companies in choosing the U.S. as their incentive trip destination.
- Data from the National Travel and Tourism Office (NTTO) of the U.S. found that the number of Chinese visitors traveling to the U.S. fell 5.7% in 2018 to 2.9 million. However, Chinese citizens remain the biggest spender of all international tourists at \$36.4 billion last year, with a 3% increase

YOY. Industry watchers agree that any downturn is temporary since China's middle class will only continue to expand.

- The U.S. State Department has begun implementing the requirement where U.S. visa applicants have to submit their social media usernames, previous email addresses and phone numbers as part of the application process. The new requirement, which could affect up to 15 million potential travelers to the U.S., is part of a broad expansion of enhanced screening under the administration.
- According to Xinhua News, the Chinese outbound trips saw a 7% increase YOY during Dragon Boat Festival in June, totaling 3 Million trips. To escape from the crowded domestic travel, most travelers chose to travel overseas by combining a 3-day public holiday with additional annual leave to make a long-haul trip.

#### **b) Hong Kong**

- Travel search engine, Kayak, reports that Honolulu is the favorite luxury destination for Hong Kong Android users. The top 10 list of luxury destinations for Apple and Android users showed a strong preference for U.S. destinations such as Honolulu and New York.

### **Consumer Trends**

#### **a) China Mainland**

- According to a survey by China Central Bank, more Chinese residents plan to increase their spending in the near future. Out of the 20,000 urban residents in 50 cities surveyed, 26.4% would like to spend more in Q3 2019, 0.5% higher than Q1 2019.
- The 2019 China Luxury Report released by Bain & Co states that Millennials will continue to be the main driver of the growth of this market in the future. The average age of luxury consumers is much younger in China compared to anywhere else in the world as they value trendiness over discounts.

#### **b) Hong Kong**

- Hong Kongers prefer desktop to mobile while searching and booking luxury hotels and flights to long-haul destinations. Tapping on this trend, HTC-HK joined forces with Korean Air and new online travel booking portal Club Travel to launch a month-long Hawai'i special promotion to drive more summer bookings.
- The Travel Industry Council found that Hong Kong travelers have spent 6.3% more on international air tickets in May 2019 YOY. From January to May 2019 the outbound air ticket sales increased 7.2% YOY, according to TICHK's latest statistics.

### **Travel Trends**

#### **a) China Mainland**

- According to figures by the Shanghai International Shipping Institute, China's annual growth for the cruise tourism market has exceeded 40% since 2006. It is expected to grow into the world's largest cruise market by 2030, receiving 8 to 10 million customers per year. Ctrip adds that cruise travel has become increasingly popular in both first-tier cities (like Shanghai and Guangzhou) and new first-tier cities (such as Tianjin, Chengdu, Qingdao, and Xiamen).

- As reported by the China Tourism Academy, China sees a growing market of family travel, accounting for up to 60% of the overall domestic and outbound travels. Many parents regard such trips as a way of education. According to Shanghai-based online travel agency Lvmama, tour bookings involving museums in the first 4 months of 2019 increased 45% YOY. The family tour market will continue to grow during the summer vacation from July to August.

#### **b) Hong Kong**

- International Travel Expo Hong Kong reports that attendance to theme parks in the world's major markets has grown 4% in 2018. About 252 million people visited the world's top 25 theme parks, an increase of 3.3%. The top five theme parks in Asia by attendance in 2018 are Tokyo Disneyland (17.9 million), Tokyo DisneySea (14.7 million), Universal Studios Osaka (14.3 million), Shanghai Disneyland (11.8 million), and Chimelong Ocean Kingdom at Zhuhai (11.8 million) respectively.

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

- Besides typical Chinese user-sharing platforms Mafengwo and Qyer, influencers (KOL) have also started to share their travel experiences on Ctrip's new User Generated Content platform "Trip Moments". Readers can directly purchase Ctrip's travel products through the content. Tapping on the influencers' subscription base, it currently has over 1 million daily active users, and 70% of them are under 30 years old.

#### **Airlift**

##### **a) China Mainland**

- In early June, China Eastern Airlines announced a new direct flight service between Shanghai and Hungary's capital, Budapest, with flights scheduled for three times a week. In the southwest market, Sichuan Airlines announced the new direct flight connecting Chengdu, capital city of Sichuan Province, and Rome. The flight will operate three times a week via an Airbus A330, with a single trip taking about 11 hours.
- Reported by China Travel Daily, China Southern Airlines wants to become the world's biggest carrier in the next three years and does not plan to join any major alliances before 2021. Instead, China Southern Airlines plans to become flexible by building bilateral cooperation with every carrier.

##### **b) Hong Kong**

- Virgin Australia is seeking regulatory approval to coordinate their services with Virgin Atlantic Airways between Australia and the UK and Ireland via Hong Kong and Los Angeles. Virgin Australia announced that the tie-up would help to solidify its presence on the Hong Kong route, where it has only 10% market share, and its load factors have been around 66%.
- Hong Kong-based low-cost carrier HK Express will launch daily Hong Kong-Okinawa flights on September 26. Other Hong Kong-based carriers Hong Kong Airlines and Cathay Dragon already operate the route, offering 20 flights a week and daily flights respectively. Japanese low-cost carrier Peach Aviation also flies Hong Kong-Okinawa daily.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **HTC Partnered with Qyer Guide to Promote Malama Makai on World Oceans Day**

To promote ecotourism and "Travel Pono" and as a teaser for the upcoming initiative "Rainbow Eco-Drive Hawai'i", HTC collaborated with Qyer Guide, the leading authority on Responsible Travel in China with their "Responsible Travel" Guide since 2016.

Through an interactive social media post on World Ocean Day, HTC educated and encouraged readers to do their part for sustainable environments, such as no littering on the beach and viewing animals from a safe distance. Readers were tasked to share their ideas on protecting the ocean, and the activity reached over **266,000 travel lovers with over 250 engagements.**

### **Travel Trade**

#### **a) China Mainland**

##### **HTC in IPW 2019**

HTC attended IPW 2019 in June together with Island Chapters & GMTs to promote Hawai'i in Anaheim. During the 3-day event, HTC met 48 Chinese buyers via meeting appointments and networking lunch. The buyers came from 13 different cities of China, including Shanghai, Beijing, Hong Kong, Guangzhou, Nanjing, Qingdao, Chengdu, Dalian, Chongqing, Hangzhou, Shenzhen, Zhuhai and Harbin. After the event, HTC successfully received a 200 pax MCI group inquiry for 2020 and 3 co-op proposals. In addition, HTC plan to conduct several in-house or online training with the potential trade partners within the next 2 months.

##### **HTC & Air China Joint Promo Series**

To actively promote Hawai'i as a paradise for FIT travelers and a perfect destination for customized groups, HTC collaborated with Air China to launch a series of promotions starting in March. The promotions successfully drew a 30% increase in FIT bookings, outreaching 197,000 Air China Phoenix members and Hawai'i fans via Air China official WeChat account, sub-ticket agents' social media platforms and HTC official social media platforms.

- **Specials in Hawai'i with Air China Boarding Pass:** By showing Air China boarding pass, passengers could enjoy special discounts from Kualoa Ranch, Polynesian Culture Center, DFS, Roberts Hawai'i, Hard Rock Café and Ruth's Chris Steak House.

- **Destination Familiarization with Hawai'i Expert:** Follow the footsteps of Hawai'i expert, Echo Zhao to discover Hawai'i's abundant and thrilling tourism resources, diverse cuisines and go-to shopping spots.

- **Special Airfare Promotion:** Air China launched a special airfare & flash sales online to bring nationwide tourists to Hawai'i. The primary targets are FITs for Beijing market and small customized groups for Chengdu market.

##### **Hawaiian Airlines & HTC's Joint Roadshow in Hangzhou**

Following a successfully collaboration with Hawaiian Airlines in Beijing in May, HTC partnered again with the new Hawaiian Airlines team (led by Ms. Wendy Chen) to conduct another successful Hawai'i roadshow in Hangzhou on June 12. The roadshow targets the Eastern region

of China via 20 top VIP travel agencies, including Zhejiang CITS, Zhejiang Everbright Group, Hangzhou OTC, Hangzhou, Zhejiang Champion Tour, Hangzhou Meicheng Travel, Hangzhou Tourist Center and Zhejiang Everbright Galaxy. Almost all agencies expressed interest to work with HTC and Hawaiian Airlines to develop new mono-Hawai'i products.

### **Mono-Hawai'i Products Launch in New First-tier Cities**

Following a successful trade fam in March, HTC followed up and assisted 8 travel agents across China to develop new mono-Hawai'i products. Promotions for the new products are set in motion.

### **Parent-Child Salon by U-Tour Heats up Xi'an**

HTC partnered with U-Tour Travel to host a parent-child salon in Xi'an to engage loyal U-Tour members on June 15. U-Tour delivered 3,000 leaflets to the audiences and displayed awe-inspiring Hawai'i images through LED screens, and drew interest with giveaways. The event secured a group to Hawai'i generating a total revenue of RMB 210,000 (USD 30,000).

### **b) Hong Kong**

#### **Discover Hawai'i Travel Trade FAM**

On May 22-29, HTC-HK invited 3 mid-high end travel agents from Kuoni Travel, Charlotte Travel and Travel resources to discover Hawai'i. The participated agents experienced a diverse range of excursions on O'ahu and Island of Hawai'i, highlighting key Hawai'i tourism features. After discussing collaboration opportunities with more than 12 local travel trade stakeholders, the participated agents will roll out new Hawai'i products in Q3 to young families and couples.

### **Public Relations**

#### **Media Activities – HTC Promoted Family-Friendly Travel Through Sohu Travel**

As Summer holidays are approaching, HTC introduced family-friendly travel resources of Hawai'i in an interview with Sohu Travel. The feature article has reached over 500,000 Chinese families with a PR value of USD 48,000.

#### **Media Highlight – Press Release Three Ecotourism Activities to Enjoy in Hawai'i**

HTC took the opportunity on World Environment Day to release the article "Three Ecotourism Activities to Enjoy in Hawai'i" and actively promoted "Travel Pono". The press release was distributed to 8 lifestyle media and expected to outreach 1.79 million impressions generating a PR value of USD 200,600.

#### **Media Highlight – Press Release Enjoy the Unique Hawai'i Culture and Festivals This Summer Holiday**

HTC released an article introducing the 49th Annual Ukulele Festival, Prince Lot Hula Festival, Kōloa Plantation Days and Duke's OceanFest. This article was distributed to 10 lifestyle and travel media and expected to reach 1.8 million impressions and a PR Value of USD 180,000.

#### **Media Highlight – Travelling Scope released a 6-page article to introduce Island of Hawai'i**

*Travelling Scope*, a popular leisure travel magazine, featured a 6-page article to introduce the Island of Hawai'i. This article is expected to generate 657,000 impressions and a PR Value of USD 478,900.



**Social Media Highlight – Dynamic Hawai‘i**

HTC-HK social media featured dynamic outdoor activities in Hawai‘i through 10-second videos. Targeting young and fun-loving travelers, snorkeling at Molokini and surfing like a local in Waikīkī were highlighted. The stories of Hawai‘i Rooted: Keepers of the Forest was also shared to promote Hawai‘i and entice Hong Kong travelers. Over 90,000 impressions were generated via HTC-HK social media platforms in June 2019.

**COMING ATTRACTIONS**

No	Event Name	Date	Location
1	Let’s Say Aloha (2 <sup>nd</sup> round) – Aloha Summer	June 28 – July 28	Hong Kong
2	HTC - Trade FAM- China Top Luxury Tour Agencies	July 19-26	O‘ahu, Maui, Kaua‘i & Lāna‘i
3	Aloha Festival	July 28-29	Hong Kong, Central Harbourfront
4	Rainbow Routes Hawai‘i	July - August	China
5	HTC Media FAM- Sports & Outdoor Adventures	September	O‘ahu , Maui

## Hawai'i Tourism Korea Monthly Marketing Report June 2019

### Leisure

#### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

According to nation's key wholesalers – Hana Tour and Modetour, both reported a year-on-year decrease of 11.6% and 5.7% respectively in overall outbound sales during the month of June. In terms of market share of travel destinations in June, South East Asian counties including Thailand and Vietnam accounted for 34.4%, followed by Japan (32.2%), China (14.9%), Europe (11.0%), South Pacific regions (4.7%), and the U.S. (2.8%). Especially overall demands for U.S. destinations has been dropped by 16.9%, while that of Hawai'i products sharply increased by 43.7% which is the first plus growth shown since the volcano eruption in May 2018.

- The travel preferences of South Koreans were included in a worldwide Expedia survey of 18,237 people in 23 countries which was published in June. The study showed 6 out of 10 Korean travelers booked flights (63%) and hotels (62%) on mobile. Also, the ratio of one-way air travel was 4.8 out of 10, made up of individual (3.5) and business (1.3) trips. In other results, 59% of Korean respondents said they preferred window seats to look outside (71%), to avoid distractions from others (44%), and to avoid people moving across them (36%). They spent 11.4 days on average in hotels and applied various selection criteria: price (95%), location (95%), free Wi-Fi service (94%), room views (89%), room design and hotel characteristics (82%).

#### ECONOMY

- South Korean exports have been the hardest hit of OECD member nations by the prolonged trade war between the U.S. and China. OECD data shows exports in the first quarter of 2019 fell 7.1% from the previous quarter. Compared to the first quarter of last year, they dropped by 8.1%, the largest fall in the OECD. In contrast, the U.S. and China did better than expected despite their trade stand-off, with exports increasing 0.7% and 3.9% quarter-on-quarter respectively
- Bank of Korea reported a deficit in South Korea's current account balance, the first since 2012, and negative growth in the first quarter. Recent developments suggest it is time for the government to manage the economy with a sense of urgency. The chief factor behind the US\$660 million current account deficit in April was a massive deficit (US\$4.99 billion) in the dividend balance. Despite a surplus of US\$5.67 billion in commodity exports and imports, a substantial loss in the balance of dividend income, as well as travel and other services (US\$1.43 billion), shifted the overall balance into the red. BOK cited the dividend balance as the leading cause of the deficit and called for a diversification of economic structure.
- **Korea Won Exchange Rate/Fuel Surcharge:** The average USD/WON exchange rate in June was 1177.34 won, a slight increase from the previous rate of 1174.07 won in May. Fuel surcharges were imposed in June up to 122,400 won (\$106.02) for a round trip between Korea and the U.S.

**OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT**

- Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in May 2019 was 2,401,204, a year-on-year moderate increase of 3.0%.
- **Outbound Departures by Koreans**

Month	Departures	Growth (%)
January	2,912,331	1.5%
February	2,617,946	13.3%
March	2,334,153	3.6%
April	2,246,417	0.7%
May	2,401,204	3.0%
<b>Total</b>	<b>12,512,051</b>	<b>4.42%</b>

*Source: KTO (Korea Tourism Organization)*

- The Beijing Municipal Bureau of Culture and Tourism put on a culture and tourism photo exhibition and public day activities at the Dongdaemun Design Plaza in Seoul to showcase the charm of Beijing. The exhibition displayed 50 photographs of Beijing's culture and tourism resources to showcase the city's profile as an ancient capital, a fashion hub, a cultural center and a modern metropolis, offering locals a glimpse of the new city featuring the integration of profound oriental charm and modern fashionable glamour. In order to make the public day more interactive, experience-rich and interesting, the Beijing delegation also carried out activities such as intangible cultural heritage craft of paper-cutting and dough sculpture, Chinese tea art, photo-taking with ancient costumes, hand-painting Beijing and snack tasting. Beijing's time-honored cultural traditions and rich tourist resources were displayed in various aspects. The Beijing delegation also visited local sports and tourism authority and South Korean tourism enterprise Hana Tour to gain deeper understanding of the country's outbound tourism so that Beijing's culture and tourism promotion can be more targeted and overseas cooperation expanded.

**CONSUMER TREND**

- Overseas card spending by South Koreans fell in the first quarter of 2019, despite the rising number of outbound tourists, as a weaker Korean won discouraged them from swiping cards overseas, central bank data showed. In the January-March period, Koreans spent US\$4.68 billion using their cards overseas, down 3.3% on the previous quarter, according to Bank of Korea data. Quarterly card spending peaked at a record US\$5.07 billion in the first three months of 2018. But it declined for two subsequent quarters and rebounded to \$4.83 billion in the fourth quarter. The bank said more people took overseas trips during winter vacation season, but they spent less overseas due to the U.S. dollar's strength. Korean tourists also preferred shorter overseas trips to Asian nations, including Vietnam and Japan, the BOK said.

**TRAVEL TRENDS**

- Premium Economy class is anticipated to receive a boost from the recent trend among major airlines to abandon or cut back first class seats to improve profitability. Skyscanner analysis of thousands of online searches for premium seats (including premium economy, business & first

class) between January and April in the past three years shows inquiries about premium economy trumped those for business and first. Searches declined for first class, from 1.54% in 2017 to 1.37% in 2019, and for business class, from 91.24% in 2017 to 86.98% in 2019. In contrast, the number of searches for premium economy increased from 6.89% in 2017 to 11.65% in 2019. The popularity of premium economy is understood to have been stimulated by upgrade convenience and the higher levels of service than in economy. Skyscanner's 2018 Travel Trends report said for long distance trips of over 4,000 km, the levels of patronage of premium economy increased to 83% from 76% in 2017.

- More South Koreans are choosing to take an early vacation this summer while also looking for ways to cut overseas spending. Traditionally, many South Koreans go on vacation between the last week of July and the first week of August. But this year, an increasing number of the people have scheduled their vacations earlier, in June, to avoid the peak season. Leading travel agent Hana Tour said more South Koreans wanted to avoid overpriced travel during the season's peak. Not only were flights or travel packages more difficult to book, but also travel fares and accommodation costs were higher. Koreans' desire to spend less is also evident in their choice of less expensive destinations and tighter overseas spending. Bank of Korea noted that 7.86 million people left the country in the first quarter, the highest ever figure, but spent less in the period. Credit card spending abroad totaled US\$4.7 billion in the first quarter, down 7.8% from the year before and the first spending drop since 2009.

