



RESOLUTION 2021-2-1

RE: Realignment and Reorganization of HTA Strategic Plan and Operations

WHEREAS, the COVID-19 pandemic has caused both a national and global economic crisis, substantial disruption of the visitor industry, significant loss of employment that has yet to be restored, and the loss of economic drivers of related industries and interdependent businesses statewide; and

WHEREAS, research published by UHERO (see Appendix A to this Resolution) indicates the impact of the pandemic has been more severe than 9/11 and may have long-lasting and systematic effect on travel and tourism; and

WHEREAS, prominent thought-leaders across the globe (see Appendix B to this Resolution) believe that travel and tourism will forever change after 2020 and that “governments will need to redesign their tourism strategies to become better stewards of their destinations”; and

WHEREAS, the Hawai'i Tourism Authority's (HTA) research indicates pent up travel demand by American domestic travelers is leading the resurgence of visitor arrivals; and the repositioning of air seats domestically. Other contributing factors include the increased disposable income derived from Federal stimulus checks, increased vaccination rates, recent travel advisories from the Centers for Disease Control and Prevention cautioning Americans to avoid travel to 80% of the world (Asia, Oceania, Canada, Europe, Mexico and the Caribbean); as well as the availability of industry discounts stimulating increased travel will result in an unprecedented destination management challenge for which HTA and an array of state and county agencies bear collective responsibility; and

WHEREAS, the State is experiencing increased visitor arrivals that is placing additional pressure on communities and resources, adding to existing hotspots, traffic congestion, and overcrowding in some areas. HTA has responded by initiating Destination Management Action Plans in each county in an effort to become better stewards of the destination by first listening to community, industry and other stakeholders to map our way forward; and

DRAFT #1 HTA Staff Recommendation
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Final Staff Recommendation Forthcoming

WHEREAS, under HRS §201B-3(a)(14), the Authority is empowered to “develop, coordinate, and implement state policies and directions for tourism and related activities taking into account the economic, social, and physical impacts of tourism on the State, Hawai‘i’s natural environment, and areas frequented by visitors”; and

WHEREAS, the HTA President and Chief Executive Officer meets weekly to update senior policy leaders including, but not limited to, the Governor, Lieutenant Governor, Mayors of each county, the COVID-19 Incident Commander (Hawai‘i Emergency Management Agency, Director), Directors of the Departments of Health and Business Economic Development and Tourism to address the policies concerning the Hawai‘i Safe Travels Program, plans to mitigate the spread of COVID-19, vaccinations rollout and issues pertinent to the economic recovery of the State (see Appendix C to this Resolution); and

WHEREAS, the Authority’s 2020 – 2025 Strategic Plan was developed and adopted *prior* to the outbreak of the COVID-19 pandemic and must be substantially revised to account for the economic, social, and physical impacts of COVID-19 on tourism; and

WHEREAS, the Board recognizes the desire of the community, civil society and government to take this opportunity to rethink and reimagine tourism; and

WHEREAS, the Board recognizes its unique obligation to balance the needs of the community and the visitor industry to maximize tourism benefits while mitigating the negative impacts thereof; and

WHEREAS, the Board recognizes that the underlying situation before the pandemic and into the recovery post pandemic necessitates hospitality’s transformation toward a regenerative and resilient tourism model; and

WHEREAS, the Board has the power, generally under HRS §201B-3(a) and specifically under §201B-3(a)(17), to “Coordinate all agencies and advise the private sector in the development of tourism-related activities and resources”; and

WHEREAS, the Board has the power, generally under HRS §201B-3(a) and specifically under HRS §201B-3(a)(24), to “develop and implement emergency measures to respond to any adverse effects on the tourism industry”; and

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WHEREAS, the Authority is empowered, generally under HRS §201B-7(a) and specifically under HRS §201B-7(b), to expend funds and delegate to staff the responsibility for facilitating and monitoring the functions of the Authority.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Hawai'i Tourism Authority that:

1. President and Chief Executive Officer John De Fries, shall be directed to take immediate action to review, realign, and reorganize the Authority's strategic plan, budget, and operations (including, but not limited to, its corporate governance and procurement policies and procedures; the Authority's organizational structure, staff roles and functions; and its processes for research, planning, and management) to ensure that the Authority's activities and initiatives adapt to the "New Normal" and continue to take into account the economic, social, and physical impacts of tourism on the State, Hawai'i's natural environment, and areas frequented by visitors.
2. President and Chief Executive Officer John De Fries, shall be directed to take immediate action to provide training and support to the Authority's staff to ensure that they gain and maintain the skills and knowledge they need to fulfill their roles and functions in the "New Normal".
3. President and Chief Executive Officer John De Fries is authorized, pursuant to Board Policy #400-50, to realign the Authority's budget and utilize part or all of any unencumbered appropriation balance (including any funds reserved as Board allocations projected for the end of FY 2021), to: (a) fund the realignment and reorganization of the Authority's strategic plan and operations; and (b) fund the programs and activities described in Appendix D to this Resolution. This authorization supersedes all policies, budget allocations, and directives previously issued by the Board.
4. A written summary of the Authority's proposed realignment and reorganization plan (the "Change Management Plan") must be submitted to the Board for approval at the June 2021 meeting; and
5. Written progress reports on the Authority's implementation of the approved "Change Management Plan" shall be submitted each month to the Board.

Accepted and agreed as of the ___th day of _____, 20__.

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APPROVED AS TO FORM AND LEGALITY:

GREGG KINKLEY
Deputy Attorney General
State of Hawai'i

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APPENDICES
to HTA RESOLUTION 2021-2-1
RE: Realignment and Reorganization of HTA
Strategic Plan and Operations

Appendix A

The Future of Travel and Tourism After the COVID-19 Pandemic And Implications for Hawai'i

Appendix B

The Future of Travel After the Coronavirus Pandemic

Appendix C

HTA Weekly Senior Leaders Briefing 5/24/21

Appendix D

Staff Recommendations for Programs to be Encumbered

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Appendix A

The Future of Travel and Tourism After the COVID-19 Pandemic And Implications for Hawai'i

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THE FUTURE OF TRAVEL AND TOURISM AFTER THE COVID-19 PANDEMIC AND IMPLICATIONS FOR HAWAII

OCTOBER 1, 2020



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By Paul Brewbaker, Frank Haas, and James Mak

“May You Live Long and Prosper”

Mr. Spock

Star Trek

Shortly after the start of the coronavirus epidemic in the U.S., CNN Business ran a story with the provocative headline: “The travel industry is suffering its worst shock since 9/11 because of coronavirus.”¹ An article in USA TODAY (September 11-13, 2020) noted the parallel between 9/11 and the current pandemic and how Americans are responding to the crisis in similar ways. As the virus raced across the country though, COVID-19’s impact on the travel industry has turned out to be far worse than 9/11. The pandemic has turned 2020 into a lost year for the U.S. travel industry.² And the future is uncertain.

This brief examines what the future of travel and tourism might look like primarily in the U.S. and examines future implications for Hawaii. We point out similarities between post-9/11 and the current pandemic and the response to the two crises. We emphasize the potential long-lasting and systemic effects of the pandemic on travel and tourism, rather than just the recovery.

TRAVEL AND TOURISM POST-9/11

Following the 9/11 terrorist attacks, the U.S. travel industry was crippled as the nation’s air transportation system completely shut down for four days after commercial jets were used as weapons, killing almost 3,000 victims. Beyond the tragic human toll, the U.S. airline industry lost nearly \$5 billion in passenger and freight revenues in the month of September alone. Cancellations poured into hotel reservation lines and travel agencies. Making matters worse, 9/11 occurred when the U.S. economy was already in a recession.³

When air travel resumed, airline revenue passenger miles improved every month in the first six months after the September attacks compared to the same months in the previous year; but growth did not lead to a quick or full recovery. Airlines lowered fares to entice people to fly; they also reduced capacity. Newly formed organizations including the Transportation Security Administration (TSA) and the Department of Homeland Security imposed heightened security requirements that added greatly to the time, cost, and hassle involved in flying. These changes along with the fear of terrorism induced travelers to switch to land modes of transportation, especially for shorter trips. On top of all that, a weak economy reduced business (especially convention) travel—the crème de la crème of the travel business. Likewise, international travel tanked. Travelers were advised to stay away from crowds and avoid iconic attractions as they were at greatest risk of attacks by terrorists. The economies of the America’s largest cities were hit especially hard because large cities are more dependent on business travel, international visitors, and aviation.

1 <https://www.cnn.com/2020/02/29/business/travel-industry-coronavirus-economic-impact/index.html>

2 <https://www.seattletimes.com/life/travel/how-covid-19-turned-2020-into-a-lost-year-for-the-travel-industry-travel-troubleshooter/>

3 James Mak, *Tourism and the Economy: Understanding the Economics of Tourism*, University of Hawaii Press, 2004, Chapter 15.

Fortunately, timely and sound economic crisis management by the Federal Reserve (Fed) kept the U.S. financial system operating nearly seamlessly. Emergency appropriations by Congress—including billions in grants and loans to the nation's airlines—kept the short-run economic fallout from being worse than initially feared. TSA security checks were quickly put in place at airports to safeguard air travel. As tourism gradually recovered, leisure travel was first to return, mostly to places travelers perceived as safe. Hawai'i benefited from the substitution as many Americans opted to visit the islands instead of foreign destinations. By 2003, the number of visitor arrivals to Hawai'i had fully recovered.⁴

Shortly after 9/11, travel experts were mulling over what lasting changes might 9/11 have on travel and tourism. On the 19th anniversary of 9/11, it appears that what has affected travelers the most are the heightened security measures adopted in air travel and stricter visa regulations.⁵

Psychological scars remain. In the U.S. the yearly number of deaths attributable to terrorism are miniscule compared to the number of people who perish on the nation's roads and highways.⁶ Yet, a 2019 Gallup Poll revealed that nearly half (46%) of Americans said that they were still worried about being a victim of terrorism.⁷ The 2017 poll revealed that 32% of Americans were "less willing" to fly on airplanes, 26% were less willing to go into skyscrapers, 38% were less likely to attend events where there are thousands of people, and 46% were less willing to travel overseas. Researchers have found that people make their travel decisions based on perceived risks rather than actual risks.

