



Yet to be approved

**MARKETING STANDING COMMITTEE MEETING**

**HAWAII TOURISM AUTHORITY**

**Wednesday, November 13, 2019**

**Hawaii Convention Center**

**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF MARKETING STANDING COMMITTEE MEETING**

**COMMITTEE MEMBERS PRESENT:**

Kelly Sanders (Chair), Fred Atkins, George Kam, Sherry Menor-McNamara, Kyoko Kimura

**HTA BOARD MEMBERS PRESENT:**

Richard Fried

**HTA STAFF PRESENT:**

Chris Tatum, Keith Regan, Ronald Rodriguez, Caroline Anderson, Laci Goshi, Jennifer Chun, Isabella Dance, Marisa Yamane, Jadie Goo, Chris Sadayasu, Minami Aoki, Anda Garel

**GUESTS:**

John Monahan, Jay Talwar, Mary Neister, Eric Takahata, Mitsue Varley, Liz You, Sammie Hong, Caitlin Cho, Kelvin Ong, Dan Darby, Yu Qi Chong, Dennis Suo, Alexander Wong, Yue Zhang, Molly Jou, Reene Ho-Phang, Susan Webb, Lorenzo Campos, Giselle Radulovic, Charis Ricafuente, Darragh Walshe, Holly Jordan, Niamh Wash, Sue Kanoho, Noelani Schilling-Wheeler, Randy Parker, Ross Birch, Teri Orton, Erin Khan, Representative Richard Onishi

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order**

Marketing Committee Member George Kam called the meeting to order at 11:08 a.m.

**2. Approval of Minutes from the August 21, 2019 HTA Marketing Standing Committee Meeting.**

The Committee took no action on the Minutes from the August 21, 2019 Marketing Standing

Committee Meeting.

### **3. Presentation of the Global Marketing Team's 2020 Brand Management Plans, Including Market Conditions, Travel Trends, Target Audience, Consumer Strategy, Trade Strategy, MCI, and Responsible Tourism**

The Committee heard presentations from its global marketing teams. Each presentation included information on respective market conditions, travel trends, target audience, consumer strategy, trade strategy, MCI, and responsible tourism. Details of the teams' brand management plans were contained in the Committee Packet. First, Laci Goshi introduced John Monahan, CEO of Hawai'i Visitor and Conventions Bureau. Mr. Monahan recognized HVCB CEO Tom Mullen and the executive directors of the island chapters. HVCB's Jay Talwar gave the presentation on the U.S. market.

#### **a. Canada**

Laci Goshi then introduced Susan Webb, President of VoX International, to give a presentation on Hawai'i Tourism Canada. Ms. Webb introduced the new brand manager for Canada, Lorenzo Campos, and gave a presentation on Hawai'i Tourism Canada's 2020 brand management plan. Ms. Webb explained that the target audience in Canada are "zoomers," baby boomers with zip. Ms. Webb also discussed millennials and differentiating messaging for different segments of millennials.

#### **b. Oceania**

Chris Sadayasu, brand manager for Oceania, introduced Giselle Radulovic, Darragh Walshe and Charis Ricafuente of Hawai'i Tourism Oceania to give their presentation on Hawai'i Tourism Oceania's 2020 brand management plan. Mr. Walshe discussed market conditions and explained that the exchange rate between U.S. and Australian currency has hit a ten-year low, which effects affordability. He also noted that there has been a small drop in airlift. Ms. Radulovic discussed Hawai'i Tourism Oceania's target audience, which are couples, multigenerational families, and high-value travelers. Ms. Radulovic further explained that they are planning to have two major broadcasting events per year, and they recently hosted a campaign in partnership with Expedia which highlighted the character of each individual island. Next year, they plan to partner with non-tourist industry brands like Billabong and Fitness First to target experiential travelers. Ms. Ricafuente discussed Hawai'i Tourism Oceania's trade strategy and explained that travel trade continues to have a significant impact on the decision-making process, so they are providing trade support and ongoing training.