#### **MEDIA & ONLINE TRENDS**

- Instagram touted its rapid growth in the Korean market at a press conference in May. It reported the most popular topics among its Korean users were travel (54%), movies (50%), fashion (46%), music (43%), beauty (34%), and food and beverage (32%). The company said over 60% of Korean users understood Instagram as a platform on which they could communicate with brands and they thought positively of content created by brands. Respondents to a survey said they perceived brands active on Instagram as "popular" (76%), "interesting" (75%), "informative" (72%), and "creative" (70%). Following this trend, HTK will keep increasing the use of its Instagram channel as an important and strategic PR tool, to share in-depth travel information of Hawai'i and conduct various consumer events. Also, HTK will develop new hashtag (#) campaign to encourage people's participation to social campaigns and raise the awareness of the brand image.

#### **AIRLIFT**

- Fuel surcharges on long-haul flights run by South Korean carriers will fall in July by up to 12,000 won (US\$10.10) amid a drop in oil prices, the first downward adjustment in three months. The extra charge for fuel on one-way international services will drop from the maximum 61,200 won to 49,200 won, depending on flight distance.
- U.S. carrier Delta Air Lines announced on June 20 that it had acquired 4.3% of shares in Hanjin KAL, the holding company of Korea's largest airline Korean Air, in an apparent move to defend its joint venture and the ownership family's management. Delta said its indirect investment demonstrated its commitment to the success of their joint venture and to customer benefits. It said it also aimed to increase its equity stake to 10% over time and following regulatory approval. Delta CEO Ed Bastian said that, together with the team at Korean Air, his airline had a vision to deliver the world's leading trans-Pacific joint venture for shared customers, offering the strongest network, the best service and the finest experience connecting the U.S. with Asia.

## **LEISURE ACTIVITIES**

### **Consumer**

- **Hawai'i Talk Show with Best-selling writer:** HTK collaborated with The Traveller, the leading travel magazine, to hold a book/travel talk show with a writer who has published a best-selling book called 'The reason for travel' in May. The event was held on June 3rd in a high-end auditorium located in Gangnam area inviting over 170 industry partners, consumers and influencers. Hawaii Water participated as main sponsor providing with water bottles for invitees.
- **#AlohaEverywhere Hawaiian Lifestyle Day with FIT-fluencers:** HTK is in discussion with Men's Health, the no.1 health magazine in Korea for a Hawaiian lifestyle day event inviting influencers and general consumers, encouraging them to experience Hawaiian healthy life through indoor sports such as Yoga or Pilates along with Hawaiian beers and drinks.
- **<ALOHA TV> Subscription Sweepstakes:** launching the new YouTube channel to diversify and share real-time video contents, HTK held a consumer sweepstakes promotion to celebrate the launch of new channel and to maximize the reach of the first YouTube video clips and subscription volume. The video and teaser were also advertised and resulted in about 150K views and over 350 entries from May 8 through 24.
- **GoHawai'i.com/KR Website Update:** HTK is working on the second phase of GoHawai'i.kr website development.

### **Travel Trade**

- **Aloha Priority Campaign with Tidesgaure:** HTK implemented Aloha Priority Campaign from May 16 through to June 28 to target high-end market segments for summer peak season in partnership with Tidesquare, the nation's leading premium OTA. It developed a Hawai'i-exclusive promotional webpage on the agent's official website and showcased its splurge of Hawai'i products, such as business class/extra comfort air tickets of legacy carriers and inter-island tickets, luxury hotels and must-experience activities on O'ahu and the Island of Hawai'i. The co-promotion was also extensively advertised through Tidesquare's multiple media channels. As a result, overall ticket sales volume of national legacy carriers – Korean Air and Asiana Airlines – and Hawaiian Airlines sharply increased by 107% to a total of 1,429 seats compared to same booking window timeframe (May – Jun) of last year. This remarkable growth was especially attributed to concurrent HTK-OZ Luxury Promotion with Hyundai Purple Card which is a premium credit card targeting highest-end consumers within the Hyundai Card's membership networks.
- **Mode Tour 'Destination of the Month – Hawai'i':** HTK collaborated with Mode Tour on its large-scale 'Destination of the Month' promotion for a Hawai'i online expo. The co-promotion run during the month of June to maximize sales volume of Hawai'i package products and stimulate potential demand for summer vacation. The campaign generated a total of 1,470 pax sales bookings and 2,600 room nights, achieving a remarkable year-on-year increase of 48% and 49% respectively. Mode Tour set the goal for Hawai'i sales volume to average year-on-year growth of 20% during the travel window between July and December as it forecasted the promising outbound markets in the second half of the year thanks in large part to increased airlift for ICN-HNL routes of national carriers – Korean Air & Asiana Air.
- **Hana Tour International Travel Show (HITS):** HTK joined the 2019 HITS which was held from June 7 to 9, at KINTEX, Ilsan, Korea. This year's fair was a more business-focused marketplace with booking booths at each destination's pavilion to boost on-site sales. A Hawai'i Pavilion accommodated 8 booking booths and 13 Hawai'i partners from hotels, attractions, and transport

unit to share latest travel information with over 50,000 spectators. And during online and offline travel fairs of Hana Tour, total of 7,281 sales bookings were made during the fair, which is 72% growth compared to same booking timeframe of 2018. Travel booking pace for Hawai'i in division of packages, air-tel, tours & attractions were all shown gradual growth, indicating Hawai'i outbound market has been rebounded from the lowest point.

- **2019 Hawai'i Trade Mission - Connect to Aloha:** HTK successfully hosted the biennial in-market trade show 2019 Hawai'i Trade Mission "Connect to Aloha" from June 9 to 12. A total of 23 representatives from 17 companies - hotels, attractions and transportation - participated in networking opportunities and business meetings with Korea's major tourism industry partners, including tour operators/buyers and airlines. The mission began with Korean Culture Night & Kimchee-making Class as a preview event on June 9 at KBS Cooking Studio only for participating delegates to better understand the culture of Korea. Next day, it officially kicked off the event with a VIP networking luncheon & Travel Mart (1-on-1 appointments) in each regional market - Seoul & Busan from June 10 and 11. During the two-day trade mission, partners had meetings with over 200 tour operators, from wholesalers, retail, OTAs, airlines, and brand consumers, to discuss future partnership opportunities.

➔ **Participating Delegates/Sponsors:** ▲ Ala Moana Center ▲ Alamo Rent-A-Car ▲ Battleship Missouri Memorial ▲ Fairmont Orchid Hawai'i ▲ Hertz ▲ Hilton Hawai'i ▲ Holiday Inn Express Waikiki ▲ Hyatt Regency Waikiki Beach Resort & Spa ▲ Island of Hawai'i Visitors Bureau ▲ The Kahala Hotel & Resort ▲ Kualoa Ranch ▲ Outrigger Hotels & Resorts ▲ Prince Waikiki ▲ Queen Kapiolani Hotel ▲ Shoreline Hotel Waikiki & Coconut Waikiki Hotel ▲ Trump International Hotel Waikiki ▲ Waikiki Trolley ▲ The Laylow, Autograph Collection ▲ Roberts Hawai'i

### **Public Relations**

- **Hawai'i Lifestyle Week Season II:** HTK is organizing Hawai'i Lifestyle Week Season II in coming August in partnership with Hyundai Department Store, targeting the high-end market. During the Hawai'i fair, HTK will develop various consumer events including hula dancing, ukulele class and lei making class where visitors can feel authentic Aloha spirit and get closer to Hawaiian Culture. In order to highlight the 'Responsible Tourism' theme, HTK will invite diverse Hawai'i inspired brands featuring zero-waste and eco-friendly products. Also, HTK will intensively promote the event through online and offline channels owned by both Hyundai Department Store and HTK to maximize consumer exposure to the fair.

### **Sales Activities**

- The Korea team had 58 meetings during June with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
  - **Airlines (7):** Korean Air for KE053 sales contest follow-up; Asiana Airlines for airlift updates; Jin Air for airlift updates; Hawaiian Airlines for Neighbor Island promotions; Delta Air Lines, United Airlines, and Japan Airlines Busan.
  - **Tour operators (36):** Hana Tour, Mode Tour, Hanjin Travel, Very Good Tour, YB Tour, Dr. Tour (Tour Baksa), Lotte JTB, Lotte Tour, Tidesquare, Interpark Tour, Online Tour, Jau Tour, KAYAK, Hotels Combined, Hotel.com, Expedia, My Real Trip, Yanolja, EVASION, SMTown Travel, Redcap Tour, Hana Biz, Hana Tour Busan, Koreana Tour Service, Tour Mart, O Tour, ACE America Tour, and PAX Tour, Dream Resort, Tour Plan, Hawaii Tour, Dynamic Tour, Hawaii N, Tournet Hawaii

- **Hotels (7):** Queen Kapiolani Hotel, The Kahala Hotel & Resort, Westin Maui Resort, Sheraton Maui Resort, Four Seasons Hotel Seoul, Park Hyatt Busan, and ALOFT Myeongdong
- **Rent-a-cars/Transportation/Attractions (3):** Alamo Rent-a-car, Hertz and Roberts Hawai'i
- **DMOs, U.S. Government/Organizations (4):** Visit USA (Committee), Visit California, San Francisco Travel and Las Vegas Convention Visitors Authority
- **Consumer Brands (1):** Hyundai Department Store

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

- Aloha Festival with Heather Brown Art at IPARK (Jul 27 – 28)
- Hana Tour <Destination of Month> Hawai'i Campaign
- 2019 Modetour Travel Mart (Sep 5 – 8)

## Hawai'i Tourism Taiwan Monthly Marketing Report June 2019

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

- Taiwan's GDP growth for the first quarter was revised to 1.71% from a preliminary 1.72%, its slowest pace in more than two years. Taiwan's government also lowered its 2019 economic growth forecast to 2.19% (2.27% previously) as sluggish global tech demand dragged on the island's export-reliant economy. The unemployment rate in May was 3.67%, same as April.
- Taiwan's consumer confidence index (CCI) increased to 79.80 in June 2019 from a 22 month-low of 79.48 in the previous month.
- The Taiwan currency exchange rate depreciated to 31.335 in June when compared to 31.246 in the previous month.

#### Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,463,759 in May 2019 with a 1.57% increase compared to May 2018. The outbound number to U.S. increased by 1.79% to 51,846 in May 2019 compared to the same period last year. The Taiwanese arrival number to Hawai'i significantly increased by 283.7% to 5,798 in May 2019 when compared to the same period last year, which was contributed by the MCI incentive travel visitors from Cathay Life Insurance.

#### Competitive Environment

##### **Marianas Visitors Authority Promotes Sports Tourism to Taiwanese Consumers**

Marianas Visitors Authority (Taiwan) has been working with a leading fitness and training website/community to promote sports tourism to Taiwanese visitors. Starting May, Marianas Visitors Authority (Taiwan) invited local marathon veterans to speak at its workshops on sports events such as Saipan Marathon. It is expected to attract more Taiwanese visitors in the first quarter of 2020.

#### Airlift

##### **EVA Air Strike Ended without Retribution against Flight Attendants**

Following a vote in early June, the Taoyuan Flight Attendants Union decided to strike against Taiwanese carrier EVA Air on June 20. The strike came after two rounds of negotiations with EVA Air failed to yield results with the chief complaints concerning overtime, long working hours and pay. It was the longest and biggest strike to ever hit a Taiwanese airline. The unprecedented 17-day strike ended on July 6 after reaching an agreement. EVA Air said flight operations are expected to return to normal by the end of July, but with further adjustments likely in August, depending upon workforce supply and passenger demand.

### LEISURE ACTIVITIES

#### Consumer

##### **HTT Aired Its Video Advertisements at Top-tiered Movie Theaters in Taiwan**

HTT has been developing the video content for China Airlines' promotions on the new direct flights between Taipei and Honolulu on Fridays starting May 3. The video advertisement aired in June along with the screenings of "X-Men: Dark Phoenix" and "Toy Story 4" at two leading premium movie theaters in Taiwan, Vieshow and Miramar Cinemas (including IMAX theaters).



### **HTT Surprised Eslite Spectrum Shoppers with a Hula Flash Mob to Promote China Airlines' New Direct Flight**

To promote China Airlines' new direct flight between Honolulu and Taipei, HTT hosted a hula flash mob along with live ukulele performances at Eslite Spectrum, an upscale shopping mall that focuses on delivering cultural and sophisticated products and experiences. In addition to the performance, the hula dancers greeted the consumers on site with lei, serving as ambassadors of demonstrating the aloha spirit. The emcee announced China Airlines' new direct flight information and ticket promotions and HTT's upcoming campaigns and events in July.

### **HTT Partnered with Spice TW and AirAsia to target millennial travelers**

HTT partnered with AirAsia and Spice TW for a vlogger FAM in O'ahu to target millennial travelers. Spice TW is one of the most popular YouTube channels focusing on travel contents in Taiwan with over 187K subscribers. The core message is to encourage millennials to spend more on outdoor activities and unique experiences in Hawai'i while leveraging AirAsia's affordable airfare. From June 3 to 9 in O'ahu, the crew visited North Shore, Kualoa Ranch, SALT at Our Kaka'ako and KCC Farmers' Market and enjoyed participating in SUP yoga, lei making and hula classes. The video clips are expected to air in July on Spice TW's YouTube Channel and HTT's social media platforms.

### **HTT Hosted Lucky Draws with UNIQLO Taiwan to Promote "The Brands HAWAIIAN LOCO"**

Working with UNIQLO Taiwan, HTT hosted two lucky draws on its Facebook Page as the brand launched its "The Brands HAWAIIAN LOCO" t-shirt collection in May, which included nine Hawai'i brands such as Hawaiian Airlines, Honolulu Cookie Company, Matsumoto Shave Ice, Rainbow Drive-In, Leonard's Bakery, Giovanni's Shrimp Truck, Lion Coffee, Banán and Via Gelato. UNIQLO Taiwan sponsored male and female t-shirts as prizes for consumers who posted designated hashtags to enter HTT's lucky draws. As of July 10, HTT has collected a total of 272 entries. Winners will be announced on July 12 on HTT's Facebook Page.

### **Travel Trade**

#### **HTT Invited AirAsia and YesTrip to Participate in Hawai'i Aloha Festival**

To strengthen the relationship with travel trade partners, HTT invited AirAsia and YesTrip (a travel agency affiliated with China Airlines) to set up a booth at HTT's Hawai'i Aloha Festival 2019. HTT also allocated a 10-minute session for each travel trade partner to promote their routes/products on stage, allowing consumers to learn more about the travel information and flight options to Hawai'i.

### **Public Relations**

Media Monitoring (Clippings & Publicity Calendar): In June 2019, Hawai'i Tourism Taiwan secured 141 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$2,406,391.

### **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	Taipei
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**

- [Hawai'i Promotion Month + Hula Meet & Greet at Eslite Spectrum], July, Taiwan
- [China Airlines & HTT in-store promotional collaterals at Eslite Spectrum], July, Taiwan
- [Hawai'i Aloha Festival 2019], July 6 - 7, Taiwan
- [VOGUEme & Elle Taiwan fashion media FAM], July 28 - August 2, Hawai'i

## Hawai'i Tourism Europe Monthly Marketing Report June 2019

### Market Intelligence/Market Conditions

#### A. Economy

##### United Kingdom and Ireland

- A fall in inflation has persuaded the UK's monetary policy committee to rethink increasing interest rates in an effort to cut spending.
- Over the past three months, employment in the UK increased by 32,000, hitting record high of 32.75 million, and keeping the unemployment rate at its lowest level since 1974.
- According to the Office of National Statistics (ONS), the UK economy has started the year well compared to the last five years, only beaten by 2013. A 0.5% increase has been seen since the last quarter.
- The UK job market exceeded expectations for the second quarter of 2019, when wages grew by 3.4% (versus 3.3% in the first quarter), which came to 1.5% after adjusting for inflation.
- Overall, the UK economy has started the year well, according to the Office of National Statistics, doing better than every other year since 2013.
- Ireland has seen a record level of employment in June following a period of economic stability. The country has seen an increase of 400,000 jobs since the low point of the economic downturn in 2012, the majority of which are considered long term. According to a survey conducted by Reuters, the sustained growth in the Irish economy has increased consumer sentiment.

##### Germany and Switzerland

- Overall, the German economy remains stable. According to Trading Economics, this quarter, Germany has had the fastest increase in household spending in eight years.
- According to Trading Economics, the Swiss GDP growth is stronger than estimated and is double the market expectation at 0.6%. This is partly due to the acceleration of household consumption among other factors.
- Germany's unemployment rate remains consistent at 3.2%.

#### B. Outbound Travel Market

##### United Kingdom and Ireland

- Travel technology giant Travelport has brought out a report which shows the USA is the UK's favourite destination for summer 2019. The report also showed India, UAE, and Canada were behind the United States, whilst China and South Africa saw the largest year-on-year growth.
- The US National Travel and Tourism Office predicts UK travel to the USA will continue to grow over the next five years with over five million visitors expected in 2021. This is up from the 4.7 million visitors in 2018 and 4.48 million in 2017.

## Germany and Switzerland

- The U.S. remains a popular destination for German travellers with approximately 2.1 million German visitors last year according to Brand USA.
- Last month, Frankfurt Airport handled 6.2 million passengers, an increase of 1.4 percent year-over-year.

### **C. Competitive Environment**

## United Kingdom and Ireland

- Air Mauritius has upgraded its services between London and Mauritius. The country's national airline have introduced Airbus' new A330neo to their route, which offers an improved business class experience and will be the first of the new aircraft to service the Indian Ocean.
- The Experience Travel Group, experts in Sri Lanka, have appointed a specialist in order to target the UK Travel Trade. The organisation had already got behind the Love Sri Lanka campaign following the British Foreign Office relaxing its stance on travel to the island.
- Raffles has opened up a second hotel in Singapore, expanding its already well-known brand to the resort island of Sentosa, set to open in 2022.

## Germany and Switzerland

- According to the FWW Destination Rankings, the Seychelles have increased their overnight stays by German Tourists by 77% over the last five years.
- The Maldives have also shown significant growth with more than a million overnight stays by German tourists last year. This was 25% more than five years ago.

### **D. Consumer Trends**

## United Kingdom and Ireland

- DeLoitte's latest consumer report has revealed this week that 10% of consumers spent more on long holidays in the first quarter of 2019 than 2018 as they sought to learn new skills and explore off the beaten track destinations. Furthermore, the research revealed that 39% of participants noted that they would prefer to save money for a holiday rather than spend money on other leisure activities. The report also stated that: "Holidays with classes and workshops have seen a 90% increase in consumer demand between 2017 and 2018 while demand for wellness experiences grew by 69% globally."
- ABTA research has revealed that package holidays are still dominating the UK outbound tourism market. Since 2014, half of all holidays taken by UK travellers annually have been package holidays and this figure is staying steady. One change, however, is that holiday makers now are looking for off the beaten track holidays as well as traditional destinations. ABTA Chief Executive Mark Tanzer said: "Holidaymakers' tastes are continually evolving, and the travel industry is adapting to the changing demands of customers; whether you want a two-week trip around the Caribbean, a cultural city break to Cadiz, a tailor-made trip to Mexico or seven days

in the Costa del Sol, all of these options can be provided via a package holiday."