Today, Americans have adapted to the security measures and travel restrictions put in place after 9/11 as permanent features of travel. However, these measures are not without cost.

Data from the U.S. Department of Transportation show domestic airfares (adjusted for inflation) have been trending upward since 2000—24% between 2000 and 2018— (except for dips right after 9/11, during the Great Recession, and between 2014 and 2016). There are multiple factors, in addition to the cost of travel, that influence the demand for travel; the most important one being economic growth. The number of passenger enplanements at all U.S. airports increased from 640 million in 2000 to nearly 900 million in 2018.⁸

TRAVEL AND TOURISM AND COVID-19

The causes are different, but most Americans are once again reluctant to fly during the pandemic. The Franklin Templeton-Gallup Economics of Recovery Study, July 2-14, 2020 (released on August 6) reveals 52% of American adults who flew at least once per year pre-COVID-19 now say they are uncomfortable with flying.⁹ Older adults (age 55+) feel lot more uncomfortable about flying (69%) than younger adults between the ages of 18 and 34 (33%). New information indicates that the younger travelers are leading the travel recovery.¹⁰

The Templeton-Gallup study also found that the level of comfort also varies by the length of the flight. Forty-four percent of the respondents in the study felt okay taking flights lasting less than two hours, but

4 Christopher Edmonds, Carl Bonham, and James Mak, "The Impact of 9/11 and other terrible global events on tourism in the United States and Hawaii," *Journal of Travel Research*, August 2006, Vol. 45 pp. 99-110.

5 Dominic James Fusco, *Towers, Travel and Terrorism: How the Game Has Changed Since 9/11* at <https://www.goabroad.com/articles/travel-changes-9-11>

6 <https://ourworldindata.org/terrorism>

7 <https://news.gallup.com/poll/4909/terrorism-united-states.aspx>

8 <https://www.bts.gov/tsar>

9 <https://news.gallup.com/poll/316742/air-travelers-uncomfortable-flying.aspx>

10 <https://www.travelweekly.com/Travel-News/Travel-Agent-Issues/Generation-X-Y-and-Z-to-the-rescue-A-youthful-embrace-prods-recovery>

only 27% felt comfortable taking flights that lasted between four to six hours and 21% felt comfortable taking flights of more than six hours.

Fear of flying is not the only impediment to travel; travel restrictions—especially border closures and quarantines—and virus testing requirements and delays also discourage people from traveling.

The sharp decline in air travel in the U.S. due to COVID-19 can be seen in Table 1, which shows U.S. Department of Transportation estimates of month-to-month percentage changes in domestic air passengers carried by U.S. airlines between January 2020 and July 2020 compared to changes in the same months in 2019.¹¹ April was the worst month.¹²

TABLE 1

% Changes in Monthly U.S. Domestic Air Passengers on U.S. Airlines and Changes in Hawai'i Air Passenger and Visitor Arrivals in 2020 Compared with the Same Months in 2019

Month, 2020	U.S. Domenstic	Hawai'i	Visitor Arrivals in Hawai'i by Air	
	Air Passengers	Air Passengers	All Visitors	Domestic Visitors
January	+6.2%	+7.2%	+5.3%	+9.1%
February	+7.4	+7.5	+12.6	+12.9
March	-51.0	-49.7	-53.6	-48.7
April	-95.7	-98.7	-99.5	-99.2
May	-88.5	-97.4	-98.9	-98.6
June	-77.9	-95.9	-98.2	-97.7
July	-70.1	-94.4	-97.7	-97.1
August		-93.9	-97.6	-96.7

Sources: U.S. data from U.S. Department of Transportation at <https://www.bts.gov/newsroom/us-airline-july-2020-passengers-decrease-73-july-2019-rise-30-june-2020-preliminary>. Hawai'i air passenger counts from <http://dbedt.hawaii.gov/visitor/daily-passenger-counts/>; Hawai'i visitor data from the Hawai'i Tourism Authority at <https://www.hawaiiauthority.org/research/monthly-visitor-statistics/>

Passenger numbers at TSA airport checkpoints for 2020 and 2019 tell the same story of a near total collapse in air travel during the pandemic. Total passenger “throughput” reached its lowest point on April 14, 2020 at 87,534, or 96% fewer than the number on the same day in 2019. With recovery in slow motion, the May 31 passenger count was 86% less than that on the same day in 2019, 78.7% less on June 30, 72% less on July 31, 68.8% less on August 31, and 64.4% less on World Tourism Day (September 27, 2020).¹³

Because of Hawaii's total reliance on air transportation (cruise travel was suspended in March) Table 1 also displays the corresponding percentage changes in air passenger counts and visitor arrivals in Hawai'i in the first eight months of 2020 compared to the same months in 2019. While air travel in the rest of the country is making a slow recovery, tourism recovery in Hawai'i has yet to begin as the state is not relaxing

11 The International Air Transportation Association (IATA) produces its own estimates of U.S. domestic air passenger traffic using revenue passenger kilometers (RPK) instead of the number of passengers. IATA's estimates (Monthly Air Passenger Market Analysis) of percentage changes in U.S. domestic air passenger travel are similar to those produced by the U.S. Department of Transportation: Jan. 2020, +8% over 2019; Feb. 2020, +9.5%; March, (minus) -51.1%; April, -95.7%; May, -89.5%; June, 80.0%; July, -72.6%; August, -69.3%.

12 Intercity rail passenger traffic (excluding commuter passengers) fell as well with the sharpest decline occurring in April 2020 (-95.6%) compared to the volume of passengers in April 2019. June was still down 92.8% compared to 2019. (See, <https://data.bts.gov/Research-and-Statistics/Intercity-Passenger-Rail-Travel-Passengers/n8yb-nfq5>) Highway travel (on all roads and streets) was also down, but not as sharply as air or rail travel. The deepest drop was in April 2020 at 40.2% from April 2019. In July 2020, highway travel in vehicle miles was down only 11.5% from the volume in July 2019. (See <https://data.bts.gov/Research-and-Statistics/Highway-Travel-All-Systems/qeh3-a6ec>)

13 <https://www.tsa.gov/coronavirus/passenger-throughput>

its 14-day trans-Pacific travel quarantine (that went into effect on March 26) on arriving passengers until October 15. In 2019 Hawai'i received 10.2 million visitors.¹⁴ During the current pandemic a few thousand visitors are still trickling in each month; 4,564 in April and 22,344 in August.¹⁵ And they are not the typical pre-pandemic tourists; they tend to be younger, traveling in smaller parties, stay much longer, are frequent visitors, and a large percentage of them are visiting friends and relatives.

The U.S. lodging industry has seen better numbers overall than the airline industry. Nonetheless, the American Hotel & Lodging Association (AHLA) in a report (August 31, 2020)—*State of the Hotel Industry Analysis: COVID-19 Six Months Later*—argues that “The hotel industry is on the brink of collapse.”¹⁶ Smith Travel Research (STR) reports that the average U.S. hotel occupancy rate ending the week of August 29, 2020 was less than 50%.¹⁷ It was less than 30% on Oahu.

Vacation rentals in the U.S. (which are banned on O'ahu during the pandemic) are generally bouncing back more quickly than hotels.¹⁸ This may surprise some travel experts. One travel expert surmises that travelers will consider staying in someone's house more risky than staying in a hotel because it is more difficult for vacation rental platforms to enforce safety standards.¹⁹ Instead, a consultant for vacation rentals concludes that “what's happened is that the vacation rental product has become attractive to travelers, because safety concerns around renting someone else's home have been balanced against the safety concerns of staying in a hotel with shared spaces.”²⁰

International Travel and COVID-19

International travel has also plunged because of the global pandemic. According to the UN World Tourism Organization (UNWTO) international tourism could fall by 58–78% in 2020 depending on the speed of containment and the closing and reopening of borders.²¹ As of September 1, 115 destinations—just 53% of destinations world-wide—have eased travel restrictions.²² Economies devastated by the pandemic also must rebound to spur tourism recovery.

The U.S. government has lifted its blanket level-4 “Avoid All Travel” advisory on travel by Americans to foreign countries, but because of America's high COVID-19 infection rate, Americans are not welcome in many countries including the popular and important European Union (as of September 1).²³ *Travel Weekly* columnist Richard Turen exaggerated a little when he wrote, “The going is tough, but there is nowhere to go.”²⁴ Likewise, the U.S. prohibits travelers from China, Iran, U.K., Ireland and a number of countries in the European Schengen area from coming to the U.S.²⁵ Restrictions remain fluid depending on each country's progress in curbing the virus.

