



Hawai'i Convention Center
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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, 30 Ianuali 2020, 9:30 a.m.
Thursday, January 30, 2020 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 December 19, 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 December 2019:
 - Major Market Management including Destination Marketing Management Services, Global Meetings, Conventions and Incentives (MCI) Program Management Services, Responsible Tourism, Workforce Development
5. ***Hō'ike No Ke Kāko'o I Ka Ho'olaule'a No'eau A Mo'omeheu Pākīpika 13***
Presentation on Support for the 13th Festival of Pacific Arts & Culture



6. *‘Āpono I Ka ‘Ōlelo Ho‘oholo 2020-1-1*
Requesting Board Approval for Resolution No. 2020-1-1 Authorizing the Transfer of an Unencumbered Appropriation Within the Sports Main Budget Category to the Perpetuating Hawaiian Culture Main Budget Category Fiscal Year 2020 Budget in Support of the 13th Festival of Pacific Arts & Culture
7. *Hō‘ike No Ke Kāko‘o I Ka Ho‘omana‘o 75 O Ka Pau ‘Ana O Ke Kaua Honua II*
Presentation on Support for the 75th Commemoration of the End of World War II
8. *‘Āpono I Ka ‘Ōlelo Ho‘oholo 2020-1-2*
Requesting Board Approval for Resolution No. 2020-1-2 Authorizing the Transfer of an Encumbered Appropriation Balance Within the Sports Main Category to the Community Main Category, Fiscal Year 2020 Budget in support of the 75th Commemoration of the End of World War II
9. *Hō‘ike ‘Ikepili Noi‘i ‘Oihana Ho‘omāka‘ika‘i*
Presentation and Discussion of Current Market Insights and Conditions in Hawai‘i and Key Major Hawai‘i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise
10. *Hō‘ike, Kūkākūkā A Ho‘oholo No Nā Mo‘okālā*
Presentation, Discussion and Action on HTA’s Financial Reports for December 2019
11. *Hō‘ike No Ka Papahana Ho‘oponopono*
Update on the Status of the 2018 Audit Action Plan
12. *Hō‘ike No Ke Kau ‘Aha‘ōlelo 2020*
Update Relating to the 2020 Legislative Session and Related Bills Relevant to HTA
13. *Hō‘ike A ‘Āpono I Ke Kulekele #500-01*
Presentation and Approval of the Updated Emergency Operations Plan Policy #500-01
14. *Hō‘ike, Kūkākūkā a ‘Āpono I Ka Papahana Hō‘okele 2020-2025*
Presentation, Discussion and Approval of the Hawaii Tourism Authority 5-year Strategic Plan 2020-2025
15. *Hō‘ike A Ke Kōmike Hokona Kūmau No Ke Kūkākūkā A Ho‘oholo*
Report of the Marketing Standing Committee with the Committee’s Recommendations to Support Various Marketing Proposals, for Discussion and Action by the Board



16. *Hō'ike a AEG me HVCB No Nā Hanana Kikowaena Hālāwai O Hawai'i*
Presentation by AEG and HVCB Regarding an Update of the Hawai'i Convention Center
Recent Operational Activities and Sales Initiatives

17. *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
December 19, 2019 Board Meeting



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, December 19, 2019
Hawaii Convention Center
1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), David Arakawa, Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Benjamin Rafter, Kelly Sanders, and Kimi Yuen

MEMBER NOT PRESENT:

Micah Alameda and Sherry Menor-McNamara

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Marc Togashi, Pattie Herman, Marisa Yamane, Jadie Goo, Jennifer Chun, Caroline Anderson, Carole Hagihara, Chris Sadayasu, Joseph Patoskie, Minami Aoki, Laci Goshi, Lawrence Liu, Anda Garell, Chael Kekona, Leslie Centeno, Ronald Rodriguez, Talon Kishi, Maile Carvalho, Cynthia Morita, Maka Casson-Fisher, and Minh Chau Chun

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, Eric Takahata, John Monahan, Mufi Hannemann, Erin Kahn, Nathan Kam, Teri Orton, Noelle Liew, Lee Conching, Christine Ulandez, Brandon Eskew, John DeFries, Donn Nakamura, Alexander Wong, Frank Haas, Jay Talwar, Allison Schaefer, Mitsue Varley, Dennis Suo, and John Knox

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

HTA Board Chair Rick Fried called the meeting to order at 9:33 a.m. Kalani Ka'anā'anā introduced Maka Casson-Fisher, who gave a chant to open the meeting. Mr. Casson-Fisher shared the story of Princess Bernice Pauahi Bishop, who was born on this day many years ago.

This day was also Kalani Ka'anā'anā's birthday. Mr. Casson-Fisher encouraged the room to celebrate by singing happy birthday to Mr. Ka'anā'anā, who thanked everyone present for all of their support and introduced new HTA staff members Chael Kekona and Mr. Casson-Fisher, who started with the organization in December 2019.

2. Approval of Minutes of the November 21, 2019 Board Meeting

Chair Fried moved to approve the November Board meeting minutes. Benjamin Rafter seconded the motion, which was unanimously approved.

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 whether there were any permitted interactions to report. Fred Atkins noted that he requested a presentation for the Board since the Audit committee meeting could not be held. HTA's staff informed him that the auditors would present at the next Board meeting (today). Chair Fried then discussed an environmentally friendly housekeeping matter – HTA's use of recyclable containers and elimination of single use water bottles at the meeting.

4. Report Relating to Staff's Implementation of HTA's Programs During November 2019

Chair Fried next recognized and commended HTA's new direction under the leadership of CEO Chris Tatum and his staff. Chair Fried noted that HTA has been holding and supporting more events focused on residents. The organization is bringing events in-house and doing more resident-focused programming. He anticipates increased resident sentiment on Oahu at least, because of the vacation rental bill, which will likely make a difference and help increase visitor spend. Planning ahead to find accommodations will only become more important now. Chair Fried further mentioned that destinations around the world are increasingly charging for experiences. It may benefit our State to consider which sights may have a potential to increase visitor spend. Funds collected from those sights can be used to help keep them pristine, as in other countries. Mr. Atkins echoed those comments and commended Chair Fried for his leadership on the Board. Chair Fried then thanked Mr. Atkins for his comments and welcomed Sen. Glenn Wakai and Rep. Richard Onishi to the meeting.

Mr. Tatum reported that HTA was working with the World Surf League (WSL) in preparation for surfing's place in the upcoming Olympics. He thanked Sen. Wakai for bringing HTA and the WSL together and noted that it was important to position HTA well going forward. Mr. Tatum also noted that HTA was working with UH to co-sponsor a men's volleyball event. He also stated that he would be heading to Japan to speak with Shidler School of Business alums and provide updates. Mr. Tatum thanked the Board for all of their support, as well as Sen. Wakai and Rep. Onishi for supporting him at the Legislature, and commended the HTA team for their focus on accountability and transparency and investment in their work. Mr. Tatum highlighted a milestone for transparency – the Board did not have one executive session this year. The State and its residents should be able to see what the organization is doing. Mr. Tatum also publicly

thanked his wife for letting him go from retirement into this job. There may be some truth to her joking that he does not understand retirement. Chair Fried next jumped to items 7 and 8 on the agenda so the auditors could present their report, since the Audit committee meeting was not held.

After discussion of items 7 and 8 below, the meeting was recessed, and discussions resumed at item 5.

5. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise

Jennifer Chun presented on this item, as Mr. Tatum had asked her to provide information about lodging tax rates in other jurisdictions. The latest Marketing Insights report includes comparative tax rates with other US states. Not much information is available online regarding lodging tax rates from other jurisdictions, but some information is available on the Caribbean and Mexico. The lodging report in the packet shows that Hawai'i's occupancy rate for November was 78.8% and the year-to-date daily spend per visitor was about \$194.80, slightly down from a forecast of \$197.30. Chair Fried noted that Hawai'i has the highest lodging tax in the US based on gross rate. However, compared to other international destinations, such as the Caribbean, Hawai'i falls in the middle. A question was asked about how the data for the current report was obtained. Ms. Chun answered that the data was from publicly available information.

David Arakawa asked whether the report indicates that Alaska and California have 0% state tax rates on lodging. Ms. Chun answered that yes, those states did not have a state tax rate, but there were many local and county level taxes imposed. Mr. Rafter asked whether the data for specific municipalities was available. Ms. Chun responded that data for urban centers was included in the documents. Mr. Rafter then asked how Kaua'i fared in November. Ms. Chun responded that Kaua'i's occupancy rate in November was 72.2%, which was 0.2% down from the prior year. The average daily rate was \$250, which was 9% down.

Chair Fried asked whether anyone else had questions. Hearing none, he thanked Ms. Chun. Daniel Chun next discussed Alaska Airlines' in-flight magazine, which has a monthly readership of 4,000,000 people, and its upcoming Hawai'i editorial, which features the Kuleana Campaign. Chair Fried then turned to the financial reports for November.

6. Presentation, Discussion and Action on HTA's Financial Reports for November 2019

Keith Regan greeted the group and thanked them for the chance to present the November financial statements. He began with the first tab in the packet explaining that it presented a high level view of the budget and HTA's spending. The second tab was a detailed budget statement that shows how money is allocated and expended. Mr. Regan mentioned, for example, that HTA extended some new contracts in the area of Hawaiian culture this year.

Certain funds were shown as unencumbered, but as new contracts are extended, the encumbered numbers would increase. The budget change in November was a result of branding developments and extending new contracts in major markets – encumbered funds grew from \$15,000,000 to \$44,000,000 because of the new contracts. Mr. Regan went on to mention that there were no changes in the safety and security budget items. However, certain items calculated on a calendar year basis, but currently in process (such as county funding for ocean safety) would likely show up in the budget in February. Mr. Arakawa asked how the Board would learn about large contracts. Mr. Regan replied that the contracts are published at the end of the CEO report every month. The board approves categories lump sum. Mr. Arakawa suggested that it would be helpful to highlight major contracts in the future so the Board can focus on those.

Mr. Atkins then noted that the original budget for Hawaiian Culture Programs, for example, was \$7,800,000 – what does reallocation mean? Mr. Regan responded that meant using unallocated funds in subcategories. Mr. Atkins asked whether \$1,095,000 of unallocated funds would be used, and Mr. Atkins the figure was closer to \$95,000.

Ms. Kimura asked if the PGA contract was for a lump sum or per event. Mr. Regan answered that it was a lump sum for three tournaments. Ms. Kimura noted that the PGA contract was getting expensive. Marc Togashi noted that a new tournament, the Sony Junior Pro Challenge, had been added to the programming and was responsible for the increase of funds. Ms. Kimura observed that sponsorship for junior golf should not be in the marketing budget because it is a community event. Mr. Tatum explained that junior golf events help with how Hawai'i is perceived as a market and a destination. Community components exist in every sporting event that HTA sponsors and are embedded in the contracts. HTA staff added that the PGA events would be expanded outside of the Sony Open, with events being hosted in Kapolei and other locations. Also, the junior golf contract included about \$10,000 of funds that went to charitable initiatives for young golfers. Mr. Arakawa noted that the NBA and NFL events had community components. He also appreciated the clarification that a portion went to charity. Mufi Hanneman added that the golf programs were taking the same template as the football and basketball events in reaching out to community and schools not previously included in the Sony Open, such as in Kapolei and around the island.

Mr. Regan moved onto the next tab in the financial statements packet, which was an overview of the financial statements. The Tourism Special Fund (TSF) monies look like they may be increasing, but part of that increase may be because invoices have not been received yet. He added that the TSF includes roughly \$5,000,000 of emergency funds that can only be used if authorized by the Governor. HTA is proud of spending down encumbrances from prior fiscal years and is continuing to work on closing out outstanding contracts and moneys. The organization currently has reserves of about \$22,000,000. A little short of 60% of the organization's funds are being spent on branding. Mr. Regan ended his remarks by commending the team for their efforts. Chair Fried requested a motion to accept the budget. Mr. Kam made a motion, which Mr. Atkins seconded. The motion was unanimously approved, with Chair Fried noting that it was impressive that a third of the budget was going to

community events, which showed the shift in HTA's focus.

7. Board Discussion and Action on the Presentation of the Report of the Audit Standing Committee on the Financial Audit for Fiscal Year 2019.

Mr. Arakawa then introduced the auditors from Acuity LLP ("Acuity") to present the audit results and noted that after the presentation, the Board will be asked to vote on acceptance of the audit. Donn Nakamura and Eric Tsukamoto distributed copies of draft financial statements and mentioned to the group that it was their firm's first year performing the audit for HTA. Mr. Tsukamoto focused on the Condensed Statements of Activities section. He noted that HTA's current assets increased approximately \$393,000, part of which was due to an increase in accounts receivable. HTA's capital assets had a decrease of approximately \$7,249,000, due to a current year depreciation expense. The organization's investments increased by about \$2,695,000, which represent unspent funds held by the Department of Accounting and General Services for emergency capital improvements and repair of maintenance purchases for the Convention Center, among other funds. HTA's current liabilities decreased by about \$223,625,000 due to the Department of Budget and Finance's cancellation of the Convention Center's interest and debt in July 2018. Mr. Arakawa thanked Sen. Wakai and Rep. Onishi for their efforts in passing that legislation.

Mr. Tsukamoto then discussed HTA's noncurrent liabilities – net pension liability increased by about \$120,000. For reference, the entire State's pension liability increased by about \$122,000,000, so the whole State government is being affected, but just HTA. In summary, Mr. Tsukamoto stated that no new accounting policies were found in connection with the audit. The most sensitive estimates affecting HTA's financial statements include the length of the useful lives of assets used to depreciate capital assets. The auditors experienced no disagreements with management or difficulties with performing audit and thanked Marc Togashi and his team for providing their assistance.

Chair Fried asked the auditors to explain more about the increase in the pension liability. Mr. Nakamura answered that the Employee Retirement System (ERS) pension plan includes the State and counties, and HTA is part of the State system. The State is allocated portion of liability under the ERS pension plan, and HTA is allocated a portion of that liability by the State. Mr. Nakamura explained that HTA's pension liability is affected by HTA's payroll, but the amount of liability is based on the formula determined by the State.

Mr. Atkins asked if the Board could have a little more time to review the next year's audit. He observed that the audit report was confusing, as he understands that HTA has 2 budgets, one for operations and one for the Convention Center. The audit report, however, has consolidated statements then fund financial statements, which seem to be explained differently from HTA's budget composition. Mr. Nakamura explained that State procedures necessitate presentation this way, as State accounting policies require consolidation of statements, and audit fund financial statements are not included in fund financial statements, which have more of a short-term focus. Mr. Atkins thanked Mr. Togashi for speaking with him about the audit. Mr.

Arakawa commented that maybe next year's report can be simplified, but in a way that still complies with state-required accounting standards. He asked whether the auditors have audited other governments. Mr. Nakamura stated that Acuity has experience auditing State and county level departments. Mr. Togashi added that Acuity was referred by the State Office of the Auditor and does not report to HTA's management.