#### Germany and Switzerland

- This year, online travel sales in Germany are expected to surpass traditional offline bookings.
- According to a survey by lastminute.com, 83.5% of Swiss travellers said that value for money was a very important factor when choosing a holiday. In addition, three quarters of respondents said having trust in the booking office also was a key criterion for booking a holiday.
- Facebook still has a large user base in Germany, but it is getting smaller. Only 69 percent of online users in Germany use Facebook, however, Instagram (owned by Facebook) is on the rise. Instagram is increasing in popularity among all age groups in Germany. Currently 85% of Internet users in Germany between the ages of 16-19 years old use Instagram.

#### **E. Travel Trends**

#### United Kingdom and Ireland

- G Adventures confirmed this month they would be running their Change Makers Challenge event in 2020. Held this year in Peru, the summit incentivizes agents to book people through a 'social good' category, when they can discuss the good they've done in charity.
- Tui have opened their first branch inside a Next store in Sheffield. The agency has launched Dreamliner flights from Doncaster Sheffield Airport to Orlando. The in-store branch will still deliver the same 'personalised experience', according to Tui's Head of Retail, Stephanie Bracegirdle.
- Virgin Voyages has announced its first LGBT voyage, scheduled for 2020, after one of its ships was chartered by the group Atlantis Events. The announcement came just days before the sister company, Virgin Atlantic, took an LGBT flight from London to New York for the massive pride event being held there to celebrate 50 years since the Stonewall riots.

#### Germany and Switzerland

- According to a lastminute.com survey, 70.5% of Swiss respondents, said it is important to have wireless internet access while on holiday.
- According to the Ipsos / Europe Assistance holiday barometer, sustainable holidays are increasing in demand in Europe. However, there is still room for growth. 16% of Swiss travellers and 14% of German travellers said sustainability and the ecological footprint played a vital role in choosing a destination

#### **F. Media Trends**

#### **UK and Ireland**

- News agency the Press Association has changed its name to PA Media as part of its "ongoing digital transformation". The name change, made official today, is part of a wider rebranding

across parent company PA Group, which has become PA Media Group. When the plans were first revealed last September, the company said the refresh would reflect its evolution into a “modern, dynamic” business.

- The Saturday Daily Mail sold nearly 700,000 copies more than the best-selling Sunday newspaper in May, challenging the tradition of big political stories going to Sunday titles. In May, the Saturday Mail sold 1.75m copies, compared with top-selling Sunday newspaper the Sun on Sunday which sold 1.07m (including 68,700 bulks), a difference of more than 681,000 copies, ABC figures show. Michael Gove and Sajid Javid are among the Conservative leadership hopefuls to have used the Saturday Mail for stories that might traditionally have gone in the Sunday papers.

## **Germany/Switzerland**

- The online platform PaulCamper launched its own travel and outdoor magazine “Unresting – Swapping everyday life for adventure”. The magazine will be published four times a year and the content is all about traveling, slowing down, freedom, and inspiration
- Instagram is replacing facebook as the most important news platform. According to a study, every fourth young adult (18-24 years of age) uses Instagram not only as a network to share images, but as a source for news. Altogether, the trust in news from social media declines. In Germany, this statement was made by 23% of the people asked, 22% use facebook and YouTube. Every tenth person uses WhatsApp, only six percent use twitter for this reason. However, social media as the only news platform is only used by three percent, 97% use other channels to receive information
- Social Media in Switzerland (10th yearly online survey): Voice Assistants are used in every fifth household (Apple’s Siri 13%, Google Home 5%, Alexa 2%), most popular messenger is WhatsApp (78.5%), followed by SMS (7.2%) and facebook (5.2%). In regard to blogs: Travel blogs are still #1, followed by food and sports blogs. Podcasts are upcoming. Instagram and YouTube are still leading (as in 2017 and 2018) with an increase of 34% and 29%. Facebook is used 28% less, 48% of those younger than 19 years old say that they do not use facebook at all. The younger ones prefer Snapchat (+48%)

## **G. Airlift**

### United Kingdom and Ireland

- Virgin Atlantic is looking to become the ‘second flag-carrier’ for the Heathrow, demanding 150 of the new slots at Heathrow, 43% of the additional landing slots. The new third runway at Heathrow will increase flight capacity to 60%. The announcement follows the airline’s order of 14 new Airbus aircraft, which are quieter and more fuel and carbon efficient.
- Following the feedback deadline of 20 June, leading aviation groups have responded to the government’s green aviation initiative, which mapped out an environmental strategy for the industry until 2050. Whilst ABTA responded positively to the bill, Airlines UK, which represents 13 carriers in the country, has stated that environmental targets can be met even with expansion.
- London’s Heathrow Airport has announced a £50 million investment in new scanners that will give staff a clearer picture of the contents of passengers’ hand luggage. Ultimately, this will allow passengers to move through security without removing liquids or laptops from their hand

luggage. Trials of the technology, which is similar to that used in hospitals, have been ongoing since 2017 and should be rolled out across all terminals by 2022. Germany and Switzerland.

#### Germany and Switzerland

- Earlier this year, Lufthansa announced their interest in a bid for the Thomas Cook Group airline, Condor. However, this month, they announced that Condor will no longer fit with their strategy and instead have decided to focus their attention on their subsidiary airline Eurowings.
- Lufthansa has announced this month that Eurowings will now focus only on short-haul routes and all long-haul flights will be transferred to Eurowings' partner airlines (Lufthansa, Swiss, and Austrian airlines).
- German airports organized in the ADV airport association have announced a new goal regarding climate protection and are working to reduce their CO2 emissions to zero by 2050.

### **Summary of Market Intelligence/Market Conditions as it Relates to Leisure Travel**

#### United Kingdom and Ireland

- Boris Johnson has emerged as the frontrunner to be the UK's next prime minister, with Jeremy Hunt the closest competition. The winner will lead the UK's Brexit strategy.
- Both BA and Virgin have ordered several new aircraft to increase the efficiency of their fleet and capitalise on the approaching opening of the third runway at Heathrow.

#### Germany and Switzerland

- This year, online travel sales in Germany are expected to surpass traditional offline bookings.
- The U.S. remains a popular destination for German travellers with approximately 2.1 million German visitors last year according to Brand USA.

### **Leisure Activity Update & Plan Variance**

#### **Consumer**

- 'Share Aloha' Influencer Campaign
  - Developed itineraries, logistics and preferred activities
  - Continued to negotiate with the influencers
  - Liaised with possible airline and tour operator partners
  - Shared FAM Request Forms with HVCB and discussed deadlines and timelines
- Experience our Aloha Campaign  
Shared the post campaign report with HTA
- Joint Tour Operator Marketing  
Ongoing liaison with NyHavn Rejser
- Social Media  
Continued efforts to drive organic engagement to social channels.

- Website  
Ongoing review of the website to ensure the information is relevant for the UK market. HTE is coordinating the translation project for German, Spanish and French
- Consumer enquires  
HTE responded to all consumer enquiries as and when they were received via email and over the phone

## **A. Travel Trade**

### United Kingdom and Ireland

- Trade Liaison
  - Continued to monitor and liaise with all Tour Operators, face-to-face, via email and over the phone to track performance to the Hawaiian Islands
  - Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit; updates continue to be made from the trade survey shared in January 2019, sales calls, training and other trade events
- Trade Education
  - Conducted destination training at Trailfinders, training over 15 agents
  - Conducted destination training at STA Travel, training 30 agents
  - HTE completed its review of the online training programme and updated the platform to ensure further completions and a lower drop-off rate. HTE will be monitoring the data closely over the coming months
- Trade FAMs
  - HTE began liaising with HTA on the logistics for the Product Manager FAM trip which coincides with the Hawai'i Tourism Conference
  - HTE began liaising with MVCB on the Maui FAM
  - Contacted Dial a Flight regarding upcoming VIP Fam Trip to request an update

### Germany and Switzerland

- Trade Liaison
  - On Ongoing liaison with all major tour operators regarding current Hawai'i marketing support requests
  - Continued to monitor and liaise with all Tour Operators, face-to-face, via email and over the phone to track performance to the Hawaiian Islands
  - Sales Calls in Zurich, Switzerland
- Trade Education
  - In-house training at Hotelplan/Travelhouse in Zurich, Switzerland



## **B. Public Relations**

### **United Kingdom and Ireland**

- Drafted press release for distribution to all European markets
- Held media meetings with key editors from national newspapers and consumer magazines
- Ongoing media liaison and press trip organisation across target European markets

### **Germany**

- Ongoing support of individual media trips
- Proactive pitching – general and specific/niche topics
- Regular posting across Facebook and Instagram channels

### **Upcoming Activities for the Leisure Market**

- US Airtours training day in Essex – Date is TBC
- Share Aloha Influencer Filming across all Hawaiian Islands - August

## Hawai'i Tourism Southeast Asia Monthly Marketing Report June 2019

### SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

#### Economy

**Malaysia:** Growth likely picked up slightly in the second quarter, after the economy lost momentum in the first quarter amid a slowdown in industrial production. In April, annual industrial production growth reached a six-month high, driven by a rebound in the mining sector and an acceleration in the manufacturing sector.

Currency Exchange: USD 1 = MYR 4.13 as of June 30, 2019 vs MYR 4.18 as of May 31, 2019.

**Singapore:** Monetary Authority of Singapore and the Ministry of Trade and Industry will be reviewing their growth forecast range for the year from the current 1.5% to 2.5% estimate due to worsening global trade outlook. Singapore is expected to experience the sharpest economic slowdown in Southeast Asia, with GDP growth slowing from 3.1% in 2018 to 1.9% this year, as its export outlook deteriorates following more tariff hikes from the U.S. and China.

Currency Exchange: USD 1 = SGD 1.35 as of June 30, 2019 vs SGD 1.37 as of May 31, 2019.

**Indonesia:** While Indonesia's economy has been growing at about 5%, government officials are also aware and concerned about risks to growth, citing an escalation in trade hostilities between the U.S. and China.

Currency Exchange: USD 1 = IDR 14.13 as of June 30, 2019 vs IDR 14.40 as of May 31, 2019.

**Thailand:** The economies and consumer expenditure of Thailand are still projected to grow in 2019 despite the global economic uncertainty. Sizeable and growing middle-income populations are still expected to drive domestic consumption of products and services and Thailand is expecting uncertainties due to trade wars and a weak global economy in 2019. Post-election, Thailand is expected to face political uncertainty.

Currency Exchange: USD 1 = THB 30.60 as of June 30, 2019 vs THB 31.77 as of May 31, 2019.

#### Outbound Travel Market

**Malaysia:** June remained a slow month due to limited long weekend holidays while also is a traditional slow month for outbound travel. Travel trade stakeholders are expecting steady pick-up from August onwards leading to long school holidays in November and December.

**Singapore:** For the month of June, Australia has been a popular choice due to the weakened Australian dollar. Bookings for Iran, Uzbekistan and Turkey are starting to pick up, whereas Europe and Balkan remain the top choices for Singaporeans.

**Indonesia:** June is the high season for Indonesia due to Ramadhan holidays and School holidays. Europe, Asia, Australia and the USA remain the Leisure group's favorite destinations.

**Thailand:** Tourism Council of Thailand (TCT) found that 13% of Thai holidaymakers already planned to travel abroad in the second quarter of this year. The forecasted number of outbound tourists in 2019 would total between 10.55 million and 10.75 million, a 5.4%-7.4% annual growth rate to a six-year high year.

## Competitive Environment

### Malaysia:

- **Korean Tourism Organization (KTO)** collaborated with Malaysia Airlines for a commercial video with a male model, Ismael Ma focusing on Muslim-friendly tourism in Korea. KTO also released the Discover Korea Your Way (DKYW) coupon booklet 2019 for the Malaysian travelers, especially the FIT market. This booklet can be redeemed by those traveling within the period May 2019 - March 31, 2020.
- **Taiwan Tourism Bureau Kuala Lumpur (TTBKL)** launched a campaign on the June 3, 2019, which encouraged consumers to connect their Facebook account to the TTBKL Social Hub account, and then stand a chance to win a pair of round trip tickets to Taiwan by Eva Air.

### Singapore:

- **The German National Tourist Board (GNTB)** is stepping up its promotional efforts in the region including thorough campaigns built around different themed events. A press conference was held on June 20, which welcomed 21 media in Singapore.
- **Tourism & Events Queensland** jointly with Singapore Airlines and Straits Times (daily) mounted digital campaign with contest valid from May 31 to June 16, 2019.
- **Tourism New Zealand** mounted digital campaign in TODAY with attractive experiences starting from USD 569 (SGD 768). It also drive traffic back to a landing page with listing of participating travel trade partners.

## Consumer Trends

### Malaysia:

- **The shoulder season is gaining notice by Malaysians with 42% declared that they travel during the low season. 43% chose the high season while the remaining 15% prefer to travel during the budget-friendly low season, according to research by Picodi.**

### Singapore:

- **According to research by Picodi, 36% of Singapore travelers declared that they travel during the shoulder season, whereas 45% chose the high season and the remaining 19% prefer to travel during the budget-friendly low season. It looks like Singaporeans prefer longer getaways as 44% claimed their trips last around a week, 30% spend two weeks or more on holidays and 26% less than a week. The overwhelming majority of Singaporeans (91%) prefer to organise everything by themselves while 9% rely on travel agencies.**

## Travel Trends

### Malaysia:

- Based on a recent survey by Picodi, the vast majority of Malaysians prefer domestic travels. 74% of surveyed Malaysians declared that they would rather spend their holidays in their country over the 26% that opted for international travel. One out of three Malaysians goes on a vacation once a year and 46% twice a year or more.

### Singapore:

- The research results by Picodi showed that **most Singaporeans (75%) would rather explore new places** and the rest (25%) chose to go back to places they already know. **More than half of the Singaporean (55%) chose sightseeing as their favorite activity, followed** by lying on a beach (31%) and active rest (14%). For means of transportation, **47% chose taxi as their favorite mode of transportation**, followed by local public transport (44%) and rental cars (9%).

## **Airlift**

Thai AirAsia X, flying directly from Don Mueang to Brisbane 4x weekly. This route is expected to increase the number of tourists traveling between 2 countries with the provision cheap direct flights. This flight started on June 25, 2019.

## **LEISURE ACTIVITIES**

### **Consumer**

HTSEA's Facebook page is finally up and running. The Facebook fans currently stand at 14,024. Whereas, Instagram followers stand at 1,192 for the month of June.

All 6 influencers have completed their deliverables on the postings pertaining to the influencer fam trip. The content postings that had been shared on the respective influencer's social media channel have garnered **954,099** of reach and **80,394** of interaction (like, comment, share, save and view). Whereas, their interactive IG Stories have garnered a total of **563,526** views. In addition, one of the couple influencers (Daphne and Joe) created additional travel-vlog episodes of their Hawai'i trip, which have garnered **15,352** views.

### **Travel Trade**

**[Destination Training for Panorama Tour]** Conducted a destination training for Panorama Tour on what Hawai'i has to offer. There were over 12 staff members attended the destination training.

**[Destination Training for Dwidaya Tour]** Conducted a destination training for Dwidaya Tour on what Hawai'i has to offer. There are 6 staff members attended the destination training.

### **Sales Activities**

HTSEA conducted 24 sales calls in Southeast Asia to promote Hawai'i in the month of June.

**[Worldtraveller-DMC]** Honda Malaysia has appointed Worldtravellers-DMC for their MCI group to Hawai'i this coming September 17-25, 2019 for a group of 47pax and they are requesting MCI support.

**[Corporate Information Travel]** Provided information for their upcoming MCI group to Hawai'i. They are in the midst of coordinating the inspection trip which will be held in July 2019.

**[EU Holidays]** Followed up with agent on the potential 80 pax MCI group from Cycle & Carriage for Hawai'i for Aug/Sep 2019. The MCI group has decided to go to London instead since the land cost in Hawai'i is surprisingly more expensive than London. In addition, securing seats out from Singapore to Hawai'i has been challenging and airfare tend to be higher as well.

### **Coming Attractions**

[Jul – Sep] Awe-inspiring Journey to Paradise

[Sep] Aloha SEA Trade Mission

[Sep] MYHawaiiFiesta



## Group Sales Status Report – June 2019

### OVERVIEW

According to the recently released fourth annual IACC Meeting Room of The Future Report, 'ethical operations and sustainable practices' will be one of the most important priorities for venues by 2024. For 44 percent of the 250+ meeting planners from five continents who were surveyed, food waste as their biggest sustainability gripe. Sixty-two percent indicated that they will consider in the future how prospective venues manage their unused food. This provides evidence that meeting planners are conscious of their environmental and social footprint and want to reduce their impact moving forward.

Meeting planners are also facing pressure from higher-ups to make sustainability a focus, and the impact of food waste on attendees' environmental footprints is a growing concern. When asked what frustrates them the most in terms of food and beverage offerings, meeting planners indicated that the excessive food waste is a key issue. Although currently only 46 percent of meeting planners consider a venue's credentials regarding sustainable food sourcing, this is expected to rise with growing awareness of meetings' impact on the climate. Similar predictions have been made for planners seeking information on sound waste management practices.

The *Northstar Meetings Group* report "How Meeting Planners Can Get More from CVBs and DMOs" offered a case study of how a CVB played a pivotal role in realizing the sustainability program of a convention with 3,500 attendees. The CVB assisted the convention's representatives with planning trips to area recycling facilities and connected planners with a sustainability organization that helped them develop an overall strategy for the conference's waste management. The CVB's efforts to connect different sustainability role players in the destination enabled the convention to divert 92 percent of its waste.

Venues are also working to be more appealing to sustainability-conscious planners and delegates. Frank Rosello, Head of Design at etc.venues, shared insights into their zero-landfill policy, in which "even our cooking oil is recycled into bio-diesel which fuels the vans that deliver our supplies. It's a symbiotic relationship between us and our partners that adds up to less wastage and lower costs – which can be passed on as savings to clients. Everyone benefits."