#### **c. Europe**

Ms. Goshi introduced Niamh Walsh and Holly Jordan to discuss the Europe market. Their main focus is on the UK and Germany. Ms. Walsh said that Europe is experiencing a period of uncertainty due to Brexit. However, unemployment and interest rates are low, and GDP is

increasing, so this has a positive effect on plans to travel. Based on their research, most UK travelers do not believe that Brexit will impact their travel. The outlook for outbound Europe is strong. Europe is the largest tourism source market, and it continues to grow. Of the top five spending traveler countries, three of the top five are European.

Ms. Walsh discussed the surge in interest in sustainable travel and traveling with a greater sense of purpose. Travelers want a sense of connection rather than just being observers. They are seeking transformative travel experience and give back to the communities they are traveling in. Europe is a desirable target audience because they have on average 5 weeks of annual vacation and can spend more time traveling. The specific targets are high value travelers and millennials, who plan to travel more and spend more on their trips. Ms. Walsh introduced Ms. Jordan to discuss the consumer strategy. Their approach is focused on inspiring travelers to travel and educating them on the uniqueness of each island. They are also focused on wellness travel. Their mission for 2020 is to lift the Hawaiian Islands out of the sea of sameness, so the core message is highlighting the individuality of each island through the theme of the aloha spirit. They will also be doing an integrated partnership with Just Breathe, a mindfulness media community. The purpose of partnering is to building authenticity. She noted that many Europeans, including high value travelers, still use traditional travel agents. The team's goal is to elevate awareness of the Hawai'i brand, increase expenditure and length of stay, and increase tourism contributions to the economy.

Ms. Kimura noted that there had been an increase in flights to Hawai'i from the U.S. mainland and Canada, and asked whether there was a proportional increase to neighbor islands. Ms. Webb responded that there were increased flights statewide. Ms. Kimura asked about Oceania's strategy to send more visitors to neighbor islands and how they would overcome the challenge of not having direct flights to neighbor islands. Mr. Walshe responded that sending visitors to neighbor islands is a challenge but that the increased number of flights from Southwest Airlines creates an opportunity. He added that about 25% of the market visit a neighbor island as part of their itinerary, especially as the average visit is 9 days. Mr. Talwar noted that 80% of the paid budget goes towards neighbor islands and only 20% goes towards O'ahu.

Mr. Atkins noted that Mr. Talwar said that Mexico is trending downward, and whether that was effecting Hawai'i. Mr. Talwar responded that Mexico is not a direct competitor of Hawai'i, and that travel time and costs can sometimes be higher for travel to Mexico than Hawai'i. Mr. Atkins also asked about the impact of investing in marketing in New York. Mr. Talwar responded that they have surveyed the impact of their communication plan and it has shown greater awareness in New York than in any other market, but that it will take time for this to develop into arrivals. He added that there is an opportunity in New York to grow the market and amplify the message across the country.

Ms. Kimura asked about HVCB's account for Hawai'i Convention Center (HCC) marketing. Mr. Talwar said that they are on the cusp of making that change. Mr. Monahan elaborated that they were developing the plan and updated the Board at the last meeting. They are in the

process of developing a city-wide sale strategy. The single-property element is a role that will expand on January 1, 2020.

Mr. Atkins noted that Mr. Talwar said that Mexico is trending downward and asked whether that had an effect on Hawai'i. Mr. Talwar said that Mexico is not direct competition with Hawai'i and that travel time and cost can actually be more to Mexico under some circumstances. It is important to continue highlighting uniqueness. Mr. Atkins asked about the impact of investing in New York. Mr. Talwar responded that they have surveyed how well the communication plan is working at changing perception. So far, the data has shown greater awareness in the NY market more than any other market in the country. That will take time to develop into arrivals. This is the end of the third year of the program but they are working with an agency for a 2020 plan. There is an opportunity to grow the market in there and amplify the message across the country. Ms. Kimura asked HVCB asked whether there are different accounts for MCI in the US. Mr. Monahan said they are developing the plan for citywide strategy. Their role for single-property management will expand next year.

At 12:35 p.m., Chair Sanders called a break in the meeting for lunch. Chair Sanders resumed the meeting at 12:57 p.m.