The international consulting firm, *Oxford Economics*, forecasts (August 14, 2020) the U.S. will see a 76.5% decline in international inbound arrivals in 2020, equivalent to 61 million fewer visitors, and full recovery to 2019 levels is not expected until 2025.²⁶

14 <https://www.hawaiitourismauthority.org/media/5062/2019-annual-report-final-for-posting.pdf>

15 <https://www.hawaiitourismauthority.org/research/monthly-visitor-statistics/>

16 <https://www.ahla.com/sites/default/files/State%20of%20the%20Industry.pdf>

17 <https://str.com/data-insights-blog/video-us-performance-results-week-ending-august-29>

18 <https://www.travelweekly.com/Travel-News/Hotel-News/Vacation-rentals-bouncing-back-more-strongly-than-hotels>

19 <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>

20 <https://www.travelweekly.com/Travel-News/Hotel-News/Vacation-rentals-bouncing-back-more-strongly-than-hotels>

21 <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>

22 <https://www.unwto.org/more-than-50-of-global-destinations-are-easing-travel-restrictions-but-caution-remains>

23 <https://www.cnn.com/travel/article/us-international-travel-covid-19/index.html>

24 <https://www.travelweekly.com/Richard-Turen/The-going-is-tough-but-there-is-nowhere-to-go>

25 <https://www.cdc.gov/coronavirus/2019-ncov/travelers/from-other-countries.html>

26 https://resources.oxfordeconomics.com/hubfs/Global-Travel-Service-July-2020.pdf?utm_campaign=PR-UK&utm_

In sum, much of what happened in travel and tourism in the U.S. after 9/11 is repeating itself during the current coronavirus pandemic. One New York Times writer observes that travel in the U.S. during 2020 is much like traveling during the summer of 1965: road trips over flying; domestic over foreign destinations; national parks and open spaces over big cities. She writes, “What’s new is old is new again—just add Google Maps, face masks and curbside pickups.”²⁷

THE FUTURE OF TRAVEL AND TOURISM

Harold Vogel writes, “The urge to travel is universal” because people are born with innate and insatiable curiosity.²⁸ Frances Brown writes that people travel because they feel a need to “escape from ordinary life.”²⁹ Time and time again, tourism has shown its resilience after major shocks. Tourism bounced back from 9/11 (2001), the SARS epidemic (2003)³⁰ and most recently the global financial crisis. Borrowing from post-9/11 experience, a coalition of travel companies and organizations (“Let’s Go There Coalition”) is developing a massive ad campaign to urge Americans to start planning for their next trip to anywhere.³¹ Tourism will return from the COVID-19 pandemic but certainly with lasting changes.

There is no shortage of experts who have shared their views on tourism’s future after COVID-19.³² Opinions from several leading thinkers in *Foreign Policy* (June 13, 2020) are representative:³³

- Many people—especially the elderly—will either opt to not travel or limit their travel. Those who travel will do so within a new system of interlocking safe zones. Their travels will stick to the safe zones or in their own countries. The same will be true for businesses.
- Online meetings will be the norm. Business meetings, family vacations, and leisure activities will increasingly move into virtual worlds.
- Travel will take a bigger slice of our smaller disposable incomes. Many health protocols will become permanent. Two dramatic trends will occur: Some governments will redesign their tourism strategies to become better stewards of their destinations. Other governments will do the opposite by racing to the bottom and return to overtourism. But smart travelers will opt to visit places with good governance and health systems. They will take fewer trips but stay longer. They will see this pandemic as a harbinger of what’s to come from the climate crisis. They will act like responsible citizens as well as passionate travelers.
- Before the lockdown, it was easy to point out all the harm mass tourism has done. After a long travel interruption due to the pandemic, people will be more aware of what they have lost in easy connectedness.

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27 <https://www.nytimes.com/2020/09/04/travel/to-many-travelers-2020-was-the-summer-of-1965.html>

28 Harold Vogel, *Travel Industry Economics: A Guide for Financial Analysts*, Cambridge University Press, 2001, p. xiii.

29 Frances Brown, *Tourism Reassessed, Blight or Blessing*, Butterworth, and Heinemann, 2000, p. 9.

30 Bob McKercher and Kaye Chon, “The Over-Reaction to SARS and the Collapse of Asian Tourism,” *Annals of Tourism Research*, 31 (3), July 2004, p. 716-719 at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7148758/>

31 <https://www.travelweekly.com/Travel-News/Travel-Agent-Issues/Trade-hopes-to-kick-start-travel-with-biggest-ad-blitz-since-September-11>

32 See, for example, <https://www.travelweekly.com/Arnie-Weissmann/How-travel-will-be-bought-and-sold-in-August-2021-Part-1>; <https://www.travelweekly.com/Arnie-Weissmann/How-travel-will-be-bought-and-sold-in-August-2021-Part-2>; <https://www.washingtonpost.com/travel/2020/06/15/11-ways-pandemic-will-change-travel/>; <https://www.cnn.com/2020/05/10/heres-how-travel-will-change-after-the-covid-19-pandemic-recedes.html>; <https://thepointsguy.com/guide/travel-changed-coronavirus/>; <https://www.nytimes.com/interactive/2020/05/06/travel/coronavirus-travel-questions.html>; <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>;

33 <https://foreignpolicy.com/2020/06/13/travel-tourism-coronavirus-pandemic-future/>

- The next wave of travel will not be driven by the desire to go to hot spots or top-ten-list destinations. It will be the desire simply to go, and to figure things out along the journey. Road trips and adventure travel will be popular but not packaged tours. There will be a boom in domestic travel.
- Globalism cannot be reversed. Cultural curiosity cannot be expunged.

Post-COVID-19 predictions on future travel are not very different from some of those that were made after 9/11.³⁴ The pandemic is accelerating some changes that were underway for some time.

It is also important to note that many predictions are based on expectations of what tourists and tourism suppliers want and not necessarily what destination residents want. A good example is vacation rentals. Experts predict vacation rentals will be in much demand post-COVID-19. One reason: The pandemic has demonstrated that working remotely is feasible for many people.³⁵ A survey of businesses (in May, 2020) by the Federal Reserve Bank of Atlanta found that firms expect working from home in the U.S. to triple after the pandemic is over, rising from 5.5% to 16.6% of all working days. Moreover, firms anticipate 10% of their full-time workforce will be working from home five days a week.³⁶ University of Chicago researchers Jonathan Dingel and Brent Neiman estimate that 37% of jobs in the U.S. can be performed entirely at home.³⁷ The shift to working at home could increase demand for longer trips that combine work and pleasure. Bookings.com and Airbnb are exploiting this growing demand for “workations” by introducing longer stay rates.³⁸ Guests can work productively from someone else’s house, just not from their own home. And guests may bring a large family along. Hotels are not as well suited for that.

However, even before the pandemic, residents in a number of destinations have vigorously opposed the spread of vacation rentals in their residential neighborhoods.³⁹ Some governments (including Honolulu⁴⁰) have responded to political pressure exerted by constituents by imposing strict regulations on their proliferation and how they do business. Thus, travelers may prefer vacation rentals, but the supply may not be there. The predicted increase in vacation rentals may not be realized in every destination.

The current pause in travel and tourism due to COVID-19 provides opportunities for residents of tourist destinations to rethink the role of tourism in their communities. Some won’t want to go back to what existed before. Even before the pandemic, residents of many destinations have been demanding more say on tourism in their communities to make sure that their wellbeing comes first. This will continue.

IMPLICATIONS FOR HAWAII

Hawaii’s tourism industry has essentially been shut down since the end of March. For all of 2020, University of Hawaii Economic Research Organization (UHERO) forecasts (September 25, 2020) visitor arrivals by air and inflation adjusted visitor spending in Hawaii will be about 73% less than in 2019. Given Hawaii’s economic dependence on tourism (only Nevada is more dependent on tourism) the state ranks among the worst in economic performance during the current pandemic. A long and uncertain road to tourism recovery lies ahead.

The COVID-19 pandemic has exposed several critical weaknesses in Hawaii’s readiness to respond to crises. The most glaring weaknesses are poor crisis management at the state level and confusing

34 See Mak (2004), Chapter 15.

35 <https://www.washingtonpost.com/travel/2020/06/15/11-ways-pandemic-will-change-travel/>

36 <https://www.frbatlanta.org/blogs/macroblog/2020/05/28/firms-expect-working-from-home-to-triple>

37 https://bfi.uchicago.edu/wp-content/uploads/BFI_White-Paper_Dingel_Neiman_3.2020.pdf

38 <https://www.travelweekly.com/Travel-News/Hotel-News/Bookingcom-introducing-longer-stay-rates>

39 <https://uhero.hawaii.edu/regulating-home-share-rentals-in-hawaii/>; also <https://www.nytimes.com/2020/09/24/travel/airbnb-pandemic.html>

40 <http://www.honolulu.gov/dppstr.html>

coordination between the State and the four county governments. A survey conducted in late August by the University of Hawai'i Public Policy Center found Hawai'i residents highly critical of the State's handling of the pandemic.⁴¹ Hawai'i went from a destination considering marketing itself as one of the safest places to vacation to a second lockdown on O'ahu (August 27) to prevent the healthcare system from being overwhelmed. Finally, in mid-September, Governor David Ige appointed a new leadership team to improve the effectiveness of the state's response to the pandemic and establish a pre-flight testing program to relax the 14-day quarantine currently imposed on all travelers to Hawaii beginning October 15. Hopefully, important lessons will be learned and retained to better prepare Hawai'i to meet the next disaster.

Hawai'i is especially vulnerable to Post-COVID-19 changes in travel and tourism. Health experts warn that COVID-19 may be with us for years. And even when a vaccine becomes available, it may only be 50 to 60 percent effective, meaning that if you vaccinate 100 people, 40 to 50 people may still get sick.⁴² Because Hawai'i is already an expensive place to visit, making some of the current health protocols permanent will render a Hawai'i vacation even more expensive. ("Too expensive" is the top reason why Hawai'i visitors say they are unlikely to return.⁴³) That doesn't include the expected rise in travel costs associated with measures to address climate change that might be added on top of that.⁴⁴ A recent study—"The carbon footprint of tourism"—published in *Nature Climate Change* finds that travel is highly income elastic and carbon-intensive and will constitute a growing part of the world's greenhouse gas emissions.⁴⁵ As Hawai'i is almost entirely dependent on long haul air travel, passengers wary of flying and consumers who don't want to contribute to climate change may opt to vacation elsewhere or spend leisure time in other ways. Thus, we should expect to see slower future growth in tourist travel to Hawai'i. Travel to Hawai'i was expected to slow in the next 25 years even before the COVID-19 pandemic.⁴⁶ The earlier prediction is now probably too optimistic.