IACC CEO Mark Cooper concluded, "This year's report reveals some interesting new trends and shows that trends that have emerged in recent years are continuing to grow. We are seeing more critical analysis of venues and practices before booking events and, especially, a real focus on sustainability and ethical operations. These are areas we expect to continue to develop over the coming years."

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

Table 1: Total Sales Production – June 2019

	Month			Year-to-Date		
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year
<b>Room Nights</b>						
Definite & Assist-Definite	37,848	46,317	-18%	179,268	185,004	-3%
Tentative & Assist-Tentative	99,593	73,180	36%	549,439	504,931	9%

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) Citywide Sales Production June 2019

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	0	7,212	-100%	45,836	59,785	-23%	195,000	24%
New to Hawai'i	0	2,100	-100%	14,951	8,155	83%		
Tentative	27,780	4,670	495%	117,842	159,982	-26%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite	0	7,102	-100%	26,687	51,518	-48%		
New to Hawai'i	0	2,100	-100%	7,041	8,000	-12%		
Tentative	27,780	4,670	495%	105,129	150,842	-30%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	0	110	-100%	19,149	8,267	132%		
New to Hawai'i	0	0	N/A	7,910	155	5003%		
Tentative	0	0	N/A	12,713	9,140	39%		

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

*In addition to the booking numbers as summarized herein, this past June the Hawai'i Convention Center (HCC) sales team conducted various sales promotions and participated in a number of trade shows as outlined below.*

- *The PCMA Annual Education Conference in Los Angeles generated three RFPs for potential citywide business in October 2025 with an estimated 7,000 room nights, June 2026 with 6,000 room nights and October 2021 with 2,000 room nights*
- *HCC exhibited at the MPI World Education Conference in Toronto, CA for the first time. HCC is awaiting RFPs for future city-wide conferences. In addition, contacts*

were made for single property type programs, which were passed along to the HTUSA sales team.

- eSports Travel Summit in Atlantic City, NJ resulted in obtaining two RFPs, a May 2021 event with 5,000 delegates and a 2021 or 2022 event with 5,000 delegates.
- Direct Selling Association Conference in Austin, TX resulted in three RFPs for future citywide conferences.

HCC was shortlisted for three conferences, a program in May 2021 with an estimated 1,585 room nights, a scientific program for May 2023 with 1,870 room nights and a program in June 2022 with 8,000 room nights.

This past June, Kristie Chang resigned from her position as the Regional Director of Accounts – East Coast based in Washington, DC. Until further notice, Lee Conching will assume responsibility for all accounts within this region. HCC is working towards implementing an upgrade to its CRM system (USI Ungerboeck) to ensure optimum usability.

#### **Advertising and Public Relations Efforts**

PR efforts for the month of June included coordination with TravelAge West magazine's article on Hawai'i Sports Tourism. An article was released at the end of June, which included a quote from HCC General Manager, Teri Orton. HCC also participated in a radio interview on "The Rick Hamada Program", KHVH Radio discussing HCC's sustainability efforts, partnership with Hawaiian Legacy Reforestation Initiative. TV coverage included an appearance on KHON's Take 2 where HCC promoted Sunset Mele and Night Market. Lastly, former Miss Universe Brook Lee stopped by the Center in June to film an episode of her new TV Show, Modern Wahine, featuring HCC General Manager, Teri Orton, which will air August 2019.

North America advertising efforts in June included full page ads on the Hawai'i Section feature of The Meeting Professional (MPI) magazine, Successful Meetings May/June issue, and Facilities & Destinations June issue. Ongoing North America placements in June include the California Society of Association Executives (CalSAE) Newsletter (until July 15) and a digital retargeting campaign with American Society of Association Executives (ASAE) which started March 1<sup>st</sup> until fulfillment of 400,000 impressions. HCC's ongoing Northstar Destination Guide (digital package) which started in January continues throughout the month of June.

Sports advertising placements in June included a digital product showcase placement with the National Association of Sports Commissions (NASC) "Get in the Game" newsletter on June 6, a homepage adlet (250x250) on SportsEvents' website, Sports Destination Management's SDM Blitz newsletter on June 26, and a dedicated eblast with Sports Travel distributed on June 27.

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	26,330	24,217	9%	89,069	72,272	23%	187,000	48%
New to Hawai'i	7,463	8,274	-10%	38,991	38,256	2%	75,000	52%
Tentative	50,533	52,675	-4%	366,252	253,654	44%	500,000	73%
<b>MCI</b>								
<b>Room Nights</b>								
Definite	26,250	23,896	10%	88,969	68,431	30%		
New to Hawai'i	7,383	7,953	-7%	38,891	34,415	13%		
Tentative	48,487	52,675	-8%	358,995	249,493	44%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	80	321	-75%	100	3,841	-97%		
New to Hawai'i	80	321	-75%	100	3,841	-97%		
Tentative	2,046	0	N/A	7,257	4,161	74%		

**COMMENTS**

**Market Conditions and Industry Trends**

*According to MeetingMentor Online, growing attendance remains the top challenge for show organizers, with 66 percent of respondents saying they find it extremely or very challenging. Proving exhibitor return on investment is the second biggest challenge, followed by staying current with event tech, and a shrinking universe of exhibitors, thanks to mergers and acquisitions in their exhibitor bases. Independent show organizers added competing events in the U.S. or internationally to their roster of top challenges. The good news is that 47 percent of respondents reported attendance growth in 2019, compared to 45 percent last year. This may, at least in part, be due to the fact that 45 percent also said they were spending more on attendee promotion and marketing, while 49 percent made no changes to their attendee acquisition budgets. The bad news, however, is that just 47 percent feel confident that they will be able to continue to grow attendance, down from 53 percent last year.*

*The regional director for the central region reports that business pace has slowed down and conversion rate has taken a downturn. Hotel partners in the industry have addressed the pace issue. However, this is not reflective of other markets, such as California and Midwest, which continue to have quality inquiries from their client base. Despite Southwest Airlines entry into the market place, there was a lack of any significant change to air fare costs to come to the islands.*

*The regional director for the west coast region reports that activity is fairly strong with new tentative inquiries. However, conversion rate has slowed significantly due to clients and decision makers being out of the office for vacations and graduations.*



*The regional director of the midwest region reports that the market conditions appear to be picking up as it relates to leads for Hawai'i, which may have been a result of stronger numbers in the Stock Market for the second quarter. Europe is still holding stronger than anticipated in the midwest for the incentive market.*

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

*Definite conversions this month exceeded 2018 June production and year-to-date (YTD) is +23 percent ahead of the same time last year. So far, the team has achieved 48 percent of its annual goal. Despite a -10 percent decline in New Business for Hawai'i in June, YTD New Business production maintained a two percent increase. Tentative room nights added to the pipeline for June also exceeded last year YTD by +44 percent.*

### **Highlights of Any Key Definites**

- *Incentive – high tech corporation, May 2020 (4,295 room nights)*
- *Incentive – high tech corporation, May 2022 (4,295 room nights)*
- *Incentive – manufacturing corporation, January 2021 (2,950 room nights)*
- *Incentive – medical corporation, April 2021 (1,625 room nights)*
- *Convention – automotive corporation, January 2024 (1,537 room nights)*

### **Highlights of Any Key Tentatives**

- *Convention – high tech corporation, April 2020 (5,900 room nights)*
- *Incentive – business services corporation, May 2021 (2,923 room nights)*
- *Incentive – business services corporation, December 2020 (2,592 room nights)*

### **Advertising efforts**

1. *Meetings, conventions and incentives (MCI) May Paid Media Recap*
  - a. *Northstar Destination Guide banners (728x90) – 1,000 impressions*
  - b. *Northstar Destination Guide banners (970x250) – 350 impressions*
  - c. *Northstar Destination Guide online Hawai'i Destination Guide – 1,000 page views*
  - d. *Northstar Destination Guide dedicated e-blast - 30,000*

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

1. *Activity highlights include:*
  - a. *Revised and finalized Pam Lackland's testimonial graphic.*
  - b. *Developed timeline and themes for Meeting Planner's e-newsletter.*
  - c. *Distributed Call for Submissions: What's New in the Hawaiian Islands in MCI.*
  - d. *Finalized "5 Questions With..." questionnaire.*
2. *Media Coverage Highlights:*
  - *"Hybrid Electric Planes Ready for Island Hopping" – Meetings Net – May 6, 2019 – <https://bit.ly/2QVJFwz>*
  - *"Smart Moves: What's Cookin' Edition" – Smart Meetings – May 29, 2019 – <https://bit.ly/2XxxGHL>*
3. *May Impressions and Publicity Values for Articles that included Hawai'i:*

May

May

<u>Impressions</u>	<u>Publicity Values</u>
Print: 0	Print: \$0
Online: 112,000	Online: \$7,855
Broadcast: 0	Broadcast: \$0
Total: 112,000	Total: \$7,855

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	50	892	-94%	1,130	2,649	-57%	3,150	36%
New to Hawai'i	50	892	-94%	1,130	1,727	-35%	2,085	54%
Tentative & Assist-Tentative	533	2,927	-82%	2,599	10,267	-75%	19,500	13%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	850	-100%	1,080	2,607	-59%		
New to Hawai'i	0	850	-100%	1,080	1,685	-36%		
Tentative & Assist-Tentative	483	2,635	-82%	2,549	7,725	-67%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	50	42	19%	50	42	19%		
New to Hawai'i	50	42	19%	50	42	19%		
Tentative & Assist-Tentative	50	292	-83%	50	2,542	-98%		

**COMMENTS**

**Market Conditions and Industry Trends**

*After many conversations with planners this month and discussing Hawai'i for future programs, they are stating that from now until the Fall, they will not have many requests. Hawai'i Tourism Canada (HTCAN) is still in contact with them and providing island updates whether it be new hotels, new activities, culinary etc. HTCAN expects requests to be slow until the beginning of September.*

*Visiting Friends and Relatives (VFR) visits saw a +0.7 percent increase throughout the first four months of 2019. At the same time, trips for MC&IT purposes increased +3.4 percent. Non-pleasure trips accounted for 7.7 percent of activity during the period, compared to 7.4 percent last year.*

**Low Dollar Impacting Indirect Activity**

*Arrivals from Canadian airports grew +6.9 percent during the first four months of 2019, while arrivals via U.S. airports decreased -14.3 percent. While some growth was recorded in April, indirect arrivals posted a decline of -21.3 percent during the first three months of the year. Throughout January-April 2019, the loonie averaged USD \$0.75 cents, a -4.9 percent decline*

*compared to the same period in 2018. The loonie has recorded year-over-year declines in each of the last ten months.*

***Total Canadian Outbound Travel***

*Canadians made 11.7 million overnight trips to the U.S. and other outbound destinations during the first four months of 2019, an estimated increase of +1.2 percent compared to the same period in 2018. Of this total, more than 9.0 million trips were for leisure purposes. During the period, overseas leisure travel remained at the same level as the previous year, while trips to the U.S. grew an estimated +1.5 percent. The 2018-19 winter travel season (November-April) saw 16.5 million overnight outbound trips, compared to 16.2 million during the same period in 2017-18.*

**Sales Production vs. Goals Analysis**

*June was an extremely slow month for new RFP's for HTCAN. HTCAN is working on several tentative/assist tentative leads that will confirm shortly, which would add an additional 800-1,000 room nights to the definite/assist definite KPI numbers. HTCAN has reached 25 percent of its Q2 tentative target of 5,000 room nights, which is 13 percent of its annual tentative/assist tentative goal. HTCAN has also reached 127 percent of its Q2 definite/assist definite target of 750 room nights, which equates to 36 percent of its annual definite/assist definite goal.*

**Highlights of any Key Definites**

- *Sleeping Rooms Only – entertainment corporation, July 2019 (50 room nights)*

**Highlights of Any Key Cancellations**

*None to report for June.*

**Highlights of Any Key Tentatives**

- *Incentive – automotive corporation, May 2020 (366 room nights)*
- *Incentive – legal association, April 2020 (117 room nights)*

**Public Relations and Advertising**

*None to report for June.*

**Table 2d: Hawai'i Tourism China Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	624	324	93%	6,361	5,912	8%	12,480	51%
New to Hawai'i	429	324	32%	4,726	5,912	-20%	9,984	47%
Tentative & Assist-Tentative	9,839	679	1349%	15,304	13,595	13%	24,960	61%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	624	324	93%	2,954	5,710	-48%	9,360	32%
New to Hawai'i	429	324	32%	1,319	5,710	-77%	7,488	18%
Tentative & Assist-Tentative	9,679	679	1325%	13,299	13,393	-1%	18,720	71%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	3,407	202	1587%	3,120	109%
New to Hawai'i	0	0	N/A	3,407	202	1587%	2,496	136%
Tentative & Assist-Tentative	160	0	N/A	2,005	202	893%	6,240	32%

**COMMENTS**

**Market Conditions and Industry Trends**

*China Economy*

- **GDP** – China's GDP grew by +6.4 percent YOY in Q1 2019, slightly above market expectations of a +6.3 percent expansion. As forecasted by the Bank of China International Financial Institute, the growth of GDP in Q2 will be slightly lower than Q1 at +6.3 percent in light of the Sino-U.S. trade war.
- **Currency** – In June, Chinese Yuan per USD depreciated to 6.9 from 6.7 in Q1 due to the escalating trade war between the U.S. and China.
- **Unemployment rate** – The unemployment rate in China decreased to 3.67 percent in Q1 2019 from 3.8 percent in the Q4 2018, reaching a record low since 2002.
- **Consumer confidence** – Consumer confidence in China increased in April 2019, standing at 125.3 Index Points from 124.1 in March 2019.

**Outbound Travel Market**

- In early June, the Ministry of Culture and Tourism issued multiple travel alerts, reminding Chinese tourists to assess the risks before traveling to the U.S. due to safety issues, citing increased incidents of recent shooting rampages, robberies and thefts happening in the country. According to the industry insiders and feedback from MCI intermediaries, as safety is the most important factor for Chinese travelers, this may impact companies in choosing the U.S. as their incentive trip destination. Although not officially linked to the ongoing trade war, the world is watching the tense situation between the two biggest economies.
- According to CWT Travel, one of the leading MICE management companies worldwide, Chinese business travelers are keen on smartphone apps when it comes

to business trip reservations. Data showed that 64 percent of Chinese business travelers would book trips on mobile devices compared to 29 percent and 6 percent of travelers making bookings via computer and tablet respectively.

#### **Travel Trends**

- According to the 2019 China Business Travel Management Market White Paper released by Ctrip and iResearch, Chinese employees who work for the foreign-invested companies are more willing to purchase value-added services, such as hotel room upgrades, airport VIP lounge access, air seats class upgrade, etc., to enhance the business travel experience, compared to the state-owned enterprises.
- As stated by MICE China, experienced meeting planners are seeing a trend where companies are moving forward to source for MICE destinations that could inspire employees on career developments while providing a unique, memorable experience.

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

As a well-facilitated and inspiring MCI destination with many "WOW" factors, Hawai'i has a huge untapped potential to attract corporate delegations with high expectations for incentive trips or conference experience.

#### **Strategy & Action**

To enrich the whole business experience, Hawai'i Tourism China (HTC) will be following up with MCI intermediaries handling high-quality MCI groups by introducing more abundant tourism resources.

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

HTC has secured 6,361 assist definite room nights as of June and achieved 51 percent of the KPI for 2019 definite/assist definite room nights. With a total 15,304 tentative/assist tentative room nights so far, HTC has achieved 61 percent of the KPI for 2019 total tentative/assist tentative room nights.

To overcome visa issues, HTC will focus on developing new channels with potential MCI intermediaries to secure more bookings on smaller, high-yield MCI groups in 2019. Also, HTC will work closely with HCC events to connect China MCI intermediaries, associations, and corporates with Hawai'i and contribute to attendance building.

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

- Incentive – educational group, July 2019 (195 room nights)
- Incentive – medical corporation, June 2019 (160 room nights)
- Incentive – travel corporation, June 2019 (159 room nights)
- Incentive – travel corporation, July 2019 (110 room nights)

#### **Highlights of Any Key Cancellations**

None to report for June.

#### **Highlights of Any Key Prospects**

- Incentive – insurance corporation, April 2020 (1,050 room nights)

#### **Public Relations and Advertising**

HTC Inspired the MCI Intermediaries with Hawai'i Festivals and Culture

*To showcase the Hawai'i unique festivals and culture to Chinese MCI intermediaries, HTC released an article to introduce the 49th Annual Ukulele Festival, Prince Lot Hula Festival, Kōloa Plantation Days and Duke's OceanFest. The article has reached an audience of 600,000 with a total PR value of USD 160,000.*

**Table 2e: Hawai'i Tourism Japan Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	9,866	10,805	-9%	25,967	25,093	3%	54,450	48%
New to Hawai'i	4,375	7,845	-44%	17,080	15,767	8%	20,000	85%
Tentative & Assist-Tentative	9,440	9,755	-3%	25,838	29,353	-12%	40,000	65%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	9,866	6,005	64%	25,295	18,763	35%	40,850	62%
New to Hawai'i	4,375	3,045	44%	16,408	9,657	70%	7,000	234%
Tentative & Assist-Tentative	9,440	9,755	-3%	25,166	22,198	13%	30,000	84%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	4,800	-100%	672	6,330	-89%	13,600	5%
New to Hawai'i	0	4,800	-100%	672	6,110	-89%	13,000	5%
Tentative & Assist-Tentative	0	0	N/A	672	7,155	-91%	10,000	7%

**COMMENTS**

**Market Conditions and Industry Trends**

*Travel agencies are obtaining final numbers for 2019 Q1 and Q2, allowing for prediction of annual numbers, garnering attention to the results of JTB's GDC campaign. Competitors are looking into differentiating from JTB, obtaining smaller scale leads not dealt by JTB. Competitors also have difficulty in securing airlift from Kansai and Kyushu. In response to the potential downturn from Kyushu as Delta cancels service, Hawai'i Tourism Japan (HTJ) hosted a B2C event and performed MICE market specific hearings from agents in Kyushu (Fukuoka) from June 22-23. Findings are as follows:*

- *Cancellations to Hawai'i declined compared to initial market response when announced.*
- *Announcement of Hawaiian taking over the route allowed market to remain optimistic.*
- *Organizers hope for prices to stabilize with the return of a direct flight as groups had to travel via Tokyo.*
- *Pricing continues to be a major factor for organizers' selection of routes to utilize.*

### **5 Target Pillar Conditions**

- *Incentive: Major wholesalers are starting to receive inquiries from late 2020 to 2021, but some report fewer inquiries compared to 2018, prompting creation of greater incentives for agents to book incentive business. Industry continues to prioritize pricing, leading to the selection of competitive destinations. 2020 Olympics attracting citywide business to Tokyo is creating difficulties in obtaining air seats, causing wholesalers to focus on shoulder periods. To eliminate images of Hawai'i being a difficult destination to sell, HTJ is providing seminars and advice to agents to better equip them.*
- *Edu-Tourism: Smaller edu-tourism trips for language studies averaging 20 attendees are growing. HTJ has received inquiries relating to itineraries. A school HTJ has been working with since 2015 agreed to make students participate in the Aloha Program youth exams for their 2020 trip, leading to 650 new youth members. HTJ will continue to promote responsible tourism initiatives through the Aloha Program with sample initiatives being carried out.*
- *Sports: Agents are reporting difficulty in attracting attendees to the 2019 Honolulu Marathon. Growing domestic competitive marathon events are attracting marathon runners. Utilizing the Nagoya Women's Marathon as an example, HTJ is discussing promotion with national newspaper Yomiuri.*
- *Entertainment: HTJ continues to work with major travel agencies to attract large-scale concerts. Entertainment groups with price sensitive fan groups continue to favor closer and more affordable destinations such as Taiwan and Korea. Continued work with agencies through direct sales to management companies to obtain fan club meetings.*
- *Attendance Building: HTJ continues to share information to organizers, including the quality of HCC's food and beverage, which assists in the creation of potential itineraries to secure leads.*

### **Airlift Related**

- *With ANA's second Airbus A380 launch in July, ANA has been proactively promoting seats for group business with campaigns such as ones waiving feeder flight costs.*
- *JAL is showing tendencies to offer lower rates than Korean Air and Delta to combat popularity of competitors to attract group business.*

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

*9,866 assist definite room nights were obtained in June, with 4,375 room nights being new business to Hawai'i, surpassing Q2 goals by 57 percent. Assist tentative room nights also surpassed Q2 goals by 32 percent with 9,440 room nights in June. The assist definite bookings obtained in June came from a variety of industries, including the insurance industry, which has been facing heavier regulations for incentive travels. While limiting incentive travel, they are getting by with smaller scale trips.*

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

- *Incentive – scientific association, December 2019 (3,550 room nights)*
- *Convention – manufacturing association, July 2019 (2,240 room nights)*
- *Incentive – insurance corporation, June 2019 (1,215 room nights)*
- *Incentive – high tech corporation, June 2019 (920 room nights)*
- *Incentive – automotive corporation, September 2019 (760 room nights)*

**Highlights of Any Key Cancellations**

None to report for June.