Mr. Arakawa asked whether the auditors found any fraud, waste or abuse by HTA in their report. Mr. Nakamura responded that part of the audit includes looking for fraud and waste, and included interviews with staff. The audit, however, is focused on financial statements, though it does try to understand the organization's controls and review how the controls are operating. Mr. Togashi noted that HTA has procedures in place to protect against abuse and fraud with levels of internal review. Mr. Arakawa requested as a caveat, which should not affect adoption of the audit, that the report be allowed to be disclosed to parties authorized by law, such as legislators. Gregg Kinkley clarified that disclosures authorized by law covers that, and Mr. Nakamura added that the audit report is available to the State Auditor, who reports to the legislators, and that any disclaimers on the audit are to keep others from misinterpreting the report and protect Acuity. Chair Fried made a motion to accept the audit of HTA for FY2019 and financial report prepared by Acuity. Mr. Nakamura seconded the motion, which was unanimously adopted.

8. Update on the Status of the 2018 Audit Action Plan

Mr. Regan informed the Board that HTA sent the Attorney General's office a letter on December 13 requesting advice and guidance from AG Connors on administrative costs, which was the remaining line item open from HTA's 2018 audit. HTA researched the item and looks forward to hearing from AG Connors when she has time.

The Board meeting recessed at 10:47 a.m.

The Board meeting reconvened at 11:04 a.m.

9. Update Relating to the 2020 Legislative Session and Relevant Bills Relevant to HTA.

Mr. Regan next discussed the 2020 legislative session noting that HTA will continue to monitor and meet with legislators to maintain communication and prepare for the upcoming session. The 2020 legislative session begins on January 15. Prior to Opening Day, budget briefings will be held. The Senate Ways and Means briefing will be on January 13, during which the HTA team will attend and present. The HTA team will keep the Board apprised as the session progresses. No specific pieces of legislation are being introduced now, as HTA was happy with last session's results. Mr. Tatum added that HTA would be aligned with Sen. Wakai and Rep. Onishi to support legislation that helps tourism. HTA would be following legislative developments with its internal legislative team this year. Mr. Arakawa thanked the legislators present for including HTA on task forces and working groups. He added that if the tourism industry feels that another party is in a better position to address an issue for which HTA is on a

task force or working group, hopefully HTA can utilize alliances and partnerships to see who can help best.

10. Report of the Strategic Plan Investigative Committee and Presentation of the HTA 5-year Strategic Plan 2020-2025

Kimi Yuen thanked the group for the opportunity chair the committee developing HTA's 5-year Strategic Plan for 2020-2025. The committee and staff have worked hard to review and prepare the strategic plan, a draft of which is circulating. Ms. Yuen also thanked the entire committee and staff for all of their input. Chair Fried noted that there is time for substantive questions because the Board will vote on the plan next month. Mr. Atkins added that Chair Fried could not have picked a better person to lead the committee. The goal of the strategic plan is to see where the state is heading from the last five years.

Ms. Yuen led the group, received staff input and provided strong substantive feedback. Input was received from consultants and board members. Mr. Tatum was also present for almost every committee meeting. The plan needs to be a living plan Ms. Yuen noted, and it can really change the direction for Hawai'i. Mr. Ka'anā'anā and Ms. Kumukahi both put their heart and mind into making sure the Hawaiian culture is well represented in the plan. Ms. Kumukahi encouraged the group to take to heart that everyone is a caretaker and steward of Hawai'i's resources.

Ms. Yuen and Ms. Kumukahi highlighted the strategic plan's four pillars, which are like the 4 corner posts of the house – if one breaks, the whole house falls. The four pillars are Natural Resources, Hawaiian Culture, Community, and Brand Management and Marketing. Mr. Arakawa congratulated Ms. Yuen and the team for doing a great job with the strategic plan. He suggested including, for interested stakeholders, a section highlighting prior goals and updates on how those have changed. In addition, including what partnerships are needed from other state and county departments and organizations to get the State to its goals may be helpful to show where others can assist in various areas. Mr. Atkins added that distributing a copy of the prior strategic plan to Board members would be helpful. He also thanked Mr. Hanneman for his support in building partnerships, for example, with the NFL's Rams.

Ms. Yuen further discussed that the strategic plan also encompassed tourism management, including addressing climate change, sea level rise, and technology as part of strategic goals. The idea was to have specific goals, objectives, and milestones to measure achievements. The committee also incorporated opportunities to collaborate with other government agencies and coordinate with current programs such as the Aloha Plus Challenge.

Rep. Onishi reminded the group to keep in mind that the strategic plan is HTA's document. The Legislature looks to HTA as a leader for how to do tourism in Hawai'i. He cautioned against singling out other stakeholders because that can lead to finger-pointing if things are not accomplished. Mr. Atkins mentioned that Kaua'i is preparing its own plan to tourism plan, so he is optimistic about collaboration opportunities. Mr. Arakawa hoped that it would be clear in

the strategic plan to other departments where they can help. Ms. Yuen completed the discussion saying that the final version of the strategic plan will be updated with graphics and the vote to approve the plan will be at next month's Board meeting.

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

Teri Orton presented the final item on the agenda saying that it has been a good year for the Convention Center. While budget expectations were not met in November, December included a large last minute booking, which helped increase numbers. In November, the Convention Center had gross revenues of approximately \$1,000,000, while net losses were approximately \$433,600. The Convention Center is expected to finish 2019 better than expected, as its re-forecasted annual losses will be lower than originally anticipated. Gross revenues are expected to be about \$16,500,000 this year, which will be about \$1,500,000 over the \$15,900,000 budget. Food and beverage revenue is projected to be \$766,400. The last minute corporate booking by Goulder helped boost revenue, and the company was very happy with its experience at the Convention Center. They hope to come back next year.

Return on investment (ROI) in 2019 was \$13.60. The Convention Center's mix of business every year changes, and ROI is affected by that, as well as what is returned to the State in taxes.

Ms. Orton also discussed the Convention Center's capital improvement projects. She thanked Keith and Ronald for sitting through many presentations during the planning process. Several projects are slated for 2020 including replacing boilers, repairing the Ala Wai waterfall, roof repairs, and replacing facility equipment, among others. The projects will be coordinated around bookings to avoid disturbing guests. Requests for proposals for other projects were issued in 2019, and the proposals are expected back in early 2020.

As for Convention Center sales, Ms. Orton shared that 2,496 room nights were closed in November, bringing the year-to-date total of room nights closed to 64,616. Ms. Orton also informed the Board that HVCB was transitioning to handle marketing of the Convention Center in January 2020. HVCB's offices would still be housed in the Convention Center. Mr. Tatum added that HVCB was looking to get a leader and build a team in that office. HVCB has several marketing outlook and initiatives are scheduled for January.

The next topic Ms. Orton discussed was a staffing change. The Convention Center's executive chef, Hans, will be going to the Halekulani hotel, and recruitment for his replacement was under way. In the interim after Hans's departure, Vince, the executive sous chef, will run the kitchen.

As for advertising coverage, the Winter Wishes holiday festival took off in November. The Convention Center's skating rink is open and has been quite popular, often with long lines for skate rentals. The theme this weekend is '80s skate night.

Mr. Arakawa asked the basis for calculating ROI. Ms. Orton responded that ROI depended on the mix of corporate events. Mr. Arakawa then asked whether ROI included other taxes, and Ms. Orton explained that ROI only included transient accommodations tax. Mr. Arakawa also asked whether the four pillars from HTA's strategic plan should be included in the Convention Center report because the Convention Center's value is not purely ROI. Highlighting the other initiatives that are being done for community or Hawaiian culture can be helpful. Mr. Tatum added that if the Convention Center has space, no reason exists not to hold State and other events at cost there. He acknowledged that doing this would affect the Convention Center's overall ROI, but the Convention Center would make sure to cover its costs. After all, it is a State building, so it would be good to utilize it.

12. Adjournment

Chair Fried requested a motion to adjourn the meeting. Mr. Kam made a motion and Ms. Kumukahi seconded the motion, which was unanimously approved by the Board. The meeting was adjourned at 11:52 a.m.