#### **d. Southeast Asia**

Jadie Goo introduced Kelvin Ong and Dan Darby to discuss Hawai'i Tourism Southeast Asia, which targets Malaysia, Singapore, and Thailand. He noted that this region is marked by an increase in middle income, their digital savvy, and increased usage of online travel agents. Mr. Ong stated that generally, even though only Singapore has the visa-waiver program, most visa applications are approved and Malaysia has a 98% approval rate. He also discussed the increase growth of outbound travel from these countries. Airlift accessibility is one of the most crucial factors as it is one of the only regions without direct flights.

Mr. Ong discussed travel trends. He explained that this region is extremely digitally savvy, but newspapers and the radio remain important sources of information. Newspapers are considered more reliable, and this region is known for its traffic congestion so radio is still commonly used. Southeast Asia has the second largest Halal travel population in the world, so they often look for Muslim-friendly destinations. They also have a young population that are looking for "Instagrammable" destinations.

Mr. Ong introduced Mr. Darby to discuss the consumer strategy for 2020. Mr. Darby said that the core branding message for 2020 is "Discovering Aloha". Due to the heavy emphasis on digital marketing, they will also be investing in analyzing the data. Some of the major campaigns include "Hawai'i Community Luau," "Aloha Facebook ChatBot," "SEA GoPro x Influencer Program," and "#DiscoverAloha Digital Campaign". They will work with the local MCI team and focus on incentives for long-haul destination seekers.

#### **e. Taiwan**

Jadie introduced Molly Jou, the account director for Hawai'i Tourism Taiwan. Ms. Jou began with a discussion on the market conditions. Taiwan has a population of 23 million, the same as Australia. Taiwan does not require a visa to visit the U.S. She noted that there has been intense competition from Europe. There is also an election scheduled for January 2020, which may lead to a period of political uncertainty.

Ms. Jou explained that affluent millennials have been behind the increase in outbound travel. Their interests are diverse and they are attracted to unique activities. Family travel is also a popular activity among Taiwanese. Filial piety is a strong virtue in Taiwanese culture so families often travel together. There is also opportunity for Hawai'i as an LGBTQ wedding and honeymoon destination, as Taiwan is the first country in Asia to legalize same-sex marriage. She explained that the core brand message going into 2020 is "Sanctuary of Aloha".

#### **f. China**

Ms. Goo introduced Dennis Suo, of Hawai'i Tourism China. Mr. Suo discussed consumer trends, particularly that destinations should rethink their view of Chinese outbound travelers as there are many misconceptions about Chinese visitors. Mr. Suo also discussed B2C2B Strategy, and integrating content marketing with the platforms that Chinese people use, like WeChat.

#### **g. Korea**

Minami Aoki introduced Liz You to discuss Hawai'i Tourism Korea. Ms. You noted that market conditions have been affected by a chill in inter-Korea relations, and a trade war between South Korea and Japan. She said that Korean travelers want to connect with a destination on an emotional level. The first campaign she discussed is "Find Hawai'i, Get Inspired," travel based on the experience of other cultures, and the core message is that the travel experience will transform one's life.

#### **h. Japan**

Ms. Aoki introduced Eric Takahata to discuss Hawai'i Tourism Japan (HT Japan). Mr. Takahata recognized Mitsui Varley, who is the country manager working out of the Japan office. Mr. Takahata stated that some of the issues that are affecting the Japan market include the US-China trade war and escalating tensions between Japan and South Korea. Japan outbound travel instability is being affected by an increase in the consumption tax, declining population, desire to save, the appeal of closer destinations, and natural disasters. The past two years have been very difficult for Japan due to a series of natural disasters, especially typhoons and earthquakes. Currently, Hawai'i is capturing about 8% of Japan's 11.2 million individuals that travel outbound. 16 new international slots have opened at Haneda Airport, and Mr. Takahata said that it is anticipated that three to five of those slots will be for Hawai'i. Narita and Haneda comprise 70% of the market.

Mr. Takahata echoed the sentiment of the other presenters in his discussion on the importance of digital media. He also discussed the rise of environmental stewardship messaging and noted

that competing destinations are rebounding, including Europe, Thailand, Vietnam, and Guam.