**Highlights of Any Key Prospects**

None to report for June.

**Public Relations and Advertising**

The June media recap for HTJ included:

- *Travel Vision; 50,000 EDM; 1,200,000 PV; HTJ issued RFPs to industry media for a media tie-up opportunity to feature the Island of Hawai'i Japan Summit while also covering the topics of responsible and sustainable tourism opportunities on the Island of Hawai'i. Upon reviewing proposed contents and cost benefit analysis, HTJ selected Travel Vision. The article will feature contents on what can be done on the Island of Hawai'i and responsible initiatives being taken on the island.*
- *HTJ Hawai'i MICE Guidebook with 20,000 tentative ad impressions. HTJ confirmed with 30 local partners on their contributions to the 2019 MICE Guidebook. HTJ has begun drafting the composition of the guidebook and researching venues on each of the islands. As a new topic for the 2019 edition, HTJ will feature sections on sustainable tourism, responsible tourism and conservation initiatives.*

**Table 2f: Hawai'i Tourism Korea Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	644	1,335	-52%	7,448	14,728	-49%	21,840	34%
New to Hawai'i	338	844	-60%	4,259	6,427	-34%	14,040	30%
Tentative & Assist-Tentative	644	653	-1%	7,058	13,768	-49%	43,680	16%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	644	1,335	-52%	7,373	14,728	-50%	16,380	45%
New to Hawai'i	338	844	-60%	4,184	6,427	-35%	10,530	40%
Tentative & Assist-Tentative	644	653	-1%	6,983	13,768	-49%	32,760	21%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	75	0	N/A	5,460	1%
New to Hawai'i	0	0	N/A	75	0	N/A	3,510	2%
Tentative & Assist-Tentative	0	0	N/A	75	0	N/A	10,920	1%

**COMMENTS**

**Market Conditions and Industry Trends**

**Economy Growth**

*South Korean exports have been the hardest hit of the Organization for Economic Co-operation and Development (OECD) member nations by the prolonged trade war between*



*the U.S. and China. OECD data shows exports in the first quarter of 2019 fell 7.1 percent from the previous quarter. Compared to the first quarter of last year, they dropped by 8.1 percent, the largest fall in the OECD. In contrast, the U.S. and China did better than expected despite their trade stand-off, with exports increasing 0.7 percent and 3.9 percent quarter-on-quarter respectively.*

***FX rate & fuel surcharge***

*The average USD/WON exchange rate in June was 1177.34 won, a slight increase from the previous rate of 1174.07 won in May. Fuel surcharges were imposed in June up to 122,400 won (\$106.02) for a round trip between Korea and the U.S.*

***Decrease of Fuel Surcharges on Long-haul Flights***

*Fuel surcharges on long-haul flights run by South Korean carriers will fall in July by up to 12,000 won (US\$10.10) amid a drop in oil prices, which is the first downward adjustment in three months. The extra charge for fuel on one-way international services will drop from the maximum 61,200 won to 49,200 won, depending on flight distance.*

***Acquisition of Hanjin KAL shares by Delta Air Lines***

*U.S. carrier Delta Air Lines announced on June 20 that it had acquired 4.3 percent of shares in Hanjin KAL, the holding company of Korea's largest airline Korean Air, in an apparent move to defend its joint venture and the ownership family's management. Delta said its indirect investment demonstrated its commitment to the success of their joint venture and to customer benefits. It said it also aimed to increase its equity stake to 10 percent over time, following regulatory approval. Delta CEO Ed Bastian said that, together with the team at Korean Air, his airline had a vision to deliver the world's leading trans-Pacific joint venture for shared customers, offering the strongest network, the best service and the finest experience connecting the U.S. with Asia. With the decreased fuel surcharges on long-haul flights, Hawai'i Tourism Korea (HTK) will strive to cooperate with MCI travel agents to develop potential opportunities and pay attention to airlift changes in terms of securing seats to Hawai'i.*

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

*HTK's MCI team missed its KPI targets in the following measures in June 2019. The targeted number of total definite/assist definite room nights was 1,170 definite room nights, but HTK secured 644 assist definite room nights. The decline in June MCI leads was mainly due to the nation's economic downturn, which negatively impacted the corporations' revenue and incentive trips. Total new to Hawai'i definite/assist definite room nights were 338 room nights versus KPI target of 780 room nights. Also, in terms of total out-of-state attendees, HTK's MCI team attracted 326 attendees to the islands, less than its KPI target of 390 attendees.*

***Highlights of any Key Definites***

- Incentive — medical corporation, June 2019 (188 room nights)*
- Incentive — finance corporation, June 2019 (170 room nights)*
- Incentive — manufacturing corporation, June 2019 (136 room nights)*
- Incentive — business services corporation, June 2019 (112 room nights)*
- Incentive — government group, June 2019 (38 room nights)*

***Highlights of Any Key Cancellations***

*None to report for June.*

**Highlights of Any Key Tentatives**

- Incentive — medical corporation, June 2019 (188 room nights)
- Incentive — business services corporation, June 2019 (112 room nights)
- Incentive — government group, June 2019 (38 room nights)

**Highlights of Any Key Prospects**

HTK MCI's team is expecting a high potential MCI group of 3,000 attendees from the financial market segment later this year, which is one of the participants of HTK's Meet Hawai'i Corporate Weekend in March. Lead status will be shortly updated via Simpleview CRM once it's turned in progress.

**Public Relations and Advertising**

None to report for June.

**Table 2g: Hawai'i Tourism Oceania Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	334	1,532	-78%	3,457	4,565	-24%	16,640	21%
New to Hawai'i	334	413	-19%	2,956	3,239	-9%	12,480	24%
Tentative & Assist-Tentative	824	1,821	-55%	10,716	16,317	-34%	34,320	31%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	280	1,532	-82%	2,031	4,234	-52%	12,640	16%
New to Hawai'i	280	413	-32%	1,991	2,980	-33%	9,360	21%
Tentative & Assist-Tentative	824	1,821	-55%	9,276	14,851	-38%	25,820	36%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	54	0	N/A	1,426	331	331%	4,000	36%
New to Hawai'i	54	0	N/A	965	259	273%	3,120	31%
Tentative & Assist-Tentative	0	0	N/A	1,440	1,466	-2%	8,500	17%

**COMMENTS**

**Market Conditions and Industry Trends**

Australia's economy grew by 0.4 percent in the first quarter, taking year-on-year growth to 1.8 percent, the weakest result since 2009. Domestic consumption was slow as households spent less and saved more under this economic outlook.

The development of trade war between the U.S. and China has not only affected the economies of both countries, but also Australia's economy as well. At the beginning of the month, the situation worsened, causing AUD to drop to 0.68 cents before the announcement

*of the meeting between President Trump and China's Xi Jinping at the G-20 meeting. The meeting commenced at the end of the month on 28-29th June. Despite the news, AUD/USD took a lower path without any chance to close above 0.70 at the end of June.*

*New Zealand Business Confidence fell to a 10-year low in the June with manufacturing suffering the most. The NZ dollar remains around USD 0.66.*

*Air New Zealand's CEO, Christopher Luxon announced his resignation effective September 25, 2019. His replacement has not yet been announced.*

*In addition, there has been press coverage recently of New Zealand's International Convention Centre, which is currently being built and is due to be completed late next year, with its first booking in October 2020. The Convention Centre will be NZ's largest convention and exhibition facility and is located in central Auckland. The development is owned by SkyCity Entertainment Group and will be able to host events for up to 4,000 people. It will also have a 303 room 5-star hotel attached to it.*

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

*Sales Production for HTO has dropped in June 2019 due to Medtronics group which had been travelling to Hawai'i in the past 4 years decided to travel to London instead this year. This group normally generated over 1,000 room nights across two islands. This year's decision was made by the new CEO who would like to explore new destinations for this annual conference.*

*The exchange rate for AUD & NZD continue to be one of HTO's main challenges for meeting planners who are looking for additional values when booking conference, meeting and incentive groups.*

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

- *Meeting – travel corporation, April 2021 (280 room nights)*
- *Sleeping Rooms Only – consulting corporation, October 2019 (54 room nights)*

#### **Highlights of Any Key Cancellations**

*None to report for June.*

#### **Highlights of Any Key Tentatives**

- *Meeting – manufacturing association, August 2020 (140 room nights)*
- *Meeting – media/entertainment corporation, October 2019 (120 room nights)*

#### **Highlights of Any Key Prospects**

*None to report for June*

#### **Public Relations and Advertising**

- *Hilton Event in Auckland generated articles on Travel Today and Travel Memo.*
  - <https://bit.ly/2Jriqb3>
  - <https://bit.ly/2Jpa0Rq>
- *Taste of Aloha FAM on O'ahu has generated articles on Travel Weekly and the Nibbler.*
  - <https://bit.ly/2S4FnDq>

- <https://bit.ly/2KOTrj1>
- *Get Global's article on Travel Weekly. Additionally, HTO is working with Spice News on an EDM leading up to Get Global on 26 July.*
- <https://bit.ly/2Lczbc6>

**Table 2h: Other International Single Property Sales Production  
 June 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	N/A	N/A
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	3,830	7,995	-52%		
<b>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	0	N/A	3,788	7,648	-50%		
<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	0	N/A	42	347	-88%		

As of April 2019, Table 2h includes production for Hawai'i Tourism Europe as well as all Other International sales.

**Table 3: Island Distribution of HTUSA Single Property Sales  
 Year-to-Date June 2019**

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	192,269	54,000	3,267	17,568	33%	17%	9%
Kaua'i	84,566	19,000	2,102	5,681	30%	14%	7%
Maui County	228,456	79,000	13,753	41,781	53%	26%	18%
Hawai'i	174,944	35,000	7,208	24,039	69%	16%	14%
<b>Total</b>	<b>680,235</b>	<b>187,000</b>	<b>26,330</b>	<b>89,069</b>	<b>48%</b>		

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

## **‘ELELE PROGRAM**

### **COMMENTS**

*June meetings and updates from Deborah Zimmerman, ‘Elele Program Director from New Millennium Meetings (NMM):*

#### **Promising Prospects**

*Thanks to the initiative of a School of Ocean and Earth Science and Technology (SOEST) faculty member, a major scientific association is approaching their Asian colleagues about hosting an East/West regional meeting in Hawai‘i. The proposed event would attract more than 2,000 scientists from North America and the Asia Pacific region.*

*The Chair of the Civil Engineering Department at the University of Hawai‘i, joined the site inspection for a national scientific association and discussed local support for the conference and possible technical tours.*

#### **Presentations**

*An oncologist at Kapi‘olani Medical Center and ‘Elele director gave a presentation to the entire faculty and staff of the Hawai‘i Cancer Center discussing the benefits of partnering with the Hawai‘i Convention Center to capture a medical association’s convention, encouraging other colleagues to engage in the ‘Elele program. As a result of this presentation, the ‘Elele program received two single property leads. There is also conversation about a larger program of 3,000 people with Chinese oncologists.*

*HTUSA’s Sr. Director of Accounts and ‘Elele director met with the meeting planning staff of Hawai‘i Pacific Health to discuss finalizing arrangements for a regional medical convention in September 2020 with 400 attendees.*

## LOST BUSINESS

**Table 4: Lost Business – June 2019**

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 (16461)	Scientific	530	275	05/16/2021 - 05/20/2021	Initially, only Island of Hawai'i	Client no longer considering Hawai'i.
MCI: Incentive (12705)	Finance, Banking	600	200	04/01/2020 - 04/06/2020	Initially, Hawai'i only	Another 3rd party planner booked the program.
MCI: Incentive (13296)	Finance, Banking	652	280	04/14/2021 - 04/18/2021	Initially only Kaua'i, Lāna'i, and Maui	Program lost to Tahiti.
MCI: Convention - Domestic (12742)	Medical, Healthcare	750	450	10/05/2021 - 10/10/2021	Hawai'i and West Coast	Program lost due to overall cost to bring event to Hawai'i.
MCI: Convention - Domestic (15262)	Unknown	750	300	04/03/2020 - 04/07/2020	Initially, Hawai'i only	Program lost to the Caribbean.
MCI: Convention - Domestic (14912)	Retail	793	250	09/08/2019 - 09/14/2019	Initially, Hawai'i only	Program has been postponed.
MCI: Convention - Domestic (16436)	Retail	840	1,000	10/08/2019 - 10/13/2019	Initially, Hawai'i only	Client no longer considering Hawai'i due to high room rates and distance. Prefers to have program in the East Coast.
MCI: Incentive (12385)	Unknown	915	300	04/03/2022 - 04/10/2022	Initially, Hawai'i only	Client no longer considering Hawai'i due to overall cost.
MCI: Meeting (13116)	Medical, Healthcare	915	225	09/09/2020 - 09/12/2020	Initially, Hawai'i only	Program lost to the Bahamas.
MCI: Convention - International (12106)	Scientific	950	350	09/01/2019 - 09/06/2019	Island of Hawai'i, Maui and California	Program lost to an undisclosed destination.
MCI: Convention - Domestic (16565)	Medical, Pharm	961	350	01/24/2021 - 01/29/2021	San Diego, Palm Springs, Huntington Beach, Newport Beach, Los Angeles, San Francisco, Napa, Sonoma, CA; Phoenix, Scottsdale, AZ and Hawai'i	Program lost to an undisclosed destination.
MCI: Convention - Domestic (16399)	Real Estate	1,040	450	09/12/2020 - 09/16/2020	Cabos San Lucas, Continental U.S., excluding Southeast	Program has been postponed.
MCI: Incentive (13798)	Unknown	1,120	400	09/30/2019 - 10/05/2019	Initially, Hawai'i only	Program format changed and lost to Whistler and the Bahamas.
MCI: Incentive (16466)	High Tech	1,159	550	04/14/2021 - 04/18/2021	Island of Hawai'i, O'ahu, Barcelona and Cancun	Program lost to Mexico.
MCI: Convention - Domestic (15101)	Unknown	1,175	250	05/18/2021 - 05/23/2021	Initially, Hawai'i only	Program lost to China.
MCI: Convention - International (15074)	Legal	1,490	400	04/02/2021 - 04/12/2021	Initially, Hawai'i only	Client no longer considering Hawai'i due to cost and distance.
MCI: Incentive (12933)	Unknown	2,000	800	01/05/2020 - 01/10/2020	Curacao	Another 3rd party planner booked the program.
MCI: Convention - International (13440)	Fraternal, Service	2,327	1,200	07/16/2022 - 07/25/2022	West Coast	Program lost to Korea due to majority of registered attendees coming from Asia Region.
MCI: Incentive (14879)	Multi Level Marketing	3,000	600	04/27/2020 - 05/01/2020	Bermuda	Client no longer considering Hawai'i.

**HAWAI'I CONVENTION CENTER**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Convention (2002)	Educational	28,275	16,000	4/1/2024 - 4/9/2024	Unknown	Center Size
Convention (2053)	3rd Pty Planner	7,050	2,300	5/15/2020 - 5/21/2020	Unknown	Other City Selected
Convention (2061)	Medical	8,860	5,000	4/24/2024 - 5/2/2024	Unknown	Date Change
Convention (2076)	Educational	12,107	4,500	10/12/2025 - 10/19/2025	Unknown	Cancel Meeting
Convention (2089)	3rd Pty Planner	46,450	15,000	1/23/2020 - 1/31/2020	Unknown	Cancel Meeting
Convention (2123)	Technology	2,389	1,000	9/22/2019 - 9/26/2019	Unknown	Other City Selected
Convention (2138)	Medical	10,525	6,000	2/7/2026 - 2/11/2026	Unknown	Cancel Meeting
Convention (2140)	Sports	180	1,000	9/26/2022 - 10/1/2022	Unknown	Cancel Meeting
Incentive (1954)	Travel	2,000	700	5/26/2020 - 6/1/2020	Unknown	Other City Selected
Meeting (1331)	Medical	2,980	2,000	9/8/2022 - 9/11/2022	Unknown	Cost
Meeting (1960)	3rd Pty Planner	6,183	6,500	6/13/2021 - 6/19/2021	Unknown	Other City Selected
Meeting (2073)	Legal	10,800	1,800	9/9/2020 - 9/16/2020	Unknown	Other City Selected
Meeting (2093)	Other	15,590	4,000	1/22/2021 - 1/29/2021	Unknown	Cancel Meeting
Meeting (2097)	Financial	6,245	2,300	10/19/2024 - 10/26/2024	Unknown	Cancel Meeting
Sports (2019)	Sports	616	1,650	12/14/2019 - 12/16/2019	Unknown	Cancel Meeting
Public/Gated Show (2100)	Sports	1,100	14,000	4/10/2020 - 4/12/2020	Canada, Russia, (2) US Cities	Cost

**INTERNATIONAL SINGLE PROPERTY**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT China: MCI: Incentive (15105)	Incentive	300	100	06/22/2019 - 06/27/2019	Bali, Phuket Island	Program lost due to overall cost.
HT Oceania: MCI: Meeting (16447)	Manufacturing, Distrib.	320	80	08/13/2020 - 08/16/2020	Fiji, Byron Bay	Program lost due to overall cost.