The expected slowdown in the number of tourist arrivals may not entirely be a bad thing. Some would argue that it is time that we do with less but do it better. Hawai'i Tourism Authority's (HTA) latest tourism strategic plan adopted before the pandemic calls for the state to focus less on the number of visitors and more on attracting high spending and low impact visitors. Lawmakers are revisiting the longstanding discussion about diversifying away from tourism. Both are good ideas. And both are very difficult to achieve. On the first, every destination wants to do the same. Hawai'i cannot be like the kingdom of Bhutan which imposes a defacto minimum requirement on how much each visitor must spend by requiring all visitors to purchase an "all-inclusive packaged tour." Independent travel is not permitted.⁴⁷ Hawai'i has to focus on strategic marketing using data mining and analytics to target higher-spending/high-yield visitors, and investing in the state's tourism infrastructure to provide a visitor experience that will entice higher spending visitors to come. On the second, Hawai'i has made numerous attempts to diversify the economy in recent decades with little success. Studies are presently underway to review past diversification efforts to understand why they failed and thus help the state to craft more effective strategies going forward.

Technology will play a much bigger role in travel and tourism in Hawai'i (and everywhere) in the future. Hawai'i needs to develop a smart tourism plan. Until recently technology has been used largely to increase profits of tourism suppliers and reduce the cost of travel to consumers. In the future, technology—i.e. smart

41 https://drive.google.com/file/d/1F2gfvRKwbUvkbw_cfCewS6JUEnmlQDNG/view

42 <https://www.npr.org/sections/health-shots/2020/09/12/911987987/a-covid-19-vaccine-may-be-only-50-effective-is-that-good-enough>

43 https://www.hawaiiourismauthority.org/media/4996/vsat_qtr4_2019_final-repost-7-31-20.pdf

44 <https://uhero.hawaii.edu/charting-a-new-fiscal-course-for-hawaii-a-fiscal-architecture-approach/>

45 https://forestpolicy.com/wp-content/uploads/2018/07/TourismCarbonFootprint_maintext.pdf

46 https://files.hawaii.gov/dbedt/economic/data_reports/2045-long-range-forecast/2045-long-range-forecast.pdf

47 https://www.kingdomofbhutan.com/visitor/visitor_1_.html

tourism—will also be used increasingly to aid destination management.⁴⁸ The rush to employ technology in travel and tourism spurred on by the pandemic is both a plus and a minus. Technological applications that improve efficiency is a plus. On the minus side, as capital and technology replace labor, one wonders how the tourism experience will be forever altered. What does the “Aloha spirit” mean when visitors are increasingly served by robots, and artificial intelligence replaces human interaction? The challenge to maintaining Hawaii’s brand image as the Aloha state is to come up with the proper balance between technology and personal service.

In 2019 we wrote a white paper charting a new course for Hawai’i tourism.⁴⁹ We outlined three conditions for tourism’s long-term success in any destination. They remain valid in the post-pandemic era: (1) a long-term strategic view, (2) authority to take action, and (3) sufficient resources to implement actions. Currently, Hawai’i is deficient in all three areas. Ultimately, success requires strong leadership and institutional reform driven by the governor and the legislature.⁵⁰

The future of travel and tourism is not preordained. It will be shaped by the choices tourism’s decision makers—consumers, suppliers, and destination residents through our governments—are making in the face of our new realities.

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⁴⁸ <https://uhero.hawaii.edu/can-hawaii-rise-from-the-ashes-of-covid-19-as-a-smart-destination/>

⁴⁹ <https://uhero.hawaii.edu/wp-content/uploads/2019/08/ChartingANewCourseForHawaiiTourism.pdf>

⁵⁰ <https://uhero.hawaii.edu/wp-content/uploads/2020/04/HTASustainableDestinationManagement-1.pdf>

Appendix B

The Future of Travel After the Coronavirus Pandemic

**DRAFT #1 HTA Staff Recommendation
Confidential - Not For Distribution**

Final Staff Recommendation Forthcoming

ANALYSIS

The Future of Travel After the Coronavirus Pandemic

Travel and tourism will be changed forever. We asked seven leading thinkers for their predictions.

By [James Fallows](#), [Vivek Wadhwa](#), [Pico Iyer](#), [Rolf Potts](#), [Elizabeth Becker](#), [James Crabtree](#), [Alexandre de Juniac](#)

JUNE 13, 2020, 12:00 PM

As we enter the first summer of this new era of pandemics, a tenuous easing of travel restrictions has begun. This month, the countries of the European Union will reopen their internal borders, and they plan to allow travel from outside the block some time in July. Singapore and China have begun permitting essential travel between them, but only for passengers who test negative for the coronavirus, use a contact-tracing app, and don't deviate from their itinerary. Iceland will allow tourists, but it plans to test them for the virus at the airport.

Grounded for many months, airlines are beefing up their summer schedules—though the number of flights will be a fraction of their pre-pandemic frequency. Airports are still mostly ghost towns (some have even been taken over by wildlife), and international long-distance travel is all but dead. Around the globe, the collapse of the tourist economy has bankrupted hotels, restaurants, bus operators, and car rental agencies—and thrown an estimated 100 million people out of work.

With uncertainty and fear hanging over traveling, no one knows how quickly tourism and business travel will recover, whether we will still fly as much, and what the travel experience will look like once new health security measures are in place. One thing is certain: Until then, there will be many more canceled vacations, business trips, weekend getaways, and

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To look beyond the summer and help us think about how the pandemic will permanently change the way we travel, *Foreign Policy* asked seven prominent experts to look into their crystal balls.

The Collapse in Travel Will Bring Long-Term Changes

By James Crabtree, associate professor in practice at the Lee Kuan Yew School of Public Policy at the National University of Singapore and the author of The Billionaire Raj

Just as mass unemployment leaves indelible scars on labor markets, so the current global travel collapse will bring long-term changes to patterns of international movement for both business and pleasure.

Countries with strong pandemic records will deploy them as tourism marketing strategies: Discover Taiwan!

Airlines and hoteliers hope nascent “travel bubbles”—small groups of countries reopening borders only among themselves—and “green lanes” for pre-screened travelers, such as those with antibodies showing immunity to COVID-19, will allow a gradual re-opening. They also hope that roughly normal travel will then resume next year. More likely is that a new system of interlocking safe zones will operate for the foreseeable future, or at least until a vaccine is widely deployed.

Travel will normalize more quickly in safe zones that coped well with COVID-19, such as between South Korea and China, or between Germany and Greece. But in poorer developing countries struggling to manage the pandemic, such as India or Indonesia, any recovery will be painfully slow.

All this will change the structure of future global travel. Many will opt not to move around at all, especially the elderly. Tourists who experiment with new locations in their safe zones or home countries will stick to new habits. Countries with strong pandemic records will deploy them as tourism marketing strategies—discover Taiwan! Much the same will be true for

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business, where ease of travel and a new sense of common destiny within each safe zone will restructure investment along epidemiological lines.

The Pandemic Caused Us to Fast-Forward Into the Future

By Vivek Wadhwa, fellow at Harvard Law School, associate professor at Carnegie Mellon University, and co-author of From Incremental to Exponential: How Large Companies Can See the Future and Rethink Innovation, forthcoming in September

Over the past month, I've spent time with more CEOs than I would meet in a year. They were relaxed, engaged, and attentive. We could brainstorm on ideas for them to reinvent their companies without having gatekeepers or naysayers torpedo the discussions. These were the most productive talks I've had with C-level executives—and as you may have guessed, this was all done from the comfort of our homes.

Our business meetings, family vacations, and leisure activities will increasingly move into virtual worlds.

Two months ago, it would have been inconceivable to be meeting over Skype or Zoom; now it is the norm. The pandemic caused us to fast-forward ten years into the future and there is no turning back. This is the way a lot of business communications will stay.

We may not realize it, but the videoconferencing technologies we are using are right out of science fiction. Remember the TV series *The Jetsons*? We now have the videophones that George and Judy used.

The next leap forward will come from virtual reality, which is advancing at breakneck speed and will take us by surprise. Our business meetings, family vacations, and leisure activities will increasingly move into virtual worlds. A trip to Tahiti or Mars, perhaps? The holodecks from *Star Trek* are on their way.

Travel Could Become Unaffordable for Many

By *Elizabeth Becker*, the author of *Overbooked: The Exploding Business of Travel and Tourism*

Overnight, much of the world went from over-tourism to no tourism. Since then, locals have seen how their lives have improved without those insane crowds: clear skies with vistas stretching for miles, a drastic reduction of litter and waste, clean shorelines and canals, and a return of wildlife.

Whatever our income level, travel will take a greater slice of our disposable income.

But business after business went broke without those tourists, revealing how much the global economy depends on non-stop travel. The economic devastation will mean far fewer people can afford to travel. Whatever our income level, travel will take a greater slice of our disposable income.

So be prepared for two dramatically different trends.

Some national and local governments will redesign their tourism strategies to keep down crowds, keep more money in the local economy, and enforce local regulations including those protecting the environment. Many health protocols will become permanent.

Other governments will compete for the shrinking tourist dollar by racing to the bottom, allowing the travel industry to regulate itself, using deep discounts to fill hotels and airplanes and revive over-tourism.

Smart travelers will trust places with good governance and health systems. They will take fewer trips and stay longer. They will see this pandemic as a forecast of what's to come from the climate crisis. They will act like responsible citizens as well as passionate travelers.

The Freedom to Travel Is Vital to the Post-Pandemic Recovery

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By Alexandre de Juniac, the director-general of the International Air Transport Association (IATA) and a former CEO of Air France-KLM

It's too early for long-term predictions, but when the first travelers return to the skies, they will find measures that have become commonplace adapted to flying: reduced personal contact, enhanced sanitization, temperature checks, and social distancing. And where sufficient distance isn't possible—onboard aircraft or in airports—masks will be required.