Respectfully submitted

Nathan C. Yang

Nathan C. Yang

Recorder

Agenda Item

4

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



AUTHORITY

MEMORANDUM

TO: HTA Board of Directors
FROM: Chris Tatum, President and CEO
DATE: January 30, 2020
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 December 19, 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 – December Update

MMA Contracting Update

The Market Management team has worked with the Contracts team to update the MMA contract terms for 2020. Contracts for the USA, Canada, China, Oceania, Europe, Japan, Korea, Southeast Asia, and Taiwan MMAs have been executed.

MMA Marketing Plans

The Market Management team is ensuring that the focus of "Responsible Tourism" is thread through the marketing plans from our Global Marketing Team (GMTs). This action runs parallel to our brand marketing and Hawai'i will be set up well to welcome the next generation of travelers who are already conscious of and respect destinations that care for their natural resources. As we prepare to welcome 2020 with a strong marketing message from all GMTs, we are also finalizing 2019 initiatives to close and/or extend contracts.

Industry Partners Meetings

The Market Management team is planning to hold island-based industry partners meetings by sector (e.g. Hotel, Vendor, Wholesale/Tour Operator). The first meetings on O'ahu will take place in mid-February.

China Summit

HTA and Hawai'i Tourism China will collaborate and organize a China Summit to be held at the Hawai'i Convention Center in early March 2020. This summit is intended to provide the tourism industry with the latest China outbound travel trends, including information on Chinese mobile payment systems, to make Hawai'i more attractive to this market and increase Chinese visitors' in-destination spending.

GMT Hawai'i Coalition

HVCB and other GMTs will gather on one of the islands to ensure HTA's marketing plan and brand messaging are consistent. Accountability sheets have been implemented and discussions on our key indicators along with our four pillars will be a primary focus. We will have a preliminary meeting regarding our upcoming Sea Cleaners initiative. The GMTs and Island Chapters will have individual sessions on how to best bring out the uniqueness of each island with Kaua'i's theme being rejuvenating, Maui - captivating, O'ahu - energizing, Hawai'i Island - inspiring, Moloka'i - enlightening and Lāna'i - embracing. This meeting will take place in March or April 2020.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

1. Kūkulu Ola Program

HTA program staff and contracting are currently working to send out contracts to the six remaining 2020 awardees. Pending those being sent for execution, program staff is working on following up with contractors who were granted no cost extensions to complete their work and final reporting. HTA staff are also processing encumbrances for the signed and returned contracts for Q1 and working on first payments in the contract period.

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.

3. Native Hawaiian Festivals and Events

2020 Polynesian Football Hall of Fame

HTA staff met with Polynesian Football Hall of Fame 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.

2020 Prince Kūhiō Festival

HTA staff is in the process of finalizing revisions to the proposal submitted by the Council for Native Hawaiian Advancement (CNHA) for the 2020 Prince Kūhiō Festival. The statewide celebration will

take place March 1, 2020 thru April 30, 2020 to include Ali'i Sunday services on March 22 at Kawaiaha'o church, Prince Kūhiō Festival Mauna'ala services on March 24, and the Prince Kūhiō Festival Commemorative Parade and Hō'ike'ike on O'ahu in Kapolei on March 28.

4. Kāhea Program

Harbors

HTA staff has requested contractors to compile and submit their year-end-reports for 2019 and to submit their 2020 proposals for contract renewals. Ports include Nāwiliwili, 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. DOT Harbors division is in the process of completing the FY 2018 contract to include wall-mounted maps of the Hawaiian Islands and more art /other improvements to enhance the harbor and port user experience.

5. Resort Area Hawaiian Culture Initiative

HTA staff has requested contractors to compile and submit their year-end reports for 2019 and to submit their 2020 proposals for contract renewals. Resort areas include Waikīkī, Hilo, Lahaina, and Kailua-Kona. Work will include, but is not limited to, Hawaiian music and hula.

6. Hawai'i Investment Ready 2019 Cohort

The HTA and Hawai'i Investment Ready (HIR) contract supports a cohort of social enterprises with a tourism focus, all which 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. HIR has completed Modules 1-4 and will be implementing Module 5 in January 2020. HIR is now working to prepare for Module 6 in February 2020, Module 7 for March 2020, and post-cohort mentoring for April-December 2020.

7. Center for Hawaiian Music and Dance

HTA staff is preparing the appropriate PPWs and other work to issue the solicitation.

8. 'Ōlelo Hawai'i

HTA staff is preparing the appropriate PPWs to contract with Bishop Museum for the project "He Aupuni Palapala: Preserving and Digitizing the Hawaiian Language Newspapers." The goal of this project is to digitize all Hawaiian language newspapers (in all repositories and personal collections) for free online access.

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HTA staff is preparing the appropriate PPWs to contract with Bishop Museum for the project "He Aupuni Palapala: Preserving and Digitizing the Hawaiian Language Newspapers". The goal of this project is to digitize all Hawaiian language newspapers (in all repositories and personal collections) for free online access.

B. Natural Resources

1. Aloha 'Āina (Natural Resources) Program

HTA program staff and contracting are currently working to send out contracts to the three remaining 2020 awardees. Pending those being sent for execution, program staff is working on following up with contractors who were granted no cost extensions to complete their work and final reporting. HTA staff are also processing encumbrances for the signed and returned contracts for Q1 first payments in the contract period.

2. DLNR Partnership

HTA staff continues to work in partnership with DLNR to protect natural and cultural resources on state lands through various initiatives underway or in the planning stages. HTA staff is also working on the final closeout of the current MOA with DLNR.

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 resources better to protect natural and cultural assets. HTA staff is awaiting the Uber media project's first data set to assess where gaps in the data exist. Based on this information, the park survey RFP will be adjusted to ensure maximum coverage for future data collection.

4. Hawai'i Ecotourism Association

The Hawai'i Ecotourism Association and HTA have finalized the scope of work for the 2019-2020 program. The primary focus of this work will continue to be 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 on 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 diversion, which are three key metrics in HTA's strategic plan. The Hawai'i Green Business Program Ceremony took place on August 1.

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 i Green Growth, HTA staff is in discussions regarding the current year contract to support the convening of a diverse group of stakeholders toward this goal and others. HTA staff is also considering a comprehensive survey of the visitor industry's efforts to "green" itself.

C. Safety and Security – December Update

Visitor Assistance Program (VAP)

HTA currently has four contracts, one in each county, to provide funding support for the visitor assistance program. These contracts are:

- **CON 17031** – Visitor Aloha Society of Hawai'i (O'ahu) with total funding of \$368,000 and a contract expiration date of 4/1/2020. A total of \$310,000.00 has been invoiced and paid, which leaves a remainder of \$58,000.00 of the total funding. Final payment is due on or about February 15, 2020. HTA is in the process of extending this contract.
- **CON 17032** – VASHI – Island of Hawai'i VAP with total funding of \$168,000 and a contract expiration date of 4/1/2020. A total of \$148,000.00 has been invoiced and paid, which leaves a remainder of \$20,000.00 of the total funding. Final payment is due on or about February 15, 2020. HTA is in the process of extending this contract.
- **CON 17034** – MVCB – Maui VAP with total funding of \$46,000 and a contract expiration date of 4/1/2020. A total of \$42,000.00 has been invoiced and paid, which leaves a remainder of \$4,000.00 of the total funding. Final payment is due on or about February 15, 2020. HTA is in the process of extending this contract.
- **CON 17033** – VASK – Kaua'i VAP with total funding of \$53,000 and a contract expiration date of 4/1/2020. A total of \$48,000.00 has been invoiced and paid, which leaves a remainder of \$5,000.00 of the total funding. Final payment is due on or about February 15, 2020. HTA is in the process of extending this contract.