## NEW-TO-HAWAI'I DEFINITE BOOKINGS

Table 5: New to Hawai'i Definite Bookings – June 2019

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Incentive (15203)	Multi Level Marketing	1,281	240	07/19/2020 - 07/26/2020	Initially, Hawai'i only
MCI: Convention - Domestic (15278)	Automotive	1,537	400	01/26/2024 - 02/02/2024	Initially, Kaua'i, Maui and Island of Hawai'i only

INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: Non-MCI: Sleeping Rooms Only (13673)	Business Services, Consulting	54	18	10/07/2019 - 10/09/2019	Initially, Hawai'i only
HT Oceania: MCI: Meeting (16454)	Travel	280	100	04/22/2021 - 04/29/2021	Unknown
HT Japan: MCI: Incentive (16562)	High Tech	920	230	06/15/2019 - 06/19/2019	Unknown
HT Korea: MCI: Incentive (16643)	Business Services, Consulting	112	56	06/17/2019 - 06/20/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16644)	Medical, Pharm	188	93	06/22/2019 - 06/25/2019	Initially, Hawai'i only
HT Canada: Non-MCI: Sleeping Rooms Only (16652)	Entertainment, Media	50	20	07/28/2019 - 08/01/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16668)	Government	38	37	06/24/2019 - 06/25/2019	Initially, Hawai'i only
HT Japan: MCI: Convention - Domestic (16671)	Manufacturing	2,240	630	07/10/2019 - 07/15/2019	Unknown
HT Japan: MCI: Incentive (16699)	Insurance	1,215	285	06/30/2019 - 07/06/2019	Unknown
HT China: MCI: Incentive (16727)	Travel	50	10	07/08/2019 - 07/12/2019	Unknown
HT China: MCI: Incentive (16734)	Incentive	45	34	06/19/2019 - 06/21/2019	Unknown
HT China: MCI: Incentive (16735)	Incentive	95	34	06/22/2019 - 06/26/2019	Unknown
HT China: MCI: Incentive (16736)	Incentive	19	34	06/27/2019 - 06/28/2019	Unknown
HT China: MCI: Incentive (16746)	Travel	30	10	07/05/2019 - 07/07/2019	Unknown
HT China: MCI: Incentive (16747)	Travel	30	10	07/14/2019 - 07/17/2019	Unknown
HT China: MCI: Incentive (16759)	Medical, Pharm	160	20	06/01/2019 - 06/08/2019	Unknown

<b>TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH</b>	43
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS</b>	12,989

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:

- 2 client promotional events
  - HTUSA
    - National Marine Educators Association (NMEA), O'ahu, Hawai'i
  - HCC
    - Rotary International, Hamburg, Germany, June 1-5
  
- 6 educational events
  - HTUSA
    - American Society of Association Executives (ASAE), Philanthropy Behind the Scenes, O'ahu, Hawai'i, June 7
    - Executive Women International (EWI), Firm Night, O'ahu, Hawai'i
  - International GMTs
    - HTJ – Tokyu Travel Salon Seminar, Kanagawa, Japan, June 8
    - HTC – Hawaiian Airlines & AITS Hangzhou Roadshow, Shanghai, China, June 12
    - HTJ –Hawai'i Seminar & Workshop in Kagoshima and Kumamoto, Japan, June 20
    - HTJ – ANA Sales Hawai'i Seminar & Workshop in Fukuoka, Japan, June 21
  
- 11 trade shows
  - HTUSA
    - Incentive Research Foundation (IRF), Miami, FL, June 19-23
  - HCC
    - Direct Selling Association, Austin, TX, June 2-4
    - Meeting Professionals International (MPI) World Education Congress (WEC), Toronto, Canada, June 15-18
    - Professional Convention Management Association (PCMA) Education Conference, Los Angeles, CA, June 25-28
    - ESports Summit, Atlantic City, New Jersey, June 27-31
  - International GMTs
    - HTC – IPW 2019, Anaheim, CA, June 3-5
    - HTK – Hana Tour International Travel Show (HITS), Ilsan, South Korea, June 7-9
    - HTK – 2019 Connect to Aloha Trade Mission, Seoul and Busan, South Korea, June 10-11
    - HTC – Chengdu Lushu Customized Travel Event, Chengdu, China, June 20
    - HTO – Franchise Association Conference, Rotorua, New Zealand, June 20-21
    - HTJ – Hawai'i Expo, Fukuoka, Japan, June 22-23
  
- 3 sales blitz
  - HCC

- Sales Calls, Madison, WI, June 3-4
- International GMTs
  - HTO – Hilton Roadshow, Auckland, New Zealand, June 19
  - HTO – Hilton Roadshow, Melbourne & Sydney, Australia, June 24-27
- 8 major site visits and familiarization (FAM) tours with clients and potential clients
  - HTUSA
    - 1 site visit, Kaua'i
    - 1 site visit, O'ahu
    - 1 site visit, Maui
    - 1 site visit, Island of Hawai'i
    - 1 site visit, Kaua'i, Lāna'i and Maui
  - HCC
    - 1 site visit, O'ahu
  - International GMTs
    - 1 site visit, O'ahu
    - 1 site visit, Kaua'i and O'ahu

## FUTURE SALES AND MARKETING ACTIVITIES

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

July 2019			
July 2	Tour Mart Educational MCI Seminar, Gwangju, Korea	Educational Event	HTK
July 8-11	Cvent Connect, Las Vegas, Nevada	Trade Show	HCC
July 9	Hana Biz Educational MCI Seminar, Seoul, Korea	Educational Event	HTK
July 11	HTC Chengdu Training Seminar, Chengdu, China	Educational Event	HTC
July 12	NCL Cruise Hawai'i Seminar, Seoul, Korea	Educational Event	HTK
July 15-18	Sales Calls, St. Louis, Missouri	Sales Blitz	HCC
July 18	HIS Hawai'i Seminar & Workshop, Sendai, Japan	Educational Event	HTJ
July 19	HIS Hawai'i Seminar & Workshop, Sendai, Japan	Educational Event	HTJ
July 20-24	Hawaiian Airlines Edu-tourism FAM, Island of Hawai'i and O'ahu, HI	FAM	HTJ

July 22-26	Get Global, Brisbane & Sydney, Australia	Sales Blitz & Trade Show	HTO
July 23	U.S. Consulate B2B Roadshow, Wenzhou & Hangzhou, China	Client Promotional Event	HTC
July 23-25	Council of Engineering and Scientific Society Executives (CESSE) Educational Forum, Baltimore, MD	Trade Show	HCC
July 27-31	Experient E4 Conference, Baltimore, MD	Trade Show	HCC
<b>August 2019</b>			
Aug. 1-3	The Institute of Electrical and Electronics Engineers (IEEE) Panel of Conference Organizers, Washington, DC	Trade Show	HCC
Aug. 10-13	American Society of Association Executives (ASAE) Annual Meeting, Columbus, OH	Trade Show	HCC
Aug. 26-28	Connect Market Place, Louisville, KY	Trade Show	HCC
<b>Sept. 2019</b>			
Sept. 10-12	Worldwide Exhibition for Incentive Travel, Meetings and Events (IMEX), Las Vegas, NV	Trade Show	HTUSA & HCC
Sept. 24-26	Destination Hawai'i, Island of Hawai'i, HI	Trade Show	HTUSA
TBD	Sales Calls, Southern, CA	Sales Blitz	HCC

## CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2019-2026 against a rolling 36-month consumption benchmark.

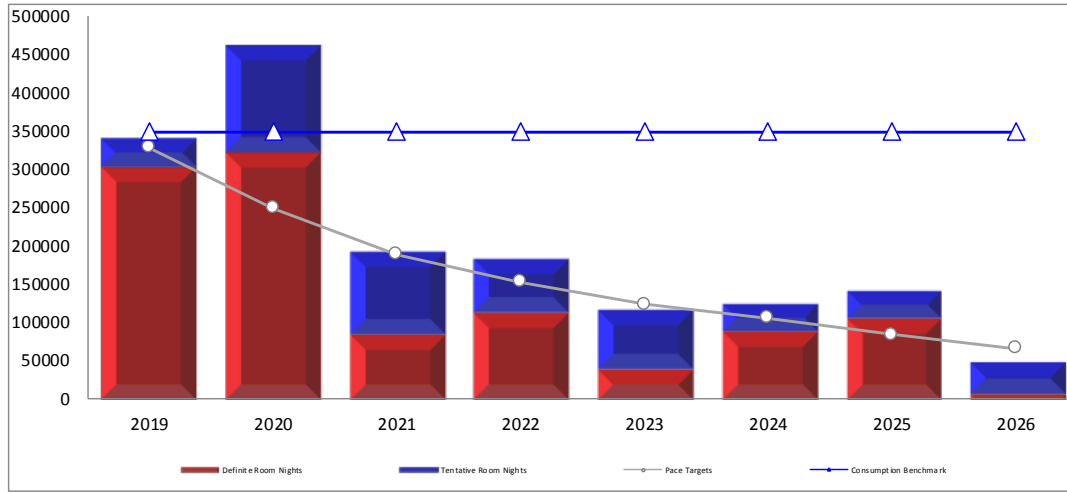
Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

### THE TAP REPORT

### Hawaii

Period Ending June 30, 2019

Report Date: July 5, 2019

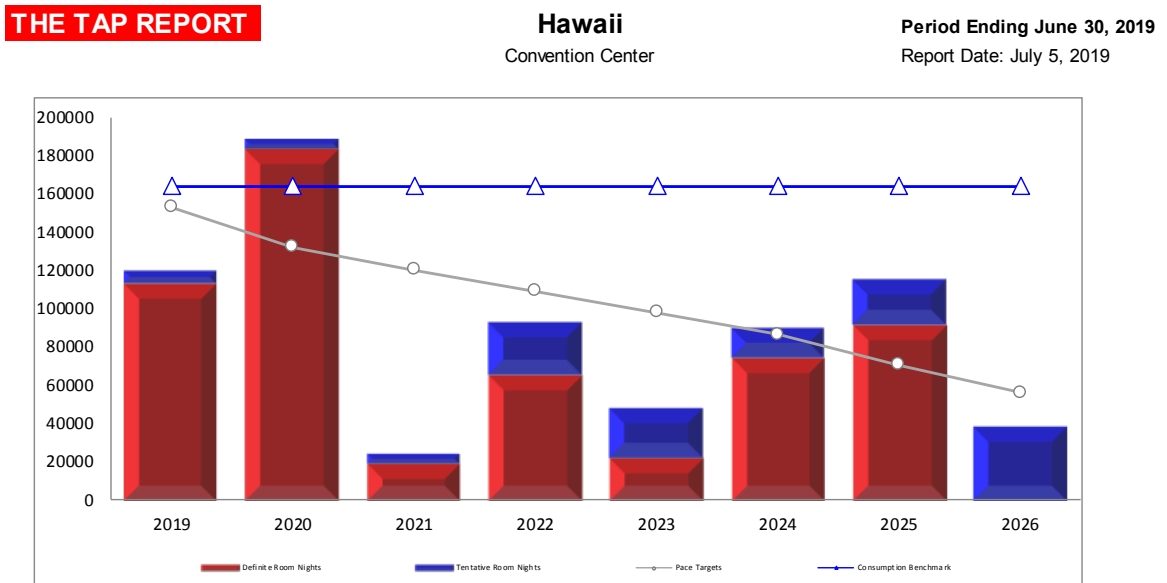


<i>Hawaii R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	300,577	319,945	84,554	113,073	38,480	87,233	105,508	7,014	1,056,384
Pace Targets	328,012	249,077	188,346	152,153	123,663	105,210	83,733	65,292	1,295,486
Variance	(27,435)	70,868	(103,792)	(39,080)	(85,183)	(17,977)	21,775	(58,278)	(239,102)
Consumption Benchmark	348,569	348,569	348,569	348,569	348,569	348,569	348,569	348,569	2,788,552
Pace Percentage	92%	128%	45%	74%	31%	83%	126%	11%	82%
Total Demand Room Nights	840,211	631,745	367,199	253,691	104,525	123,428	145,498	71,754	2,538,051
Lost Room Nights	539,634	311,800	282,645	140,618	66,045	36,195	39,990	64,740	1,481,667
Conversion Percentage	36%	51%	23%	45%	37%	71%	73%	10%	42%
Tentative Room Nights	38,757	139,985	107,100	68,984	77,057	37,035	34,816	41,941	545,675

<i>Hawaii Events</i>	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Events	322	160	55	37	13	15	11	4	617
Pace Targets	295	124	54	31	16	10	7	4	541
Variance	27	36	1	6	(3)	5	4	0	76
Consumption Benchmark	344	344	344	344	344	344	344	344	2,752
Pace Percentage	109%	129%	102%	119%	81%	150%	157%	100%	114%
Total Demand Events	748	357	120	58	28	25	16	7	1,359
Lost Events	426	197	65	21	15	10	5	3	742
Conversion Percentage	43%	45%	46%	64%	46%	60%	69%	57%	45%
Tentative Events	103	255	124	34	22	11	9	6	564

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)**



<i>Hawaii R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Room Nights	112,322	182,128	19,250	65,270	21,939	73,540	91,055	0	565,504
Pace Targets	152,524	131,851	119,946	109,014	97,732	86,440	70,262	55,796	823,565
Variance	(40,202)	50,277	(100,696)	(43,744)	(75,793)	(12,900)	20,793	(55,796)	(258,061)
Consumption Benchmark	163,862	163,862	163,862	163,862	163,862	163,862	163,862	163,862	1,310,896
Pace Percentage	74%	138%	16%	60%	22%	85%	130%	0%	69%
Total Demand Room Nights	388,735	324,778	243,123	195,605	77,708	98,872	131,045	64,740	1,524,606
Lost Room Nights	276,413	142,650	223,873	130,335	55,769	25,332	39,990	64,740	959,102
Conversion Percentage	29%	56%	8%	33%	28%	74%	69%	0%	37%
Tentative Room Nights	6,630	5,250	5,250	27,491	25,785	15,850	23,650	38,451	148,357

<i>Hawaii Events</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Events	31	19	5	9	3	7	5	0	79
Pace Targets	25	17	13	11	10	7	3	1	87
Variance	6	2	(8)	(2)	(7)	0	2	(1)	(8)
Consumption Benchmark	28	28	28	28	28	28	28	28	224
Pace Percentage	124%	112%	38%	82%	30%	100%	167%	0%	91%
Total Demand Events	74	56	35	24	13	14	10	3	229
Lost Events	43	37	30	15	10	7	5	3	150
Conversion Percentage	42%	34%	14%	38%	23%	50%	50%	50%	34%
Tentative Events	1	2	2	6	5	5	5	5	31

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, 2019 Year-to-Date**

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	39%	31%	8%
Total Events	108	88	20
Total Attendance	193,305	166,007	27,298
Visitor Spending	\$138,951,650	\$138,951,650	\$0
Tax Revenue	\$13,478,310	\$13,478,310	\$0
Revenue per Attendee	\$39.74	\$43.08	(\$3.34)

### COMMENTS

*The trend of strong event activity filling the Hawai'i Convention Center (HCC) continued in May. A national medical association held its first event at HCC with over 2,400 attendees. There were five other offshore events spread across the sports, international and corporate markets, which generated over \$3 million in State tax revenue and 23 other local events. For the month ending May 31, 2019, HCC generated over \$1.4 million in gross revenues, which was just shy of budget by \$8,500 and posted a net loss of \$114,000, which was \$37,400 more than planned.*

*For the year to date, financial results reflect gross revenues of \$7.7 million, which is \$571,000 more than planned and net income of \$200,300, which is \$326,100 better than planned. HCC's 2019 year-end reforecast, however, reflects a net loss of \$2.9 million, which is \$914,900 higher than the budget of \$1.9 million.*

*The summary below highlights why the year-end reforecast is not meeting budget:*

- 1) *Cancellations resulting in over \$1.57 million in lost revenue.*
  - a. *An insurance corporation, 1,500 delegates, budgeted \$54,000 in event revenue and \$258,000 in F&B revenue in June 2019. Cancelled due to financial services investigation.*
  - b. *A religious association, 24,000 delegates, budgeted \$195,000 in event revenue and \$566,000 in F&B revenue in November 2019. The headquarters in NY chose not to include Hawai'i in its international convention for this year. HCC is working with the local group to see if Hawai'i can be included in one of HCC's upcoming need years in 2021-2023. If successful, HCC will move their 2024 program to a new future year.*
  - c. *A tourism industry event, budgeted \$199,000 in event revenue and \$298,000 in F&B revenue in September 2019, cancelled as the program has moved to the Island of Hawai'i.*
- 2) *Rental income not meeting budget expectations.*
  - a. *Offshore events, medical society in March 2019, (\$34,000), a national medical association in July 2019, (\$84,000), and a medical society in July 2019, (\$13,000).*

*For the year to date, HCC's performance metrics for occupancy, events, attendance, visitor spending and tax revenue are at and/or exceeding targets, with the exception of revenue per attendee. Revenue per attendee is at \$39.74 which is \$3.34 less than planned. It has been diluted due to the higher than expected attendance to date.*