Measures that have become commonplace will be adapted to flying: reduced personal contact, enhanced sanitization, temperature checks, and social distancing.

Within days of 9/11—the last great inflection point for aviation—flying resumed securely. But two decades later, we are still ironing out some of the inconsistencies and inefficiencies of security procedures. This time, months of being mostly grounded have given the airline industry more time to plan and prepare.

With the support of IATA and others, the International Civil Aviation Organization developed a global restart plan to keep people safe when traveling. Restart measures will be bearable for those who need to travel, with universal implementation the priority. It will give governments and travelers the confidence that the system has strong biosafety protections. And it should give regulators the confidence to remove or adjust measures in real time as risk levels change and technology advances.

The freedom to travel will be vital to the post-pandemic recovery. My hope is that we will come out of the crisis with a better passenger experience by moving people through airports more efficiently and increasing confidence in health safety. I am optimistic that this will be a winning result for travelers, governments, the airline industry, and the economy.

We Forgot How Fundamental Travel Was to Modern Life

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By James Fallows, a staff writer for The Atlantic and the co-author, with Deborah Fallows, of Our Towns: A 100,000-Mile Journey into the Heart of America

Because the process of travel was so routine and often so aggravating, people of the pre-pandemic era rarely concentrated on how fundamental that process—high-volume, high-speed, relatively low-cost human movement—was to the very idea of being modern.

What might be lost with a long interruption in easy-connectedness is only now becoming evident.

Students took it for granted that they could aspire to an academic program in a different region, country, or continent—and still go back to visit their families. People who had emigrated permanently, or left their countries for a few years of work or adventure, knew that their homeland was still in relatively quick reach. Children saw their grandparents up close. Families could gather for weddings, births, graduations, funerals. Businesspeople from remote locations went to conventions and conferences to make deals and coordinate plans. The world's cultural and touristic attractions became open to people from all corners of the globe. For Americans, air travel and international exposure were once such rarities that the now-absurd-sounding term “jet set” actually meant something when it was coined in the 1950s. The commodification of travel allowed people of ordinary means to compose a “bucket list” of sights they wanted to see—and to assume they'd be able to.

Before the lockdown, it was easy to recite all the harm mass travel had done, from the throngs overwhelming Venice or Machu Picchu to the standardization of hotel-and-airport life worldwide. What might be lost with a long interruption in easy-connectedness is only now becoming evident.

There Will Be a Boom in Domestic Travel

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By *Rolf Potts*, the author of four books, including the bestselling travel-philosophy primer *Vagabonding: An Uncommon Guide to the Art of Long-Term World Travel*

One startling detail about the ongoing coronavirus pandemic is that areas with concentrated outbreaks are called hot spots—which is exactly the same phrase the commercial travel industry has used to denote popular and fashionable destinations. This uncomfortable parallel reminds us that travel, in our globalized era, enabled the spread of the virus in a historically unprecedented way.

I doubt the desire to go to so-called hot spots or top-ten-list destinations will drive the next wave of travel.

For many people, travel is synonymous with vacations—and that's fine, but somehow I don't see vacationers as the model for post-pandemic travel. A constant source of travel headlines in recent years has been tourist overcrowding in places such as Venice and Bali, and I doubt the desire to go to so-called hot spots or top-ten-list destinations will drive the next wave of travel. It will be the desire simply to go, and to figure things out along the journey. Think road trip or backpacking adventure, not package tour.

No doubt the new world of travel will see a boom in domestic travel. Many will go by van or recreational vehicle—and that makes sense, given that one is a lot more self-contained when one travels that way. International travel will also return—and it will be pioneered not just by savvy backpackers and independent travelers going on their own pace and seeing how the journey plays out, but also by working-class folks around the world seeking out family back home, whether that's in Nigeria, Ecuador, or Poland.

We Will Keep Traveling Because Curiosity Cannot Be Expunged

By *Pico Iyer*, the author of 15 books that have been translated into 23 languages, most recently *Autumn Light* and *A Beginner's Guide to Japan*

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For all our good intentions, we are creatures of habit—and of increasingly diminished attention spans. And COVID-19 has reminded us how little we can confidently say about tomorrow, or even tonight. But my suspicion is that, for better and worse, we will be traveling—and living and making predictions—in June 2021 much as we did in June 2019.

For better and worse, we will be traveling in June 2021 much as we did in June 2019.

To some extent, we have to. I was obliged to take three flights in the middle of the pandemic, from Osaka to Santa Barbara, where my 88 year-old mother had just emerged from hospital. A few weeks earlier, I had to fly from Japan to California—for a day—for a public event to which I had long been contractually committed. It would be a blessing for the environment if we all traveled less. And anxiety about travel will be greater next season, and prices higher. But globalism, having spread from person to person for so long, cannot be reversed. Cultural curiosity cannot be expunged. My trips to North Korea have shown me what happens when people cannot get to see the world first-hand.

This article is part of Foreign Policy's ongoing series about the world after the COVID-19 pandemic. Other installments include:

How the Global Order Will Be Changed Forever by John Allen, Nicholas Burns, Laurie Garrett, Richard N. Haass, G. John Ikenberry, Kishore Mahbubani, Shivshankar Menon, Robin Niblett, Joseph S. Nye, Jr., Shannon K. O'Neil, Kori Schake, Stephen M. Walt

How the Economy Will Look After the Pandemic by Joseph E. Stiglitz, Robert J. Shiller, Gita Gopinath, Carmen M. Reinhart, Adam Posen, Eswar Prasad, Adam Tooze, Laura D'Andrea Tyson, Kishore Mahbubani

How Urban Life Will Be Transformed by Richard Florida, Edward Glaeser, Maimunah Mohd Sharif, Kiran Bedi, Thomas J. Campanella, Chan Heng Chee, Dan Doctoroff, Bruce Katz, Rebecca Katz, Joel Kotkin, Robert Muggah

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The Future of Government by James Crabtree, Robert D. Kaplan, Robert Muggah, Kumi Naidoo, Shannon K. O'Neil, Adam Posen, Kenneth Roth, Bruce Schneier, Stephen M. Walt, Alexandra Wrage

The Future of Entertainment, Culture, and Sports by Audrey Azoulay, Rahul Bhatia, Rick Cordella, Mark C. Hanson, Baltasar Kormakur, Jonathan Kuntz, David Clay Large, James S. Snyder

The Future of Schools and Universities by Arne Duncan, Andreas Schleicher, Mona Mourshed, Jennifer Nuzzo, Ludger Woessmann, Salvatore Babones, Davesh Kapur, Michael D. Smith, Dick Startz

Appendix C

HTA Weekly Senior Leaders Briefing 05-24-21

**DRAFT #1 HTA Staff Recommendation
Confidential - Not For Distribution**

Final Staff Recommendation Forthcoming

HTA Weekly Senior Leaders Briefing

Safe Travels Transpacific Screened Passengers

Totals by Airport May 16 - 22, 2021

Honolulu (HNL)	Kahului (OGG)	Kona (KOA)	Hilo (ITO)	Līhu'e (LIH)	Grand Total
93,419	48,931	21,428	505	13,299	177,582

Reason for Trip by Arrival Airport – Transpacific Screened Passengers

May 16-22	Honolulu (HNL)	Kahului (OGG)	Kona (KOA)	Hilo (ITO)	Līhu'e (LIH)	Grand Total
Airline Crew	4,186	1,944	845	8	514	7,497
Connecting Flight (Transit)	3,456	527	113	7	71	4,174
Corporate Meeting	142	50	78	0	19	289
Essential Worker	791	184	73	8	67	1,123
Honeymoon	307	342	72	0	78	799
Incentive Trip	24	32	21	0	1	78
Intended Resident	727	136	114	17	47	1,041
Military or Federal Government	1,632	16	8	3	24	1,683
Other	590	201	77	5	59	932
Other Business	740	254	174	7	89	1,264
Pleasure/Vacation	54,342	40,199	15,998	157	10,755	121,451
Returning Resident	13,259	2,157	1,626	180	587	17,809
Sports Event	41	1	1	0	1	44
To Attend School	93	3	7	0	1	104
To Get Married	117	104	15	0	29	265
Visiting Friends or Relatives	12,972	2,781	2,206	113	957	19,029
Grand Total	93,419	48,931	21,428	505	13,299	177,582

Passengers Registered as Residents	25,200	14.2%
Passengers Registered as Visitors	152,380	85.8%
Total Screened Passengers	177,580	100.0%