During the month of December:

- Maui County's program handled 20 cases and helped 45 visitors (year-to-date: 227 cases/503 visitors).
- Hawai'i County's program handled 23 cases and provided assistance to 48 visitors (year-to-date: 453 cases/1,031 visitors).

- City and County of Honolulu's program VASH handled 69 cases and helped 180 visitors (year-to-date: 810 cases/1,854 visitors).
- Kaua'i County's program handled 8 cases and provided assistance to 35 visitors (year-to-date: 58 cases/178 visitors).

Lifeguard Support Program

During Fiscal Year 2019, the HTA supported the four counties with funding of \$125,000.00, with one-for-one match, for the purpose of purchasing ocean safety equipment. The Kauai Lifeguard Association utilized 100% of the available funding of \$125,000.00. The City and County of Honolulu utilized \$112,500.00 of the \$125,000.00. The County of Maui utilized \$124,734.61 of \$125,000.00 and Hawaii County are working on submitting their invoices for the \$125,000.00 allocation. The Fiscal Year 2020 agreements for all four counties are in the process of being executed with the dollar amounts remaining the same (\$125,000.00 each) and the match being eliminated to facilitate the acquisition of critical rescue equipment.

Waikīkī Camera Program

MOA 19010, which provides the City and County of Honolulu with \$300,000 in funding to purchase security cameras in Waikīkī, was executed and was extended on 12/30/19 through a no-cost supplemental agreement. HTA has paid \$270,000.00 towards this project and will make the final payment once the final invoice and report are provided.

Ocean Safety Advertising Campaign

HTA, through its contracts with SKYHI MEDIA (CON 18176 S1 - \$108,376.92) and Pacific Media Group (CON 18189 S2 - \$143,006.60), is supporting the displaying of ocean safety videos at airports throughout Hawai'i. These videos run primarily in the baggage claim areas during normal airport operating hours. The agreements have been extended to continue showing these videos in FY2020 and both contracts will expire on 6/30/2020. Payment for CON 18176 S1 has been made up to January 2020 and payment for CON 18189 S2 has been made up to December 2019.

Snorkel Safety Study

HTA has executed a contract (CON 19171) with the Hawaiian Lifeguard Association (HLA) for \$131,000 to conduct a snorkel safety study with an expiration date of 6/30/2021. 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 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 collected information on the cases of snorkeling-related accidents. The second of three payments have been issued. HTA is waiting for the final report and invoice (\$31,000.00) which is due per the contract in April 2021.

Hā'ena Emergency Support

MOAs have been executed with 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. KPD has been submitting requests for reimbursement. DLNR has not submitted requests for reimbursement to date.

D. Community Enrichment Program (CEP) – December Update

2020 Programs

The 2020 Community Enrichment program supports 94 projects awarded statewide totaling \$2,639,700. There are six (6) 2020 CEP recipients who have yet to receive their contracts due to either noncompliant certificate of vendor compliance or staff waiting for the updated budget/proposal. Staff is currently reviewing and processing first deliverables/payments for the 2020 contracts who received notification to invoice, as well as closing out the remaining 2019 contracts. Staff issued out information to the Global Marketing Team and Island Chapters so they can also promote the 2020 CEP projects.

January 2020 CEP Events

Event Name	Organization	Island(s)	Start Date	End Date
Japanese Cultural Center of Hawai'i	JCCH's Statewide Japanese Cultural Exchange – 'Ohana Festival	O'ahu	1/12	1/12
Hawai'i Symphony Orchestra	Symphony Experience – New Year Celebration	O'ahu	1/4	1/5
Garden Island Arts Council	E Kanikapila Kakou 2020 – "Mele, Hula & Mo'olelo"	Kaua'i	1/20 1/27	1/20 1/27

February 2020 CEP Events

Event Name	Organization	Island(s)	Start Date	End Date
40th Maui Whale Festival	Pacific Whale Foundation	Maui	Month of February	Month of February
POW! WOW! Hawai'i 2020	Hawai'i Alliance For Arts Education	O'ahu	2/7	2/15
Ka Moku O Manokalanipō Pā'ani Makahiki	'Ahahui Kiwila Hawai'i O Mo'ikeha	Kaua'i	2/8	2/8
Waimea Town Celebration: Heritage of Aloha 2020	Historic Waimea Theater & Cultural Arts Center	Kaua'i	2/15	2/23

2020 CEP Year-Round Projects

Event Name	Organization	Island(s)
Honolulu Theatre for Youth	The Royal School/Ke Kula Keiki Ali'i	Statewide
The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Hawaiian Mission Houses' Traveling History Theatre	Statewide
Haleiwa Main Street dba North Shore Chamber of Commerce	Haleiwa Interpretative Signage Project and Walking Tour Map	O'ahu
Pearl Harbor Aviation Musuem	"You Are Here" Pavilion/Exhibit Project	O'ahu
Hawai'i Youth Livestock Association	Animal Husbandry, Cultural & Environmental Education & Food Production Program	Maui

Maui Arts & Cultural Center	Visual Arts Exhibition Program 2020	Maui
Maui Chamber of Commerce	Keeping Maui County Top of Mind Through Endearing Cultural Manufacturing Stories	Maui
Aha Hui E Kala	Cultural Awareness Events 2020	Kaua'i
Friends Of King Kaumuali'i	He Inoa No Kaumuali'i-Na Makana Poina'ole	Kaua'i
Equine Therapy, Inc.	Public Relations, Training, Camps, Special Events and Supporting Equipment	Kaua'i
Kona Historical Society	Hanohano 'O Kona: Wahi Pana Lecture Series	Hawai'i
Legacy Reef Foundation	Coral Education Center	Hawai'i
Pōhāhā I Ka Lani	Mahina 'Ai	Hawai'i
The Kahilu Theatre Foundation	Kahilu Theatre 2020 Season	Hawai'i
Hawai'i Institute Of Pacific Agriculture	Expanding Agritourism in North Kohala through Farm Tours & Tastings	Hawai'i

E. Ho'okaulike – December Update

Honolulu Parks Security Cameras - MOA 19194

HTA partnered with the City and County of Honolulu's Department of Parks and Recreation to provide funding of \$204,000 for the installation of 192 surveillance cameras in 13 parks. The MOA has been fully executed, and the work is underway. HTA received and processed the first invoice on September 9, 2019 for \$183,600.00 as per the agreement. Parks and Recreation will provide updates as they move forward. The MOA expires December 31, 2020.

Kaua'i Safety Signage

MOA 18196 (Supplemental 1) with Kaua'i County was extended through December 31, 2019, due to the delay in approval of placement locations, regulatory approvals, and signage materials. HTA has communicated regularly with Kaua'i County on this project and they have stated that most of the signs should be installed soon. In accordance with the agreement, the first payment was made in the amount of \$72,500.00. Unfortunately, Kauai County was unable to fulfill the terms of the agreement and they will be returning the funds to the HTA. Based on their inability to complete the project, the project will be canceled once all funds have been returned.

Hawai'i Island Safety Signage

MOA 18194 (Supplemental 1) with the County of Hawai'i has been extended through December 31, 2019, to ensure the work is completed on time. The first payment was made in the amount of \$72,500.00. The second progress report and invoice was submitted and HTA has processed the payment in the amount of \$50,750.00. The final invoice and report was received on November 29, 2019, and final payment of \$21,750.00 has been processed. There was no further contract extension made for MOA 18194.

Hawai'i Island Strategic Plan

MOA 19157 with the County of Hawai'i (\$35,000) was executed to assist in the update of the Hawai'i Island Tourism Strategic Plan (2001-2015). HTA has been working closely with County staff to receive updates on the status of this project. An extension to MOA 19157 has been made, with the new end date of June 30, 2020.