## 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 meeting space; and which needs two or more hotels and has a minimum of 1,000 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 2019</b>					
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Dollar Amount</b>	<b>Start Date</b>	<b>End Date</b>
•18189 S2	Pacific Radio Group, Inc. dba Pacific Radio Group	Ocean Safety Video Placement in Maui, Kaua'i, Hawai'i Island Airports	(+ \$286,009.20) \$550,142.71	6/4/2019	6/30/2020
18181 S2	Kemper Sports Marketing, Inc.	Maui Jim Maui Invitational 2019	(+ \$50,000.00) \$100,000.00	5/29/2019	5/31/2020
•19181	Department of Land and Natural Resources	Hā'ena Emergency Support	\$54,860.00	5/29/2019	5/31/2020
19007 S1	SMS Research & Marketing Services, Inc.	Statewide Domestic In-flight Visitors' Basic Characteristic Survey Calendar Years 2019-2022	(+ \$17,753.92) \$323,384.56	6/3/2019	6/30/2023
•19157	County of Hawai'i	Hawai'i Island Tourism Strategic Plan (2020 - 2025)	\$35,000.00	6/7/2019	1/31/2020
17029 S8	HVCB	Hawai'i Tourism US Leisure & MCI Contract 2019 BMP	(+ \$2,320,000.00) \$74,485,000.00	6/3/2019	12/31/2019
18170 S1	Milici Valenti Ng Pack Inc.	"Experiences of Hawai'i" Post-Arrival Marketing Campaign	(+ \$149,215.00) \$395,722.00	5/29/2019	3/31/2020

Contract Type:  
 • Sole Source  
 † Procurement Exemption

16071 S9	HVCB	Supplemental Services related to management of research, websites, online marketing and social media, intellectual property data bank, developmental services, and projects related to the 2016 Tourism Conference.	(+ \$450,000.00) \$6,672,592.32	6/3/2019	12/31/2019
•18197 S2	Hawaiian Canoe Racing Association	2020 IVF Vaa World Sprints Championship	(+ \$85,000.00) \$110,000.00	5/29/2019	12/31/2020
† 18196 S1	County of Kaua'i Office of Economic Development	Hookaulike Kaua'i County	( + \$0.00) \$145,000.00	6/7/2019	10/31/2019
17228 S2	eCivis, Inc.	Contract Management and Accounting Software	(+ \$45,000.00) \$152,000.00	6/7/2019	6/30/2020
•19009	LA Clippers LLC	Los Angeles Clippers Promotional Partnership	\$650,000.00	6/4/2019	9/30/2020
19175	Transparent Intelligence, Inc.	Vacation Rental Performance Tracking 2019 – 2021	\$101,000.00	6/3/2019	3/31/2022
19187	John M. Knox & Associates, Inc.	HTA Tourism Strategic Plan Update 2020-2025	\$110,330.00	6/3/2019	2/29/2020
15011 S3	SMS Research and Marketing Services, Inc.	For services related to the 2015-2018 Domestic Visitor Basic Characteristic Survey	2015: \$259,587.00 2016: \$277,027.00 2017: \$288,738.00 2018: \$299,728.00  2018: \$4,670.16	6/7/2019	9/30/2019

Contract Type:  
 • Sole Source  
 † Procurement Exemption

			2019: \$596.86 \$1,130,347.02		
†19176	NEXTFactor Enterprises Inc.	Hawai'i Statewide DestinationNEXT Assessment & Workshops	\$123,120.00	5/16/2019	12/31/2019
•19197	Department of Business, Economic Development & Tourism/Hawai'i State Energy Office (DBEDT/HSEO)	Hawai'i Green Business Program	\$25,000.00	6/20/2019	5/31/2020
17227 S2	UH Office of Reserch Services	Customer Service and Tour Guide Certification Training	(+ \$63,000.00) \$311,600.00	6/6/18	9/1/19
•18145 S2	Department of Land and Natural Resources	Mālama Hawai'i - Department of Land and Natural Resources	(+ \$530,000.00) \$1,071,390.00	6/24/2019	6/30/2020
19188	YouGov America Inc.	Syndicated Tourism Survey Services 2019–2021	\$293,000.00	6/19/2019	8/31/2022
19186	Pacific Rim Concepts LLC	Tourism Conference Service Provider 2019	\$19,000.00	6/20/2019	4/30/2020
19185	Hawai'i Academy of Recording Arts	Na Hōkū Hanohano Awards 2019	\$50,000.00	6/14/2019	11/30/2019
•19190	Amy D Kalili dba Weloaloha	Pulakaulahui: Native Hawaiian Youth Advocacy Program	\$75,000.00	6/21/2019	3/31/2020
19192	Pacific Rim Concepts LLC	Tourism Conference Reimbursables	\$131,000.00	6/20/2019	4/30/2020

Contract Type:  
 • Sole Source  
 † Procurement Exemption

•18150 S1	Hawai'i Ecotourism Association	Sustainable and Eco-Friendly Tourism Training and Programs in Hawai'i	(+ \$50,000.00) \$100,000.00	6/21/2019	6/30/2020
17036 S3	Anthology Marketing Group	Services related to Communications, Public Relations and Outreach Services	(+ \$106,806.24) \$1,034,306.24	6/14/2019	12/31/2019
17214 S3	Anthology Marketing Group	Hawaii Tourism Authority Website (B2B)	(+ \$23,001.03) \$355,577.40	6/20/2019	12/31/2020
•19191	Council for Native Hawaiian Advancement	King Kamehameha Celebration 2019	\$90,000.00	6/19/2019	11/30/2019
•19183	Hawai'i Investment Ready	Hawai'i Investment Ready 2019	\$100,000.00	6/21/2019	12/31/2020
•18176 S1	In-Ter-Space Services, Inc. dba Clear Channel Airports	Ocean Safety Video Placement at the Daniel K. Inouye International Airport	(+ \$108,376.92) \$216,753.84	6/24/2019	6/30/2020
19179 S1	UberMedia, Inc.	Visitor and Resident Visitation Tracking 2019-2021	(+ \$745,750.00) \$1,008,750.00	6/24/2019	3/31/2022
19199	ODKF Support Inc.	18th Annual Dukes OceanFest 2019	\$50,000.00	6/24/2019	3/31/2020
19202	PA'I Foundation	Maoli Arts Movement MaMo Festival 2019	\$35,000.00	6/27/2019	4/30/2020
19198	Lōkahi Pacific	Festivals of Aloha - Maui Nui Style 2019	\$40,000.00	6/27/2019	4/30/2020
•19194	City & County of Honolulu	City Parks Security Program	\$204,000.00	6/24/2019	12/31/2020

•18200 S1	Native Hawaiian Hospitality Association	Native Hawaiian Hospitality Association 2018	(+ \$445,000.00) \$890,000.00	6/27/2019	6/30/2020
† 18194 S1	County of Hawai'i Department of Research & Development	Hookaulike Hawai'i County	(+ \$0.00) \$145,000.00	6/28/2019	10/31/2019
18186 S2	ESPN Productions, Inc.	Hawai'i Bowl & Hawaiian Airlines Diamond Head Classic	(+ \$475,000.00) \$950,000.00	6/14/2019	5/31/2020
17235 S2	N&K CPAs, Inc.	Temporary Financial Services	(+ \$0.00) \$263,000.00	6/18/2019	12/31/2020
19196	Moanalua Gardens Foundation, Inc.	42nd Annual Prince Lot Hula Festival	\$75,000.00	6/14/2019	11/30/2019
19162 S1	ZR Systems Group LLC dba ZR Systems	IT Support Services	(+ \$69,814.55) \$126,108.55	6/17/2019	3/31/2022
19179	UberMedia, Inc.	Visitor and Resident Visitation Tracking 2019-2021	\$263,000.00	6/14/2019	3/31/2022
19178	Jones Lang Lasalle Americas, Inc. dba Jones Lang LaSalle	Study of Vacation Rentals' Impact to Hawai'i 2019	\$60,000.00	6/3/2019	12/31/2019
•19143	County of Hawai'i	Lifeguard Support Program	\$125,000.00	6/14/2019	12/31/2019
•19184	Kaua'i Police Department	Hā'ena Emergency Support	\$41,140.00	6/17/2019	5/31/2020
•19201	Department of Transportation, Airports Division	Kahea Program - Airport Greetings	\$737,640.00	6/28/2019	5/31/2020





# **Agenda Item**

## **6**

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

**Handout:**

**Hawai'i Hotel Performance**

For the Week of July 14, 2019  
to July 20, 2019

**Hawai'i Hotel Performance**  
**For the Week of July 14, 2019 to July 20, 2019**

	Occupancy %			Average Daily Rate			RevPAR		
	2019	2018	Pt. Change	2019	2018	% Change	2019	2018	% Change
<b>State of Hawai'i</b>	84.9%	85.5%	-0.5%	\$ 296.39	\$ 287.63	3.0%	\$ 251.77	\$ 245.88	2.4%
<b>O'ahu</b>	87.8%	88.2%	-0.5%	\$ 258.00	\$ 256.66	0.5%	\$ 226.42	\$ 226.43	0.0%
<b>Maui County</b>	81.8%	83.4%	-1.7%	\$ 413.87	\$ 386.87	7.0%	\$ 338.48	\$ 322.81	4.9%
<b>Kaua'i</b>	77.4%	81.1%	-3.8%	\$ 294.67	\$ 305.25	-3.5%	\$ 227.95	\$ 247.68	-8.0%
<b>Island of Hawai'i</b>	83.2%	80.0%	3.2%	\$ 260.29	\$ 238.53	9.1%	\$ 216.60	\$ 190.75	13.6%
Kohala Coast	84.9%	76.0%	8.9%	\$ 361.44	\$ 327.51	10.4%	\$ 306.69	\$ 248.85	23.2%

**Comparison of the Week of July 14, 2019 to July 20, 2019**  
**to Week of July 16, 2019 to July 22, 2017**

	Occupancy %			Average Daily Rate			RevPAR		
	2019	2017	Pt. Change	2019	2017	% Change	2019	2017	% Change
<b>State of Hawai'i</b>	84.9%	85.3%	-0.3%	\$ 296.39	\$ 274.76	7.9%	\$ 251.77	\$ 234.31	7.4%
<b>O'ahu</b>	87.8%	88.8%	-1.1%	\$ 258.00	\$ 250.47	3.0%	\$ 226.42	\$ 222.52	1.8%
<b>Maui County</b>	81.8%	82.1%	-0.4%	\$ 413.87	\$ 353.84	17.0%	\$ 338.48	\$ 290.64	16.5%
<b>Kaua'i</b>	77.4%	79.4%	-2.0%	\$ 294.67	\$ 287.01	2.7%	\$ 227.95	\$ 227.88	0.0%
<b>Island of Hawai'i</b>	83.2%	79.7%	3.6%	\$ 260.29	\$ 235.01	10.8%	\$ 216.60	\$ 187.20	15.7%
Kohala Coast	84.9%	77.2%	7.7%	\$ 361.44	\$ 321.67	12.4%	\$ 306.69	\$ 248.29	23.5%

Source: STR, Inc. © Copyright 2019 Hawai'i Tourism Authority

# **Agenda Item**

## **7**

**Presentation, Discussion and  
Action on HTA's Financial  
Reports for May 2019 and  
June 2019**

Hawaii Tourism Authority  
 Budget Statement - Summary  
 FY 2019  
 As of June 30, 2019

Category	Tourism Special Fund				Convention Center Enterprise Special Fund			
	Fiscal Year 2019				Fiscal Year 2019			
	Budget	YTD Amount of Budget Used	Balance	Activity for May/June 2019	Budget	YTD Amount of Budget Used	Balance	Activity for May/June 2019
<b>Revenues</b>								
TAT Revenue Allocation	79,000,000	79,000,000	-	13,166,667	16,500,000	16,500,000	-	2,750,000
Prior Year Carryover	8,459,108	-	8,459,108		-	-	-	-
Other	-	206,474		2,566	-	-	-	-
	<u>87,459,108</u>	<u>79,206,474</u>	<u>8,459,108</u>	<u>13,169,233</u>	<u>16,500,000</u>	<u>16,500,000</u>	<u>-</u>	<u>2,750,000</u>
<b>Expenditures</b>								
<b>Sales and Marketing</b>								
Salaries & Wages	619,330	470,871	148,459	(84,459)	56,563	45,742	10,821 *	(10,821)
Major Market Management	46,302,563	45,876,920	425,643	2,049,513				
Communications	615,000	322,878	292,122	106,159				
Sports	7,930,000	7,896,905	33,095	741,817				
Brand Development Projects	275,000	212,855	62,145	209,215				
Business Destination Management	898,437	494,284	404,153	(99,006)				
Access	2,713,000	1,669,108	1,043,892	906,477				
Industry Collaboration & Coordination	55,000	33,313	21,687	18,770				
Digital Marketing Projects	1,400,000	885,950	514,050	517,718				
Industry Relations	1,002,000	678,570	323,430	171,045				
Subtotal	<u>61,810,330</u>	<u>58,541,654</u>	<u>3,268,676</u>	<u>4,537,249</u>	<u>56,563</u>	<u>45,742</u>	<u>10,821</u>	<u>(10,821)</u>
<b>Culture, Community &amp; Natural Resources</b>								
Salaries & Wages	522,405	380,480	141,925	(6,085)	-	-	-	-
Hawaiian Culture Initiatives	3,690,000	2,177,992	1,512,008	729,775				
Community	4,058,000	3,012,263	1,045,737	577,542				
Greetings	1,200,000	878,667	321,333	745,488				
Other Product Development	513,000	417,957	95,043	(208,178)				
Festivals & Events	1,917,920	1,674,200	243,720	(128,800)				
Safety & Security	2,077,080	2,031,080	46,000	101,000				
Career Development	1,124,000	793,191	330,809	213,000				
Natural Resources	1,930,250	1,784,271	145,979	654,426				
Subtotal	<u>17,032,655</u>	<u>13,150,101</u>	<u>3,882,554</u>	<u>2,678,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Research</b>								
Salaries & Wages	380,880	356,140	24,740	(24,740)	-	-	-	-
Tourism Research	4,480,964	4,178,185	302,779	1,387,836				
Subtotal	<u>4,861,844</u>	<u>4,534,325</u>	<u>327,519</u>	<u>1,363,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Hawai'i Convention Center</b>								
Sales & Marketing	-	-	-	-	6,967,896	5,895,173	1,072,723	(1,072,723)
Operations	-	-	-	-	2,240,280	2,230,489	9,791	(3,090,430)
Major Repair & Maintenance	-	-	-	-	5,414,443	5,414,443	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622,619</u>	<u>13,540,105</u>	<u>1,082,514</u>	<u>(4,163,153)</u>
<b>Administration</b>								
Salaries & Wages	1,309,288	1,051,580	257,708	(215,990)	310,928	231,671	79,257 *	(79,257)
Operations	407,699	389,267	18,432	143,075				
Subtotal	<u>1,716,987</u>	<u>1,440,847</u>	<u>276,140</u>	<u>(72,915)</u>	<u>310,928</u>	<u>231,671</u>	<u>79,257</u>	<u>(79,257)</u>
<b>Organizationwide Costs</b>								
Fringe Costs	1,315,992	905,351	410,641	(410,641)	187,676	83,903	103,773	(103,773)
Governance - Board and Other	266,300	205,580	60,720	18,442	230,000	113,459	116,541	-
Contract Services	120,000	-	120,000	-	89,833	79,300	10,533	79,300
Travel	335,000	91,384	243,616	15,592	-	-	-	-
Subtotal	<u>2,037,292</u>	<u>1,202,315</u>	<u>834,977</u>	<u>(376,607)</u>	<u>507,509</u>	<u>276,662</u>	<u>230,847</u>	<u>(24,473)</u>
<b>Total Expenditures</b>	<u>87,459,108</u>	<u>78,869,242</u>	<u>8,589,866</u>	<u>8,128,991</u>	<u>15,497,619</u>	<u>14,094,180</u>	<u>1,403,439</u>	<u>(4,277,704)</u>
<b>Revenues vs Expenditures</b>	<u>-</u>	<u>337,232</u>			<u>1,002,381</u>	<u>2,405,820</u>		
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	<u>1,716,987</u>	<u>1,440,847</u>	1.8%					
	1,048,013	1,324,153						

Budget Reallocation Summary  
Through June 30, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
<b>Sales and Marketing</b>				
<i>From:</i>				
Canada	322	2,200,000	(1,400,000)	800,000
Europe	326	850,000	(448,437)	401,563
Hawai'i Tourism Summit	102	800,000	(325,000)	475,000
Meetings, Conventions & Incentives	331	505,000	(251,563)	253,437
MCI Global Management	316	500,000	(5,000)	495,000
Marketing Opportunity Fund	380	250,000	(245,000)	5,000
Emergency Marketing	381	1,250,000	(50,000)	1,200,000
Sports Agency Consultant	375	300,000	(225,000)	75,000
			<b>(2,950,000)</b>	
<i>To:</i>				
Southeast Asia	336	-	200,000	200,000
US	321	22,480,000	1,500,000	23,980,000
Japan	323	8,000,000	1,000,000	9,000,000
State Employee Salaries - Branding	934	-	492,407	492,407
In-House Contracted Staff - Branding	399	-	126,923	126,923
			<b>3,319,330</b>	
<b>Culture, Community &amp; Natural Resources</b>				
<i>From:</i>				
Hawaiian Culture Initiative	202	855,000	(20,000)	835,000
Maemae	203	300,000	(25,000)	275,000
Environmental Sustainability Fund	406	1,000,000	(249,750)	750,250
Hookaulike Fund	724	1,256,000	(126,000)	1,130,000
Signature Events Opportunity	700	450,000	(400,080)	49,920
Community-Based Tourism Programs	701	1,700,000	(13,000)	1,687,000
Capacity-Building	702	100,000	(12,000)	88,000
Crisis Communications	602	25,000	(21,000)	4,000
Current Workforce	802	500,000	(96,000)	404,000
In-House Contracted Staff - Community	728	324,000	(254,000)	70,000
			<b>(1,216,830)</b>	
<i>To:</i>				
Emergency - Community Support (Arizona Memorial, Kaua'i Shuttle)	726	-	141,000	141,000
Scholarship Program	805	-	500,000	500,000
Preventative Programs (Safety and Security)	604	275,000	167,080	442,080
Canoe Regatta	715	135,000	20,000	155,000
May Day	716	75,000	10,000	85,000
Resort Area Hawaiian Cultural Initiative	718	200,000	125,000	325,000
State Employee Salaries - Hawaiian Culture	932	-	134,713	134,713
State Employee Salaries - Community	933	-	217,692	217,692
In-House Contracted Staff - Hawaiian Culture	299	-	100,000	100,000
In-House Contracted Staff - Natural Resources	499	-	70,000	70,000
			<b>1,485,485</b>	