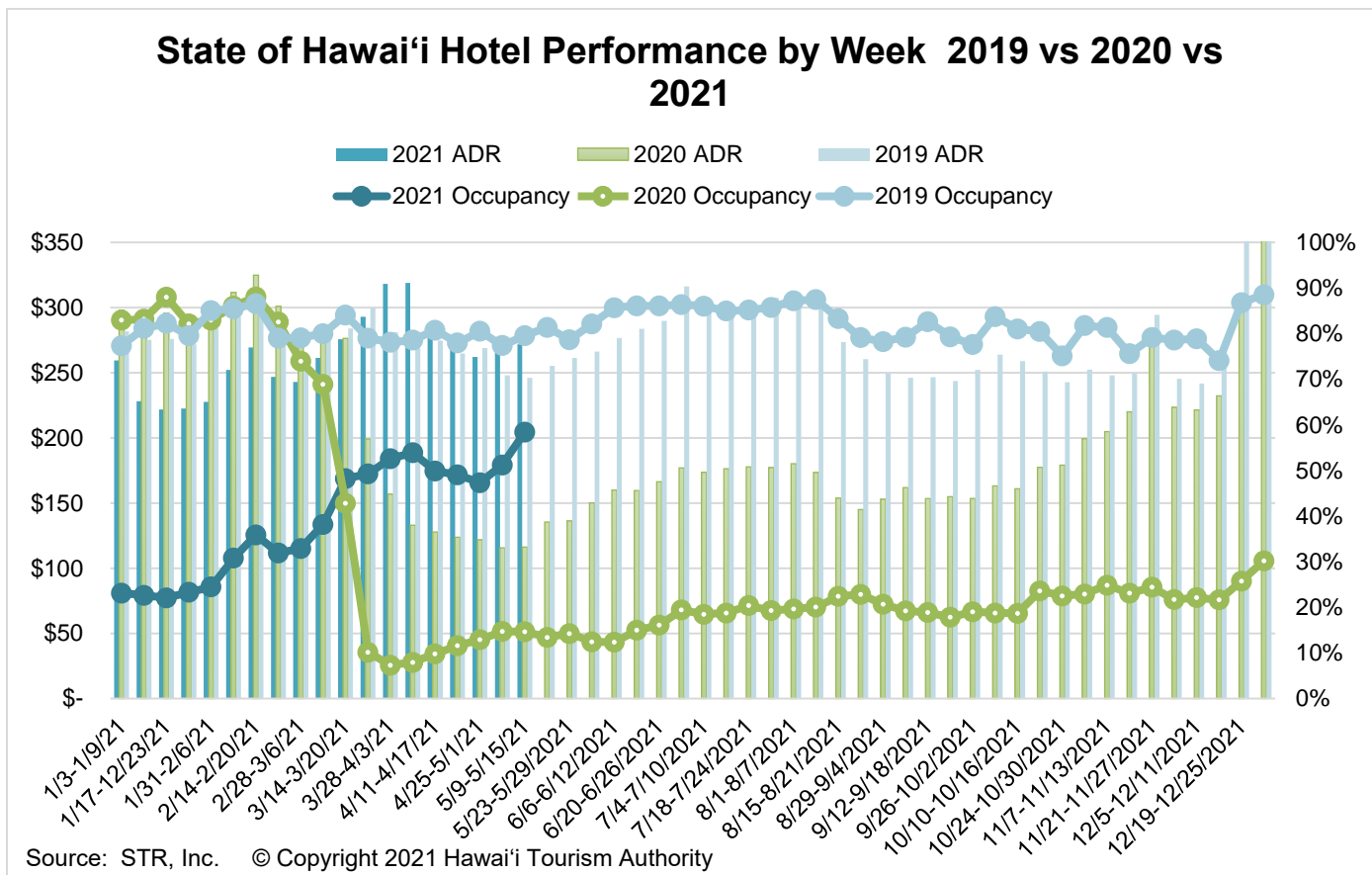
Source: Safe Travels program developed by the State of Hawaii Office of Enterprise Technology Services

Note: The data are preliminary and subject to change

Hawai'i Hotel Performance

For the Week of May 09, 2021 to May 15, 2021

	Occupancy	ADR	RevPAR
State of Hawai'i	58.4%	\$ 271.71	\$ 158.68
O'ahu	55.0%	\$ 188.94	\$ 103.97
Maui County	67.2%	\$ 413.60	\$ 277.87
Kaua'i	52.8%	\$ 264.43	\$ 139.72
Island of Hawai'i	59.7%	\$ 302.07	\$ 180.23



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Source: STR, Inc. © Copyright 2021 Hawai'i Tourism Authority

Note: Weekly hotel data are based on participating properties, which may vary from week to week. Also, fewer properties participate weekly compared to monthly.

Air Seats

May 2021: Scheduled Nonstop Seats to Hawai'i by Port Entry

	Total			Domestic			International		
	2021	2020	% CHANGE	2021	2020	% CHANGE	2021	2020	% CHANGE
STATE	867,086	96,229	801.1	845,358	84,945	895.2	21,728	11,284	92.6
HONOLULU	437,902	87,351	401.3	416,174	76,067	447.1	21,728	11,284	92.6
KAHULUI	259,224	3,474	7,361.8	259,224	3,474	7,361.8	0	0	NA
KONA	108,886	3,088	3,426.1	108,886	3,088	3,426.1	0	0	NA
HILO	2,158	0	NA	2,158	0	NA			
LIHU'E	58,916	2,316	2,443.9	58,916	2,316	2,443.9	0	0	NA

Source: HTA analysis based on scheduled flights from Diio Mi flight schedules as of May 19, 2021, subject to change

June 2021: Scheduled Nonstop Seats to Hawai'i by Port Entry

	Total			Domestic			International		
	2021	2020	% CHANGE	2021	2020	% CHANGE	2021	2020	% CHANGE
STATE	1,051,699	110,117	855.1	1,027,162	97,652	951.9	24,537	12,465	96.8
HONOLULU	524,577	93,522	460.9	500,040	81,057	516.9	24,537	12,465	96.8
KAHULUI	307,887	10,974	2,705.6	307,887	10,974	2,705.6	0	0	NA
KONA	126,530	3,281	3,756.4	126,530	3,281	3,756.4	0	0	NA
HILO	5,178	0	NA	5,178	0	NA			
LIHU'E	87,527	2,340	3,640.5	87,527	2,340	3,640.5	0	0	NA

Source: HTA analysis based on scheduled flights from Diio Mi flight schedules as of May 19, 2021, subject to change

July 2021: Scheduled Nonstop Seats to Hawai'i by Port Entry

	Total			Domestic			International		
	2021	2020	% CHANGE	2021	2020	% CHANGE	2021	2020	% CHANGE
STATE	1,182,930	160,313	637.9	1,142,179	148,102	671.2	40,751	12,211	233.7
HONOLULU	594,690	131,544	352.1	553,939	119,333	364.2	40,751	12,211	233.7
KAHULUI	343,021	18,461	1,758.1	343,021	18,461	1,758.1	0	0	-
KONA	139,115	7,528	1,748.0	139,115	7,528	1,748.0	0	0	-
HILO	5,549	0	NA	5,549	0	NA			
LIHU'E	100,555	2,780	3,517.1	100,555	2,780	3,517.1	0	0	NA

Source: HTA analysis based on scheduled flights from Diio Mi flight schedules as of May 19, 2021, subject to change

Destination Analysts COVID Tracker

Recent gasoline price inflation and shortages following the Colonial Pipeline cyber-attack have had a significant impact on the traveling community. Nearly one-third (30.9%) of travelers report being affected by the event. While the ultimate impact on the travel industry is unclear, some travelers (15.9%) say this volatility in the gasoline market has led them to reconsider or cancel upcoming travel plans.

- Recent gasoline price inflation and shortages following the Colonial Pipeline cyber-attack have had a significant impact on the traveling community. Nearly one-third (30.9%) of travelers report being affected by the event. While the ultimate impact on the travel industry is unclear, some travelers (15.9%) say this volatility in the gasoline market has led them to reconsider or cancel upcoming travel plans.
- **COVID concerns keep dropping as 58% of American travelers are now fully vaccinated:** American travelers' personal health concern levels about COVID again dropped to an all-time low, with nearly a third now relatively unconcerned about contracting the virus. Americans' expectation that the pandemic situation will improve in the U.S. in the next month reached a record 61.8%. Confidence in travel's safety continued to increase, and now just 34.7% are engaging in travel avoidance until the situation is more resolved—down over 20 percentage points in 3 months.
- **Yet travel prices and other economic concerns are on the rise:** Strong concerns about the national economy rose 3.5 percentage points in the last week to 76.9%. Americans' belief that travel prices will be low this summer has declined (31.5%), while disagreement that they will get low prices for travel is on the rise (41.6%). Americans vacationing over the

next 3 months anticipate they will spend \$1,720 on travel during this period.

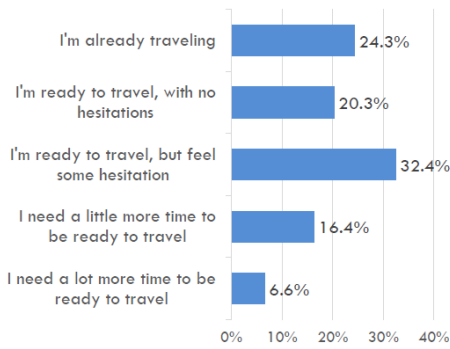
- **All eyes on gas prices:** Our ongoing decades-long research on American travelers has always shown a correlation between gas prices and travel sentiment. Recent gasoline price inflation and shortages following the Colonial Pipeline cyber-attack have had a significant impact on the traveling community. Nearly one-third (30.9%) of travelers report being affected by the event. While the ultimate impact on the travel industry is unclear, many travelers (15.9%) say this volatility in the gasoline market has led them to reconsider or cancel upcoming travel plans.
- **The majority of American travelers remain ready-to-travel and marketable:** Over 70% of American travelers say they are excited and open to new trips in the near-term, as well as highly desiring of travel inspiration. Our travel marketability predictive indices show that all segments have now reached the potentially marketable status. Search engines, email campaigns and social media remain the top channels that Americans say they would be most receptive to travel messaging in.
- **Americans continue to make trip plans:** Over 72% report doing some travel planning or dreaming in the last week. The months of July (32.6%) and August (31.6%) continue to see growth in the proportion of Americans expecting to take leisure trips during then. September and October also look strong for travel, with a quarter of Americans reporting they plan to get away in each of those months.
- **This summer definitely won't look like the last one, as Americans will engage in a wider range of trip-types:** While 46.3% of American travelers say they're planning low key close-to-home escapes, 40.7% also report that they will

be taking longer, more involved trips to interesting locations this summer. And 1-in-10 report they will be taking a bucket list trip.