HT Japan's target audience include high value travelers, romantic couples, experience seekers and millennials, and multi-generational families. Most of the visitors come from the Kanto and Kansai regions. Mr. Takahata noted that Japan and Hawai'i have a rich cultural alignment, and they are working on integrating that into the messaging. With the advent of the 2020 Olympics, HT Japan will also work on capitalizing on surfing to promote Hawai'i. Mr. Takahata also discussed the Aloha Program, HTJ's hallmark education platform promoting Hawai'i and its history, culture, and community. He further explained that their MCI strategy is to position Hawai'i as the closest US destination with consistent airlift and abundant accommodation options.

Ms. Kimura asked the representatives from Asia regional representatives how they were going to go after first-time visitors. On behalf of HT Japan, Ms. Varley said that there is going to be a new airbus flight and airlines are focusing on regional city promotions for feeder cities. The Kanto area around Tokyo is anticipated to increase because wholesalers, hoteliers, and airlines are focusing on dynamic packaging and direct flights. Wholesalers are focusing on Kyushu, Kugokushi area. She noted that HIS is preparing their 40<sup>th</sup> anniversary. ANA is also putting resources into this market, as well as credit card companies because Hawai'i is the top destination where Japanese visitors use their credit cards. They are collaborating with different corporations that are putting efforts and resources in their Hawai'i campaigns. Mr. Takahata added that the millennial market and secondary city markets have the biggest potential, especially in light of charter flights that will be offering direct access.

On behalf of HT China, Mr. Suo noted that most Chinese are first-timers, but the most important step is to drive demand. He said that Hawai'i can stand out by emphasizing culture and natural beauty.

On behalf of HT Taiwan, Ms. Jou responded that they will be leveraging affordable airfares, and that there are a large number of air carriers that fly to Japan either directly or through connections through Korea and Japan. She added that they will be focusing on encouraging visitors to disperse and visit other islands. They are also using a multi-dimensional approach, including social and traditional media.

For HT Southeast Asia, Mr. Ong stated that Southeast Asia has been an untapped market for the past several years and 90% of visitors are first-time visitors. They are investing multi-channel marketing and focusing on trade and MCI, because more companies are choosing long haul destinations for their events.

Ms. You, from HT Korea, said that 70% of visitors are first-time visitors. They will work on targeting secondary cities by working with tour operators who are on the front line. She added that in their market they will be utilizing Korean celebrities to influence first-time travelers, including appearances on nationwide television.

Chair Sanders questioned whether the increased slots at Haneda airport would have a

significant effect. Ms. Varley said that Kansai will stay about the same but there will likely be a greater effect from Nagoya, where flight load has been around 90%. Because of the increased flights to Haneda, there will be more of a focus on the Kanto area. Delta will move to Haneda but JAL and ANA will stay at Narita. Mr. Takahata added that there had been a focus on Kansai several of years ago but that was too much lift at the time, so there was to an adjustment when Scoot and Delta pulled out because. He noted that now the market is focused on the Kanto/Tokyo area and he believes that will be successful.

Chair Sanders asked whether there were strategy considerations around the Olympics. Mr. Takahata responded that initially they feared that during those weeks there might be a drop-off in visitors, however all the airlines and wholesalers said that while there may be a drop-off during those two weeks, visitors are likely to rearrange there travel to other times. There may be a slight decrease during that two-week period but they will rebound during other periods.

Ms. Menor-McNamara left the meeting at 2:50 p.m. and the Committee no longer had quorum. Counsel Kinkley noted that the Committee could continue questioning the presenters, but the Board could not make any decisions.

Chair Sanders asked Ms. You about clarification on the timing of the Taiwan national elections.

Ms. Kimura asked about the outlook regarding airport pre-clearance for Taiwan and Japan. Ms. You and Mr. Takahata said that there has always been a positive outlook but ultimately it will be up to Washington D.C. to decide. Ireland and Abu Dhabi already have preclearance. Mr. Takahata said that we are close but there is still a question as to how close.

#### **4. Adjournment**

The meeting ended at 2:54pm.

Respectfully submitted:

  
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Janjeera S. Hail  
Recorder