Budget Reallocation Summary  
Through June 30, 2019

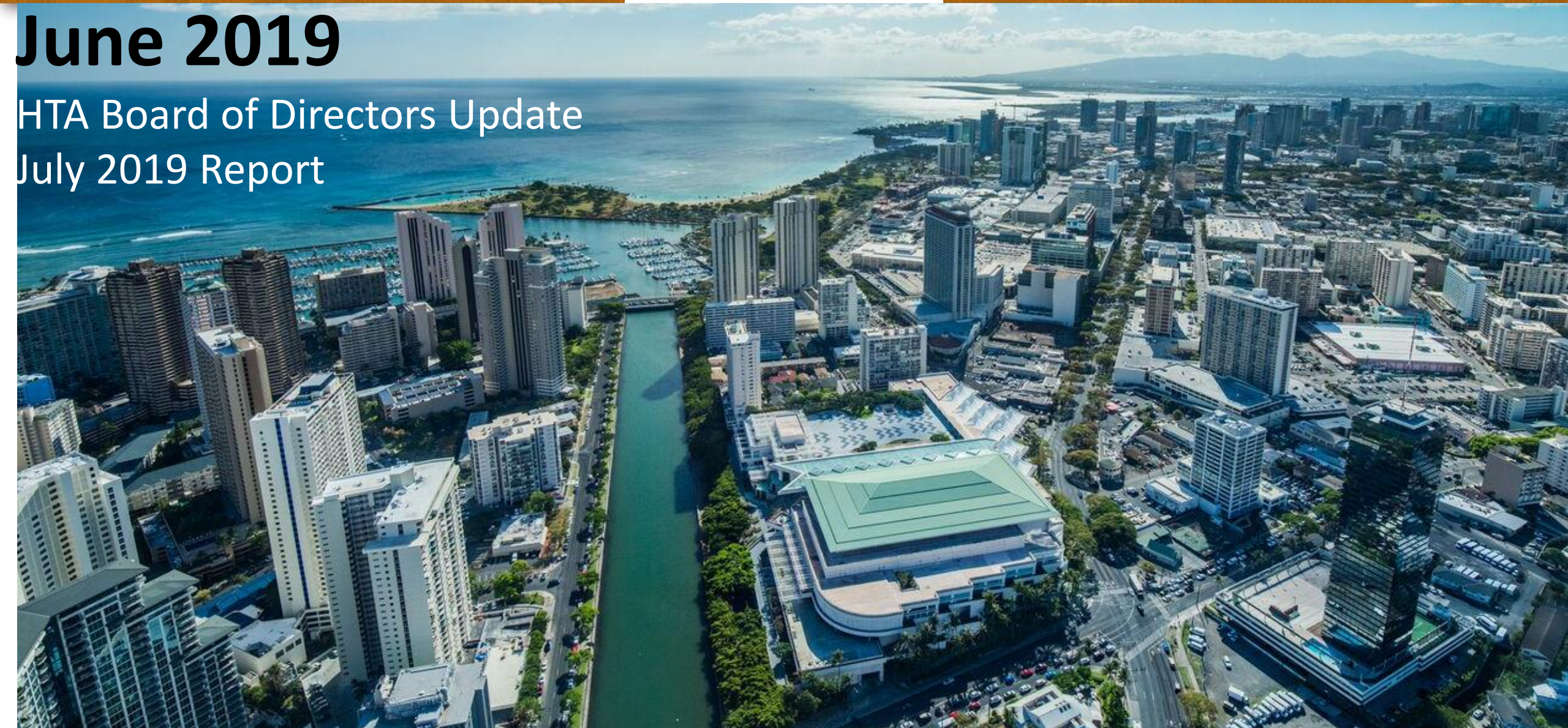
Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
<b>Research</b>				
<i>From:</i>				
Infrastructure Research	506	712,500	(190,000)	522,500
Tourism Strategic Plan	509	700,000	(380,000)	320,000
			(570,000)	-
<i>To:</i>				
Calc of Visitor Characteristics and Exp Evaluation and Performance Measures	512	1,193,700	63,000	1,256,700
Market Research and Other Research	513	1,109,214	11,000	1,120,214
State Employee Salaries - Research	514	458,800	745,750	1,204,550
	935	-	380,880	380,880
			1,200,630	
<b>Administration and Organizationwide Costs</b>				
<i>From:</i>				
Administrative	901	1,603,888	(1,196,189)	407,699
Org-Wide Costs (Governance) hawaii tourism authority.org	915	3,054,006	(2,667,706)	386,300
	103	210,000	(30,000)	180,000
			(3,893,895)	
<i>To:</i>				
State Employee Salaries - Admin	930	-	1,069,211	1,069,211
State Employee Fringe	931	-	1,315,992	1,315,992
In-House Contracted Staff - Admin	999	-	240,077	240,077
			2,625,280	-
<b>Board Allocations</b>				
<i>From:</i>				
Board Emergency Fund*	N/A			-
			-	
			-	

\* The \$1,250,000 drawdown from the Board Emergency Fund during FY 2019 was approved by the Board during the same Board meeting in which the FY 2019 budget was approved, and therefore is deemed as included in the original budget. Also, the \$2M for NFL Football is also considered part of the original budget.



**June 2019**

HTA Board of Directors Update  
July 2019 Report





# ***Agenda***

- **Sales & Marketing Update**
- **CIP Update**

# HCC Sales Update

- Tentative pipeline June YTD total is 117,842 room nights.
- Received a confirmation for a December 2019 group that will generate \$350,000 in F&B revenue at the Hawaii Convention Center, 4,350 room nights, \$2.6 million in Visitor Spending and \$254,815 in Tax Generation. Great in the Year for the Year booking

# Sales Initiatives

- Attendance promotion in Hamburg, Germany for Rotary International Convention in 2020 with 75 Hawaii Rotarians promoting the destination.
- Sales team attendance at various industry tradeshow including Direct Selling Association, Meeting Planners International, Helmsbriscoe Annual Business Conference, E- Sports Summit and PCMA Education Conference.
- Site for American Society of Civil Engineers & F5 Networks



# Sales Initiatives

- Major groups in-house for the month include AVID, U.S. Conference of Mayors and two sports tournaments.
- Local sales team focusing on business for the second half of 2019
- Discussions with 3<sup>rd</sup> party planners (i.e. Helmsbriscoe, Conference Direct, Experient, etc.) on incentives to drive more future business to Hawaii

# Advertising and PR

## PR:

- Participated in TravelAge West magazine article on Hawai'i Sports Tourism.
- Radio interview on "The Rick Hamada Program", KHVH discussing HCC's sustainability efforts
- TV morning show appearance on KHON's Take 2 to promote Sunset Mele and Night Market

## Advertising (North America)

- Full page ads:
  - Hawai'i Section feature of The Meeting Professional (MPI) magazine
  - Successful Meetings May/June issue
  - Facilities & Destinations June issue



# Advertising and PR

## Other Advertising

- NASC (National Association of Sports Commission) e-newsletter
- 250 x 250 digital ad on SportsEvents magazine's website
- Sports Destination Mgt's SDM Blitz E-newsletter
- Dedicated Eblast with Sports Travel magazine



# CIP Update

- Boiler Replacement – Contractor submitted designs to PM for review.
- Cooling Tower- Selected proposed winning bidder, finalizing contract.
- Ala Wai Waterfall Repair – Reviewing BAFO response.
- Facility Equipment- Reviewing BAFO responses including chair samples.
- Camera, NVR and Access Control – To issue RFP end of July.



***Mahalo!***





# **Agenda Item**

## **8**

**Update on the Status of the  
2019 Audit Action Plan**



Hawai'i Convention Center  
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**kelepona** tel 808 973 2255  
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**David Y. Ige**  
 Governor

**Chris Tatum**  
 President and Chief Executive Officer

### Audit Action Plan Update

As of

July 2019

The State of Hawai'i Auditor, in his February 2018 audit, provided 21 recommendations to the Hawai'i Tourism Authority. Since the issuance of the report, the Hawai'i Tourism Authority's staff has been actively working to implement these recommendations. We provide the following update to the Board on the status of these 21 recommendations:

#	Recommendation	Comments	Status	Completion Date
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	Policies updated and approved by board on 2/28/19. Review of 46 existing procedures is ongoing. Finance and procurement teams are actively reviewing and updating procedures. Budgeting procedures were reviewed and updated. Administration procedures reviewed and updated. Finance and procurement teams have been given additional time to complete their portions.	70%	August 2019
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.	CAO has been assigned to oversee this responsibility. HTA Quality Assurance policy was approved by board on 2/28/19. HTA's procedures incorporate quality controls to ensure processes are regularly reviewed and updated, unnecessary rework reduced to the greatest extent possible, and resources are utilized efficiently.	100%	July 2019
3	Update internal policies and procedures to clearly identify the HTA management and staff who are responsible for	Policies updated and approved by board on 2/28/19. Review of 46 existing procedures is ongoing. Finance and procurement teams	70%	August 2019

	procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.	are actively reviewing and updating procedures. Budgeting procedures were reviewed and updated. Administration procedures reviewed and updated. Finance and procurement teams have been given additional time to complete their portions.		
<b>4</b>	<p>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, including:</p> <ul style="list-style-type: none"> <li>a) Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.</li> <li>b) Requiring proposals for each contract, contract amendment, and extension.</li> <li>c) Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.</li> <li>d) Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.</li> <li>e) Requiring contractors to provide regular progress reports.</li> <li>f) Evaluating contractor performance against performance criteria.</li> <li>g) Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.</li> </ul>	<ul style="list-style-type: none"> <li>a) Procedure 400-01.01 (Procurement Planning Worksheet Procedure) has been updated to include language that addresses this recommendation in the audit.</li> <li>b) This item is complete. We require proposals for all contracts, contract amendments, and extensions.</li> <li>c) This item is complete. We require contractors to provide proof of a valid CVC prior to contract execution.</li> <li>d) This item is complete. We require our contracts to include specific performance criteria, performance benchmarks, and deliverable that are aligned with the contract’s objectives.</li> <li>e) This item is complete. We require our contractors to provide us with regular progress reports.</li> <li>f) This item is complete. We are now evaluating contractor performance against performance criteria included in the contract.</li> <li>g) This item is complete. We require written evaluations of contractor performance prior to amending, modifying, or extending contracts.</li> </ul>	100%	Complete
<b>5</b>	Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent	Recommendation implemented. Procurement implemented process to	100%	Complete

	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.	require waivers to be thoroughly documented, reviewed, and approved prior to execution.		
<b>6</b>	Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.	The CAO is developing a process to conduct regular reviews and evaluations of HTA management and staff in the performance of their respective procurement and contract-related duties and responsibilities. Ongoing.	25%	September 2019
<b>7</b>	Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, and the State Ethics Code, specifically, Section 84-15, HRS.	All HTA staff with procurement/contract related responsibilities receive regular training on state procurement code and state ethics.	100%	Complete
<b>8</b>	Limit sole source procurement to where a good or service is deemed available from only one source.	Process in place to review all requests for sole source procurement prior to contract execution.	100%	Complete
<b>9</b>	Require completed documentation to support use of sole source procurement.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
<b>10</b>	Require written confirmation and justification of sole source contract pricing.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
<b>11</b>	Develop a publicly accessible list of sole source procurement contracts.	Sole source procurements included in monthly board packets which are publicly available on website. In addition, we are developing a page on our HTA website to list all HTA sole source procurement contracts.	100%	Complete
<b>12</b>	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	Completed.	100%	Complete

	for each cost invoiced to HTA for reimbursement or other payment.			
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.	Completed. VP of Finance implemented the procedures to audit receipts from AEG as well as other contractors.	100%	May 2018
14	Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.	Procedures that address monitoring and evaluation of contract deliverables have been reviewed and updated. Procedures have been forwarded to program leads	100%	Complete
15	Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.	Completed. <b>Update:</b> Final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. Subcontractor pre-approval is required per all contracts.	100%	Complete
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.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete
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.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete

<b>18</b>	Determine whether “agreements” and “arrangements” for goods or services relating AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.	Completed. Received written confirmation of AEG's relationship with Levy (June 26, 2018). Consulted with AG's office, and apprised HCC Investigative Committee (September 19, 2018). Confirmed that no further action required.	100%	Complete
<b>19</b>	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 procurement the concession services as required by law.	Consultation with Attorney General’s office regarding has been completed.	100%	Complete
<b>20</b>	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.	HTA received a guidance memo from the Attorney General’s office. Will work with legislators as recommended.	50%	August 2019
<b>21</b>	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.	Guidance letter received from Attorney General’s office. Pending request for formal opinion.	50%	TBD

# **Agenda Item**

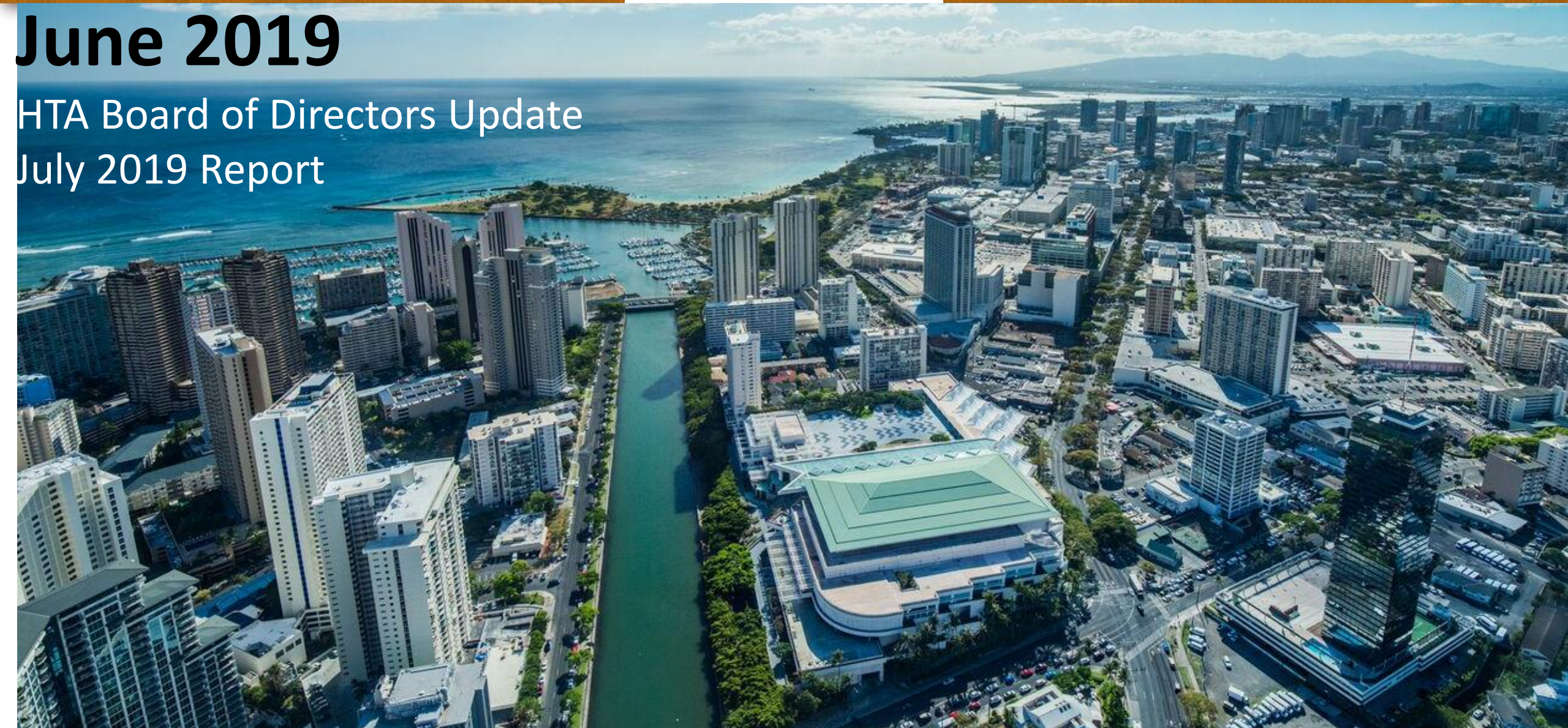
## **11**

**Presentation by AEG  
Regarding an Update of  
Hawai'i Convention Center  
Recent Operational Activities  
and Sales Initiatives**



**June 2019**

HTA Board of Directors Update  
July 2019 Report





# ***Agenda***

- **Sales & Marketing Update**
- **CIP Update**

# HCC Sales Update

- Tentative pipeline June YTD total is 117,842 room nights.
- Received a confirmation for a December 2019 group that will generate \$350,000 in F&B revenue at the Hawaii Convention Center, 4,350 room nights, \$2.6 million in Visitor Spending and \$254,815 in Tax Generation. Great in the Year for the Year booking

# Sales Initiatives

- Attendance promotion in Hamburg, Germany for Rotary International Convention in 2020 with 75 Hawaii Rotarians promoting the destination.
- Sales team attendance at various industry tradeshow including Direct Selling Association, Meeting Planners International, Helmsbriscoe Annual Business Conference, E- Sports Summit and PCMA Education Conference.
- Site for American Society of Civil Engineers & F5 Networks



# Sales Initiatives

- Major groups in-house for the month include AVID, U.S. Conference of Mayors and two sports tournaments.
- Local sales team focusing on business for the second half of 2019
- Discussions with 3<sup>rd</sup> party planners (i.e. Helmsbriscoe, Conference Direct, Experient, etc.) on incentives to drive more future business to Hawaii

# Advertising and PR

## PR:

- Participated in TravelAge West magazine article on Hawai'i Sports Tourism.
- Radio interview on "The Rick Hamada Program", KHVH discussing HCC's sustainability efforts
- TV morning show appearance on KHON's Take 2 to promote Sunset Mele and Night Market

## Advertising (North America)

- Full page ads:
  - Hawai'i Section feature of The Meeting Professional (MPI) magazine
  - Successful Meetings May/June issue
  - Facilities & Destinations June issue



# Advertising and PR

## Other Advertising

- NASC (National Association of Sports Commission) e-newsletter
- 250 x 250 digital ad on SportsEvents magazine's website
- Sports Destination Mgt's SDM Blitz E-newsletter
- Dedicated Eblast with Sports Travel magazine



# CIP Update

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- Facility Equipment- Reviewing BAFO responses including chair samples.
- Camera, NVR and Access Control – To issue RFP end of July.



***Mahalo!***