Maui Coral Reef Signage

CON 19169 has been fully executed with the Maui Marine Resource Council for \$47,144 and is set to expire on December 31, 2019. The contractor has been working to replace existing signs and create new signs related to the coral reef on Maui. The sign design is being reviewed by the Maui Visitors and Convention Bureau (MVCB) for final approval. Once reviewed and approved by MVCB, they will send it to HTA for final approval. It is estimated that printing and shipping will take 4-6 weeks once finalized.

Additionally, the contractor is working with the County on acquiring the necessary permits, including an SMA assessment (possibly a minor SMA permit) and obtaining right of entry to the County park sites, which is contingent on approval of the SMA permit. The contractor is hopeful that the permitting process will be expeditious, and that they should be able to install the signs before the end of the grant period (12/31/19). The contractor requested an extension of six additional months (6/30/20) due to the additional time required to work through the County process. The extension was received by the HTA and we are in the process of finalizing it.

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: December 2019

News Releases/Reports Issued

- Media Advisory in partnership with the Hawai'i Open: Media Credential Application Now Open (Dec. 6)
- Press Release in partnership with the SoFi Hawai'i Bowl: Hawai'i Selected to Play in SoFi Hawai'i Bowl (Dec. 8)
- Hawai'i Tourism Taiwan Press Release: Hawai'i Tourism Authority Awards BrandStory for Taiwan Representation (Dec. 17)
- Report: HTA November 2019 Hawai'i Hotel Performance Report (Dec. 19)
- Report: Hawai'i Vacation Rental Performance Report for November 2019 (Dec. 23)
- News Release in partnership with the Hawai'i Open: On-Court Action from Some of Tennis' Best Players to Begin at the Hawai'i Open Tennis Tournament (Dec. 26)
- News Release: Hawai'i Visitor Statistics Released for November 2019 (Dec. 26)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
 - Travel Weekly: Chris Tatum (CT) interview with reporter Tovin Lapan for an end-of-the-year report on Hawai'i. Article published on December 20. (Dec. 5)
 - Pacific Business News: CT submitted responses to reporter Christina O'Connor for PBN's industry outlook for 2020. (Dec. 12)
 - KITV: Responded to request from reporter Nicole Tam for reaction to the free bus rides on Kaua'i to promote the island after last year's floods. Connected her with Sue Kanoho of the Kaua'i Visitors Bureau, who did a phone interview. (Dec. 20)
 - KHON2 News on KHII: Coordinated media appearance for the Hawai'i Open, which is funded by Hawai'i Tourism. Pro tennis player Misaki Doi did the interview. Provided messaging about Hawai'i Tourism and the event's community benefit to Molly Flores, media coordinator for the Hawai'i Open. (Dec. 23)

- Hawai'i News Now: Coordinated media appearance on Sunrise for the Hawai'i Open, which is funded by Hawai'i Tourism. Pro tennis player Misaki Doi did the interview. (Dec. 24)
- The Garden Island: Submitted a quote from Caroline Anderson (CA) upon request from reporter Stephanie Shinno about the New Year's Eve Celebration at Po'ipū Beach Park, which Hawai'i Tourism helps fund. (Dec. 30)
- **Publicity Support:** Provided the following information and/or assistance:
 - Honolulu Star-Advertiser: Responded to request from sports reporter Ferd Lewis for information confirming that HTA is partnering with the University of Hawai'i to help with the bid to bring the BWC men's volleyball championships to Hawai'i. Advised him that HTA doesn't have any formal agreement or proposal at this time. (Dec. 3)
 - San Francisco: Responded to request from freelance sports reporter Morris Phillips for information on whether anyone has proposed building an updated successor to the Blaisdell Arena. Suggested he contact the City or Mayor's office since the Blaisdell is a City facility. (Dec. 4)
 - Columbia Journalism Review: Responded to request from staff writer Alexandria Neason for comment on climate change and its effect on Hawai'i's tourism industry. Referred her to Chip Fletcher, Associate Dean for Academic Affairs and Professor, Department of Earth Sciences, at the University of Hawai'i at Mānoa. (Dec. 9)
 - Hawai'i Hospitality: Responded to request from associate editor Brett Alexander-Estes for comment on the offshore expansion of Hawai'i resorts, such as Halekulani to Okinawa. Declined request and suggested she receive feedback from the resorts directly. (Dec. 9)
 - Inside Edition: Responded to request for information by Britt Kraus regarding Hawai'i's volcano tours in the wake of the New Zealand volcano eruption. (Dec. 16)
 - Hawai'i Public Radio: Responded to request for information from Ku'uwehi Hiraishi about Hawai'i Tourism's 'ōlelo Hawai'i funding. Forwarded request to Kalani Ka'anā'anā and Maka Casson-Fisher. (Dec. 16)
 - Reached out to KITV, KHON & Hawai'i News Now to offer interviews regarding the upcoming Hawai'i Open tennis tournament. (Dec. 18)
 - CBS News: Responded to request for images of Kaua'i from producer of CBS This Morning Brendan Conway regarding a segment on places to travel to that have recovered from natural disasters. Sent him the link to Barberstock and connected him with Sue Kanoho of the Kaua'i Visitors Bureau. (Dec. 19)
 - KITV: Coordinated to have pre-event publicity for the Hawai'i Open on the Sunday morning show, but only the event emcee was able to do the interview so KITV declined. (Dec. 19)
 - Hawai'i Public Radio: Responded to request from host of The Conversation, Catherine Cruz, for CT to be on her show to talk about surfing in the Tokyo Olympics. Told her to let us know once she finalizes the date and time with John John Florence and Carissa Moore. (Dec. 20)
 - KITV: Responded to request from reporter TJ Horgan regarding economic information from the Hawai'i Open tennis tournament. Referred him to the Hawai'i Open officials. (Dec. 26)

Community Initiatives and Public Outreach

- Sightline Hospitality: Responded to request from area director of leisure sales Debra Crivello for a link to the survey for the Fall Tourism Update. (Dec. 2)

- O'ahu Metropolitan Planning Organization: Responded to request from transportation planner Nicole Cernohorsky for raw data from the visitor arrival questionnaires. Advised her that HTA doesn't provide the raw data, but the data is used for the reports that are posted on HTA's website in the research section. (Dec. 3)
- World Surf League: Wrote and sent Jodi Wilmott information about Hawai'i Tourism, where the money comes from and how the money is used to help the community, Hawaiian culture and environment. Printed the names of the lawmakers invited by HTA to attend a press conference welcoming surfer Carissa Moore home and congratulating her on making the Women's Olympic Team. Hawai'i Tourism is partnering with WSL ahead of the Tokyo Olympics. (Dec. 3 &4)
- Focus Out of Home: Responded to proposal by vice president of sales James Maldonado to have HTA advertise in New York City's Times Square leading up to New Year's Eve. Suggested he contact HVCB. (Dec. 4)
- Honolulu Festival: Drafted and submitted the welcome letter from HTA as requested by the Honolulu Festival for the program book. (Dec. 6)
- Outrigger Resorts: Contacted area general manager Kelly Hoen regarding the company's zero plastic initiative with its remodeling of the Outrigger Reef Waikiki Beach Resort. Offered her help in getting the word out once they're ready. (Dec. 6)
- Blogger: Responded to solicitation request by influencer Chelsie Paige, who offered to create marketing content while she's in Hawai'i. Recommended she reach out to HVCB. (Dec. 17)
- Wheels America: Spoke with Gregg Housey regarding a request for sponsorship on their TV show. Referred to HVCB. (Dec. 17)
- Sony Open: Spoke with Lori Yip of Hawai'i for Friends PD Hawai'i Charities / Sony Open regarding promotion that Hawai'i Tourism is the largest local supporter of the Sony Open. (Dec.17)
- Hawai'i Bowl: Drafted welcome letter from HTA as requested by the Hawai'i Bowl for the program book. (Dec. 18)
- Created a holiday card from the HTA staff to post on social media. (Dec. 19)
- Honolulu Mayor Caldwell's office: Sent an advance copy of the vacation rentals report to the Mayor's communications team. (Dec. 23)
- Kaua'i Life: Responded to request from Dawn Niederhauser of Facebook group Kaua'i Life. She recommended educating visitors through videos. Referred her to the Kuleana Campaign. (Dec. 23)
- Pacific Forum: Responded to request from Kaili Ayers, member of the Hawai'i Asia-Pacific Affairs Leadership Program, for an interview regarding research on sea level rise. CT declined the opportunity and suggested she contact hotels, activities or businesses that would be directly affected by sea level rise. (Dec. 24)
- 50th State Judo Association: Responded to request for support from referee chairperson Sheldon Konno, when they host members of the Japan Olympic and National Men's Judo Team. Forwarded request to Chris Sadayasu. (Dec. 26)
- Maui Celebrity Series: Responded to request for grant money from Brian Evans for their event. Sent him info about the RFP process and the press releases from the Community Enrichment Program, Kūkulu Ola, and Aloha 'Āina awards for 2020. (Dec. 26)