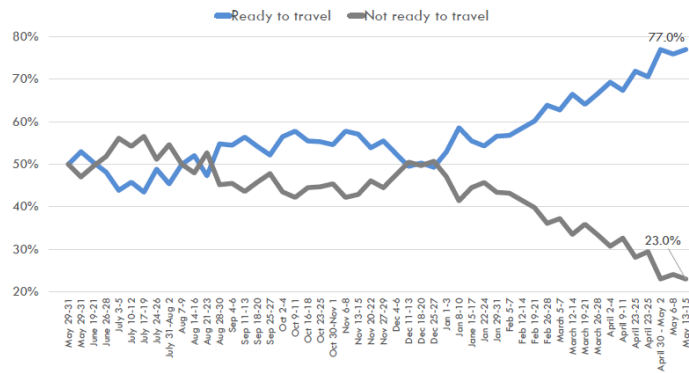
- Support of local tourism reaches pandemic record levels:** The proportion of American travelers that say they don't want tourists in their own communities reached a record low 37.5%, while 53.3% say they would be happy to see an ad promoting tourism to their community.

TRAVEL STATE-OF-MIND

Question: When it comes to getting back out and traveling again, which best describes your current state of mind? (Select one)



Historical data

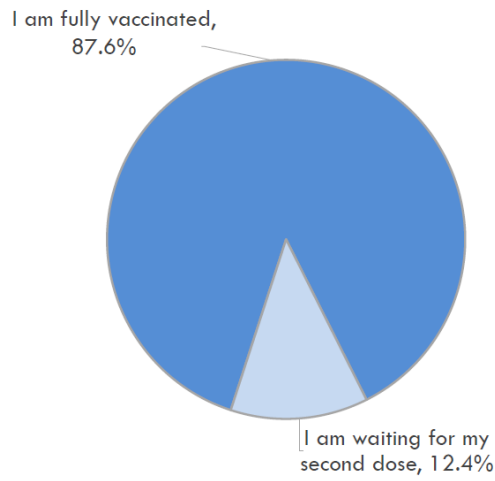


(Base: Waves 12-13 and 15-62. All respondents, 1,257, 1,214, 1,205, 1,231, 1,365, 1,213, 1,200, 1,206, 1,224, 1,201, 1,202, 1,207, 1,250, 1,225, 1,205, 1,200, 1,205, 1,203, 1,203, 1,204, 1,203, 1,203, 1,205, 1,206, 1,205, 1,205, 1,204, 1,206, 1,201, 1,207, 1,206, 1,225, 1,205, 1,206, 1,209, 1,209, 1,216, 1,210, 1,204, 1,209, 1,204, 1,208, 1,202, 1,206, 1,202, 1,210, 1,215, 1,206, 1,205 and 1,208 completed surveys.)

VACCINATION STATUS

Question: Are you now fully vaccinated or are you waiting for your second dose? (Select the one that describes you)

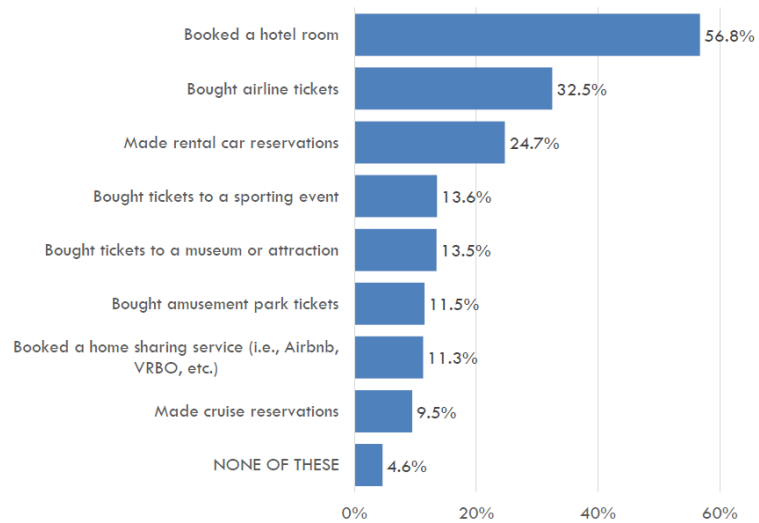
(Base: Wave 62 data. All respondents who have been vaccinated, 795 completed surveys. Data collected May 13-15, 2021)



TRAVEL RESERVATIONS MADE IN THE PAST WEEK

Question: Which of these travel reservations did you make this week? (Select all that apply)

(Base: Wave 62 data. Respondents who made travel reservations this week, 195 completed surveys. Data collected May 13-15, 2021)

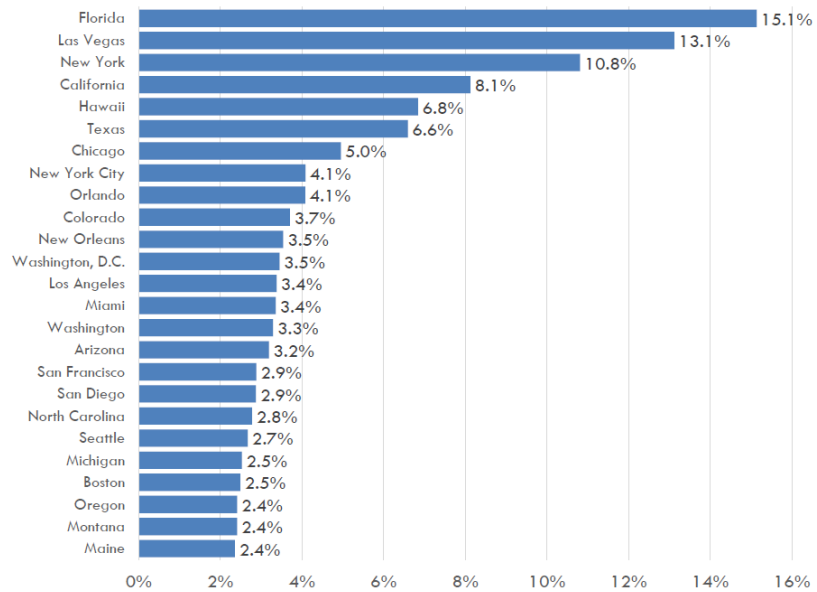


MOST DESIRED DOMESTIC DESTINATIONS

Question: Which domestic destinations do you most want to visit this upcoming year? (Write in up to five)

(Please only include destinations in the United States)

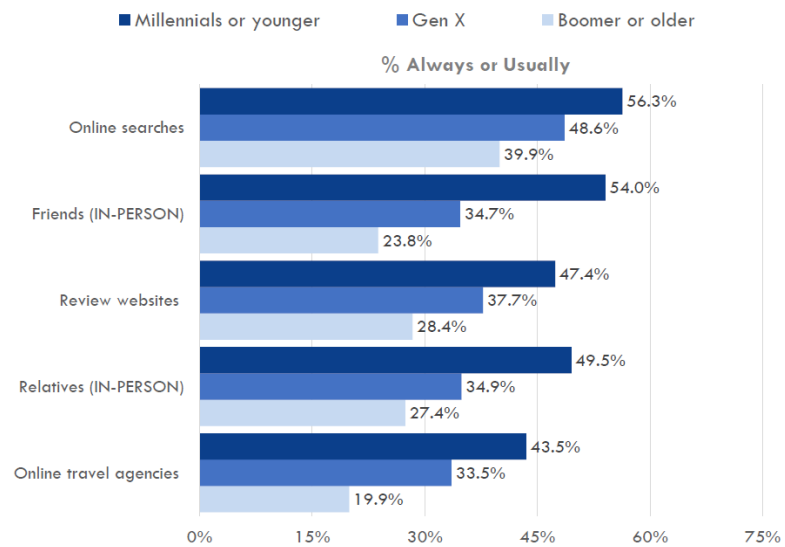
(Base: Waves 62 data. All respondents, 1,004 completed surveys. Data collected May 13-15, 2021)



TOP 5 TRAVEL PLANNING RESOURCES FREQUENTLY USED: BY GENERATION

Question: How frequently do you generally use the following to help plan your leisure trips?

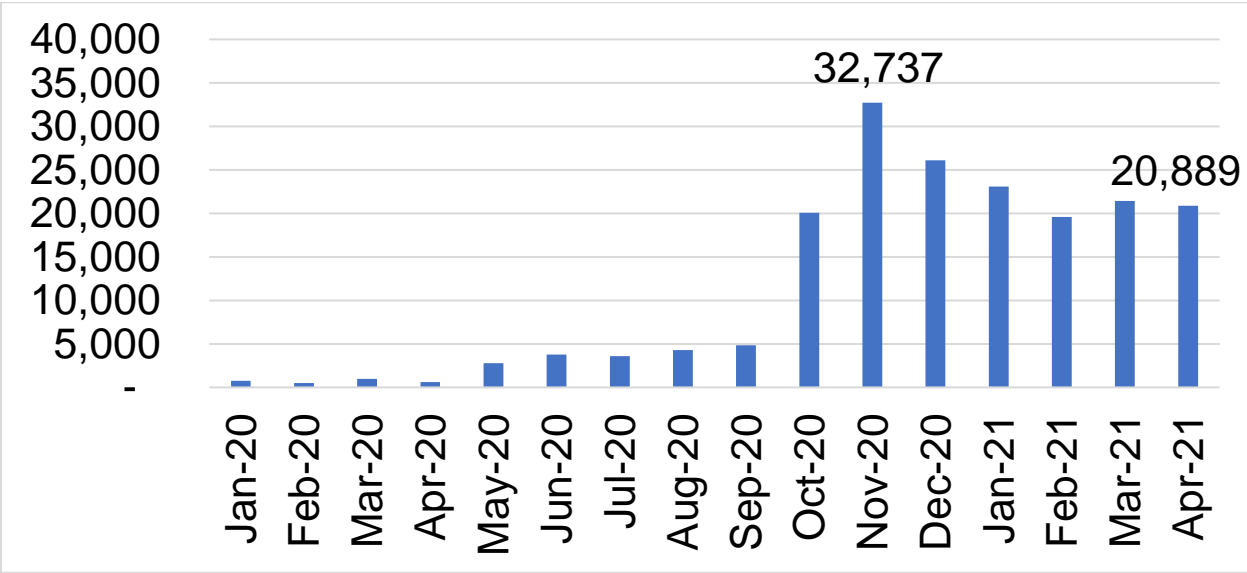
(Base: Wave 62 data. All respondents, 1,208 completed surveys. Data collected May 13-15, 2021)



Source: Destination Analysts COVID Tracker Wave 62 Client Version

1-800-GoHawaii Call Center Statistics

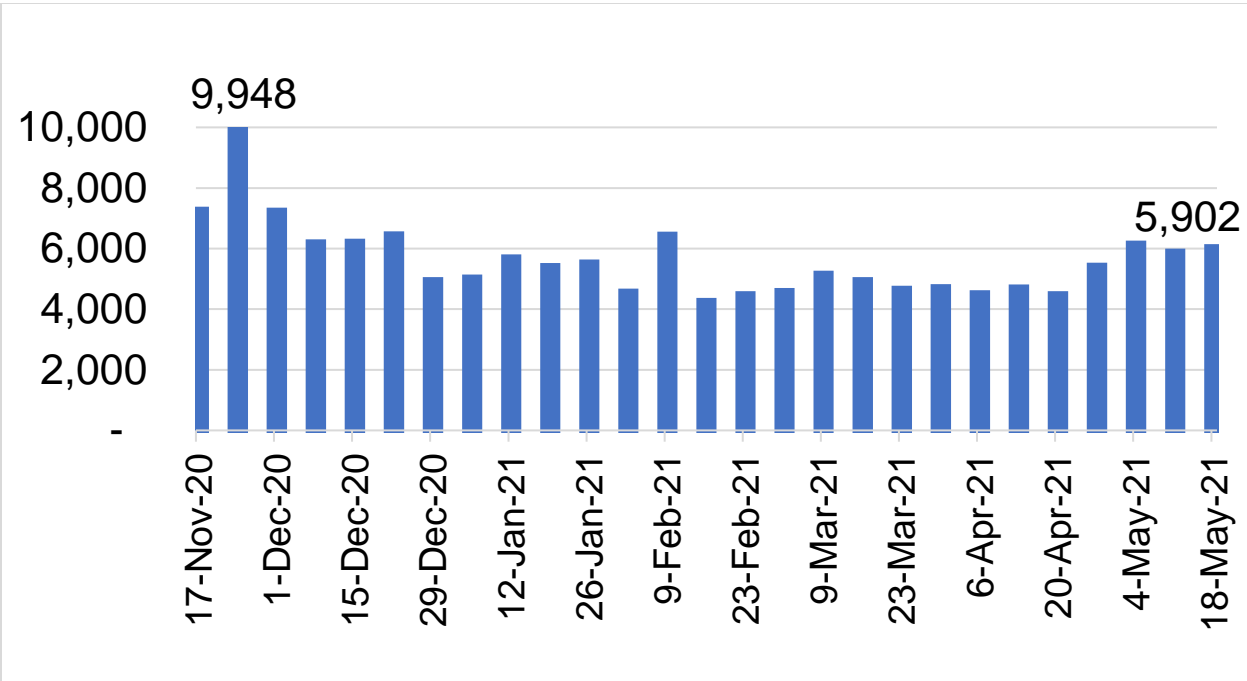
Monthly Call Volume



Source: HVCB

Note: Does not include calls routed to Safe Travels or 211 (discontinued)

Weekly Call Volume



Source: HVCB

Note: Does not include calls routed to Safe Travels or 211 (discontinued)

Hawai'i Hotel Forecast

	Occupancy			ADR		
	2019	2020	2021F	2019	2020	2021F
State of Hawai'i	80.8%	37.1%	47.1%	\$283.05	\$267.39	\$252.31
O'ahu	84.1%	39.0%	49.2%	\$240.92	\$215.57	\$193.89
Maui County	77.7%	33.9%	45.9%	\$401.10	\$414.26	\$370.14
Kaua'i	72.8%	33.0%	43.2%	\$282.67	\$261.98	\$222.18
Hawai'i Island	77.0%	38.0%	47.9%	\$265.44	\$254.27	\$241.81

Source: STR, Inc., as of February 9, 2021

Visitor Arrival Forecast

(thousands)	2019	2020	2021F	2022F	2023F	2024F
DBEDT	10,386	2,716	5,510	8,282	9,210	9,837
UHERO	10,386	2,716	6,407	8,800	9,149	9,228

Source: DBEDT as of Q1 2021, UHERO as of Q2 2021

Transient Accommodation Tax Estimates

(thousands of dollars)

FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
600,309	560,624	184,517	371,731	473,969	534,117

Source: Council on Revenues, March 8, 2021

Appendix D

Staff Recommendations for Programs to be Encumbered

**DRAFT #1 HTA Staff Recommendation
Confidential - Not For Distribution**

Final Staff Recommendation Forthcoming

Program	Pillar	Encumbrance Amount	Description	Contractor/Vendor	
Statewide Reservation System	Natural Resources	1,500,000	Support for project implementation in partnership with the DLNR to plan, design and implement a comprehensive statewide reservation system at state parks and trails.	DLNR	Kalani
Community Enrichment Program (CEP)	Community	2,000,000	Program to support the development of projects and events in CY 2022 in the following areas: Agritourism, cultural tourism, nature tourism, edutourism, community sports, health and wellness, and voluntourism.	HVCB - Island Chapters	Caroline
Community-Based Tourism - Destination Management Action Plans (DMAPs)	Community	2,450,000	Implementation of O'ahu, Kaua'i, Maui Nui, and Hawai'i Island's Destination Management Action Plans.	HVCB - Island Chapters	Caroline
Statewide Kāheha Program (Airports & Harbors)	Hawaiian Culture	1,000,000	Continue to create a sense of place through programs that highlight the host culture at Hawai'i airports. This is accomplished through incorporation of the Hawaiian language, Hawaiian cultural content, greeting programs that share Hawaiian music and hula at the entry and exit points to the State, and other educational programs to enhance the pre- and post-arrival experience for visitors. Continued work on providing Hawaiian language greeting, signage, arrival information, and increased safety information. Also support for a pilot program of enhanced VIP ambassadors who can educate visitors of local COVID protocols.	DOT Airports	Kalani
Hawaiian Culture Initiative- NaHHA	Hawaiian Culture	445,000	In accordance with HRS 201B, HTA's Strategic Plan and collective ambition to integrate authentic cultural practices into the visitor industry to perpetuate Hawaii's unique cultural heritage. Programs supported under this area will provide structural change in the Industry to increase the authenticity and frequency of Hawaiian culture in the visitor industry. These programs will also help to bridge the visitor industry and the Hawaiian community. Examples of programs are the Native Hawaiian Hospitality Association, Hawaiian Language projects, support for various community and other state agency projects that support the continued integration of Hawaiian culture and the visitor industry and other similar programs.	Native Hawaiian Hospitality Association	Kalani
Sustainable Tourism Association of Hawaii	Natural Resources	50,000	Support for Sustainable Tourism certification for attractions and other visitor industry products that have an environmental impact on Hawai'i.	Sustainable Tourism Association of Haw	Kalani
Community Outreach and Public Relations	All	200,000	The money would be used to contract a videographer/ photographer/editor to create a new video for HTA, along with video testimonials for the DMAPs, social media videos, etc., along with a media outlet(s) to help promote tourism's benefits.	RFPs	Marisa
Pop-Up Mākeke	Hawaiian Culture	100,000	Support for the Pop-Up Mākeke is a centralized online marketplace supporting Hawai'i small businesses. We are excited to announce Pop-Up Mākeke is set to launch on June 1st and will be the exclusive marketplace for official Merrie Monarch artisan vendors. We also plan to showcase several artisans on our shopping channel-like television show expected to air in July.	Native Hawaiian Hospitality Association	Kalani
Hawaiian Music Initiative	Hawaiian Culture	250,000	Initial funding for the the implementation of an online digital music and culture showcase for Hawaiian music, hula and history. The program will be recorded and broadcast digitally and feature supporting channels like a website, podcast, etc.	Native Hawaiian Hospitality Association	Kalani
Hawaiian Language Program	Hawaiian Culture	100,000	Programs that work towards revitalizing and normalizing Hawaiian Language as a foundation of the Hawaiian culture which draws visitors to Hawai'i.	Native Hawaiian Hospitality Association	Kalani
Waikiki Ambassador Program	Hawaiian Culture	500,000	Support for a pilot project to increase the number of Aloha Ambassadors serving in the Waikiki Resort area in response to the forecasted increase in the summer surge. The ambassadors would serve in three main capacities (Clean, Safety, Aloha).	WBID	Kalani

Program	Pillar	Encumbrance Amount	Description	Contractor/Vendor	
Kūkulu Ola	Hawaiian Culture	1,750,000	Support for community-initiated projects that preserve the Native Hawaiian culture into the future. Funding will be awarded through an RFP process to support community projects that align with the HTA Strategic Plan to support long term cultural preservation efforts that enhance, strengthen and perpetuate Hawaiian culture.	Native Hawaiian Hospitality Association	Kalani
Aloha 'Āina	Natural Resources	1,750,000	Support for community-initiated programs to manage, improve and protect Hawai'i's natural environment. Funding will be awarded through an RFP process to support community projects that align with the HTA Strategic Plan and island DMAP actions to address impacts on natural resources.	Native Hawaiian Hospitality Association	Kalani

12,095,000

Convention Center Enterprise Special Fund

Payroll		500,000	Payroll for HTA staff	DAGS / B&F	Marc
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