- Congressman Ed Case's office: Responded to request from legislative correspondent Ed Chao regarding images to use for their website redesign. Sent him information and link to Barberstock. (Dec.27)
- Perfect Honeymoons: Responded to request from travel consultant Susan Reese for Hawai'i brochures and swag for her to give away at a bridal show in Dallas. Connected her with Darlene Morikawa of HVCB. (Dec. 30)
- Responded to request from visitor William Patterson for a travel planner and recommendations on flower gardens in Hawai'i. Directed him to the GoHawaii.com site, where he can order a travel planner, and also recommended a few gardens. (Dec. 31)

Social Media Posts on HTA's Facebook Page

- Dec. 2: Post on the Hawai'i Marine Animal Response. **Total Reach 664 | Total Reactions 60**
- Dec. 3: Post sharing the Hawai'i Convention Center's ad promoting Winter Wishes. **Total Reach 435 | Total Reactions 15**
- Dec. 4: Post sharing The Garden Island newspaper's article about the Kaua'i Made program's Holly Jolly Holiday Fair. **Total Reach 330 | Total Reactions 10**
- Dec. 4: Facebook Live of the World Surf League's press conference. "Hawai'i Tourism is proud to support Carissa Moore and the World Surf League!" **Total Reach 555 | Total Reactions 82**
- Dec. 5: Post sharing article from PR Newswire about Hui Mālama O Kāneiolouma. **Total Reach 1,772 | Total Reactions 98**
- Dec. 5: Post about the Kaua'i Festival of Lights. **Total Reach 769 | Total Reactions 138**
- Dec. 6: Post about [Ho'ola Hou Ia Kalauao](#). **Total Reach 534 | Total Reactions 41**
- Dec. 10: Post sharing Bishop Museum's HTA-sponsored event teaching people to make hand-held kāhili. **Total Reach 306 | Total Reactions 7**
- Dec. 11: Post on the Diamond Head Classic basketball tournament. **Total Reach 234 | Total Reactions 8**
- Dec. 13: Post on the Ho'okanaka program. **Total Reach 762 | Total Reactions 69**
- Dec. 13: Post on Keith Regan's presentation about HTA to the Kiwanis Club of Honolulu. **Total Reach 547 | Total Reactions 50**
- Dec. 16: Post on the Hawai'i Bowl. **Total Reach 418 | Total Reactions 31**
- Dec. 17: Video post of Sustainable Coastlines of Hawai'i. **Total Reach 2,875 | Total Reactions 272**
- Dec. 18: Post on the Hawai'i Open tennis tournament. **Total Reach 359 | Total Reactions 30**
- Dec. 20: Post on the Hawai'i Youth Conservation Corps. **Total Reach 567 | Total Reactions 28**
- Dec. 21: Post from the HTA staff wishing everyone a Merry Christmas and a Happy New Year. **Total Reach 1,478 | Total Reactions 281**
- Dec. 26: Post on the statewide Junior Lifeguard Program. **Total Reach 788 | Total Reactions 91**
- Dec. 26: Post sharing the Hawai'i Open's ad. **Total Reach 540 | Total Reactions 37**
- Dec. 27: Video post of the Hawaiian Mission Houses Historic Site and Archives' special tour. **Total Reach 627 | Total Reactions 86**

Social Media Posts on HTA's Instagram Page

- Dec. 2: Post on the Hawai'i Marine Animal Response. **Total Reactions 30**
- Dec. 5: Post about the Kaua'i Festival of Lights. **Total Reactions 21**
- Dec. 6: Post about [Ho'ola Hou la Kalauao](#). **Total Reactions 1**
- Dec. 11: Post on the Diamond Head Classic basketball tournament. **Total Reactions 7**
- Dec. 13: Post on the Ho'okanaka program. **Total Reactions 30**
- Dec. 16: Post on the Hawai'i Bowl. **Total Reactions 19**
- Dec. 17: Video post of Sustainable Coastlines of Hawai'i. **Total Reactions 24**
- Dec. 18: Post on the Hawai'i Open tennis tournament. **Total Reactions 12**
- Dec. 20: Post on the Hawai'i Youth Conservation Corps. **Total Reactions 32**
- Dec. 21: Post from the HTA staff wishing everyone a Merry Christmas and a Happy New Year. **Total Reactions 39**
- Dec. 27: Video post of the Hawaiian Mission Houses Historic Site and Archives' special tour. **Total Reactions 22**

Social Media Posts on HTA's Twitter Page

- Dec. 2: Post on the Hawai'i Marine Animal Response.
- Dec. 4: Post sharing The Garden Island newspaper's article about the Kaua'i Made program's Holly Jolly Holiday Fair.
- Dec. 5: Post sharing article from PR Newswire about Hui Mālama O Kāneiolouma.
- Dec. 5: Post about the Kaua'i Festival of Lights.
- Dec. 6: Post about Ho'ola Hou la Kalauao.
- Dec. 11: Post on the Diamond Head Classic basketball tournament.
- Dec. 13: Post on the Ho'okanaka program.
- Dec. 16: Post on the Hawai'i Bowl.
- Dec. 17: Video post of Sustainable Coastlines of Hawai'i.
- Dec. 18: Post on the Hawai'i Open tennis tournament.
- Dec. 20: Post on the Hawai'i Youth Conservation Corps.
- Dec. 21: Post from the HTA staff wishing everyone a Merry Christmas and a Happy New Year.
- Dec. 27: Post sharing day two of the Hawai'i Open tennis tournament.
- Dec. 27: Video post of the Hawaiian Mission Houses Historic Site and Archives' special tour.

Communications Strategy

- HTA Social Media Videos (featuring programs HTA funds):
 - Sustainable Coastlines Hawai'i (Dec. 17)
 - Hawaiian Mission Houses' special tour (Dec. 27)

Internal Communications

- HTA Social Media Videos
 - Submitted PPWs to HTA's Contracts team to extend Marcus Reimel (photographer/editor) and Mokihana Aki's (writer/producer) contracts through the end of 2020. (Dec.2)
 - Contract extension submitted and approved for both Reimel and Aki.
- Reviewed flyer for the UH Tokyo Alumni event, in which CT will be the key speaker. (Dec.3)
- Forwarded the National Parks Service's press release to HTA staff and GMTs regarding fee increases at national parks. (Dec. 4)
- DBEDT's Annual Report: Drafted additional information as requested to submit for HTA's section, submitted, and printed it for Keith Regan to take to his weekly meeting. (Dec.6)
- Hawai'i Convention Center: Reached out to general manager Teri Orton and marketing manager Natalie Tarce Shiinoki regarding possible protests at upcoming astronomy conference. (Dec.16)
- Emailed HTA staff, board members, Sen. Glenn Wakai and Rep. Richard Onishi about HTA's new social media video on Sustainable Coastlines Hawai'i. (Dec. 17)
- HVCB: Drafted talking points regarding HTA partnering with the World Surf League ahead of the Tokyo Olympics. Sent to Jay Talwar. (Dec. 19)
- Forwarded the Department of Transportation's press release to HTA staff and GMTs regarding the food workers strike at Daniel K. Inouye International Airport. (Dec. 19)
- DBEDT: Helped edit HTA's submission to the legislative portion of DBEDT's book. (Dec.23)
- Emailed HTA staff, board members, Sen. Glenn Wakai and Rep. Richard Onishi the Travel Weekly article on CT. (Dec. 23)
- Emailed HTA staff, board members, Sen. Glenn Wakai and Rep. Richard Onishi about HTA's newsocial media video on the Hawaiian Mission Houses' special tour. (Dec. 27)
- Tour Helicopter Crash
 - Emailed HTA staff and GMTs updates about the fatal tour helicopter crash on Kaua'i. (Dec.27-31)
 - Drafted messaging to share with HTA staff and GMTs regarding the fatal tour helicopter crash and helicopter safety. (Dec. 31)
 - Communicated with Sue Kanoho of the Kaua'i Visitors Bureau and Cindy McMillan of Governor Ige's office regarding the helicopter crash. (Dec. 27-31)
- Edited HTA's budget briefing document draft. (Dec. 31)

Annual Report

- Drafted and selected photos for HTA's 2019 Annual Report to the Hawai'i State Legislature with input from HTA staff, GMTs and contractors. Made the document ADA accessible.
- Uploaded the annual report to HTA's website: <https://www.hawaii-tourism-authority.org/who-we-are/annual-report/>
- Emailed final version to DBEDT (which uploaded it onto the new system to send to the Senate President and House Speaker), Governor's Policy Office, Lt. Governor's Office, Legislative Auditor, and Budget and Finance.

- Provided a print copy of the annual report to the Legislative Reference Bureau, and two copies at the main Hawai'i State Public Library.
- Sent a hard copy to UH's Hamilton Library through interdepartmental mail.

Strategic Plan

- Participated in Strategic Plan Investigative Committee meeting to approve the final draft of the plan, to then forward to HTA's full Board of Directors. (Dec. 5)

International News Bureau

• Media and Public Assistance

- France
 - Responded to request for help from Sandrine Chenot of TF1 Production in getting authorization to film their car show in January. Sent him a link to the Hawai'i Film Office. (Dec. 2)
 - Gathered information about Hawai'i assignment and upcoming trip from lifestyle journalist Carrie Solomon of ELLE Magazine France. Provided contact information for the state and county film offices, and directed her to the Maui Visitors and Convention Bureau, Kaua'i Visitors Bureau and O'ahu Visitors Bureau to coordinate the trip directly. (Dec. 3)
- Belgium: Responded to request from budget travel blogger Rani Permentier to fund her dream trip to Hawai'i. Declined her request. (Dec. 4)
- Southeast Asia/Hong Kong: Forwarded partnership request from travel journalist Nanda Haensel for upcoming Hawai'i trip to Hawai'i Tourism Southeast Asia and Hawai'i Tourism Hong Kong. (Dec. 12)
- Germany: Forwarded request from German travel agent Reinhard Schega to Hawai'i Tourism Europe. (Dec. 16)
- Spain: Responded to request from Spanish freelance journalist Diego Cobo for travel assistance with upcoming Hawai'i trip. Declined request and provided the GoHawaii.com site as a resource. (Dec. 17)
- Italy: Responded to request from Maddalena Stendardi of the NEOS Yearbook – Associated Travel Journalists – who requested updated HTA information for the 2020 print edition. Requested information about the publication, including cost to participate, distribution and audience demographics. (Dec. 18)
- Brazil: Responded to request from Ana Beatriz of travel blog Dica de Turista, who asked for free accommodations and services while they visit Hawai'i in February - March 2020. Declined request but referred her to GoHawaii.com to get ideas on things to do while in Hawai'i. (Dec. 30)

B. Research and Planning

The Tourism Research Division (TRD) issued the November 2019 monthly visitor statistics on December 26, 2019, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the HTA Airline Seat Capacity Q1 2020 report and Seat Outlook data tables for January 2020 through March 2020 to the Infrastructure Research Section of the HTA website.

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

TRD issued the November Hawai'i Hotel Performance Report on December 19, 2019. The report and related November 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 issued the November Hawai'i Vacation Rental Performance Report on December 23, 2019. The report and related November 2019 data tables were posted to the Infrastructure Research section of the HTA website. This report utilizes data compiled by Transparent Intelligence, Inc.

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 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

Update of the 2020 Tourism Strategic Plan

The 2020-2025 Tourism Strategic Plan is scheduled to be approved by the HTA Board at its January 2020 meeting.

A. Workforce Development

Ho‘oilina Scholarship

The Hawai‘i Tourism Ho‘oilina Scholarship program provides a total of ten 4-year scholarships to the University of Hawai‘i at Mānoa (UHM), Shidler College of Business, School of Travel Industry Management (TIM) and University of Hawai‘i at West O‘ahu (UHWO). Students must demonstrate academic achievement, leadership skills and an expressed interest in pursuing a hospitality, tourism or culinary education and career. In addition, the program also provides two 2-year scholarships to community college graduates with an associate degree in hospitality, tourism or culinary studies. The online applications for the Hawai‘i Tourism Ho‘oilina Scholarship for UHM TIM is now available. The deadline to apply is February 15. The 2020 Freshman Cohort Admissions application is available at <http://bit.ly/hooilina2020> and the 2020 Transfer Cohort Admissions application is available at <http://bit.ly/hooilina2020-transfer>. UHWO’s online applications will be available by late January, and the deadline to apply is February 21.

Hospitality Service Training Certificate and Certification of Tour Guides

HTA is once again partnering with the University of Hawai‘i’s Community Colleges to offer training programs in customer service and tour guides certifications for the Spring semester. Below is the schedule:

Kapi‘olani Community College

Session I Dates: February 4 to April 18

Session I Days and Times: Tuesdays; 6:00 – 8:00 pm; online course work included

Session II Dates: April 21 to June 27

Session II Days and Times: Tuesdays; 6:00 – 8:00 pm; online course work included

For registration information: Eva Hubbard; ehubbard@hawaii.edu or 808-974-9153

Kaua‘i Community College

Dates: March 19 to May 19

Days and Times: Tuesdays/Thursdays; 5:30 – 7:30 pm

For registration information: Peggy Lake, OCET Coordinator; lakemr@hawaii.edu or 808-245-8319

Maui College

Dates: February 3 to April 9

Days and Times: Mondays/Thursdays; 6:00 – 8:00 pm

For registration information: Dean Louie; edvmaui@hawaii.edu or 808-984-3231

Hawai‘i Community College: Exact dates in April are pending.

Department of Education/Career & Technical Education Program – Hospitality Pathway

The Department of Education (DOE)/Career & Technical Education Program (CTE) launched a new Hospitality Pathway Certificate for high school students with financial support from HTA. The Service Excellence Certificate of Achievement curriculum, which was developed in partnership with Hawai‘i workforce nonprofit ClimbHi and the School of Hotel Administration at the Cornell SJ Johnson College of Business, will provide fundamental skills for employment in the hospitality industry and beyond. Upon completion of the program’s 10 lessons, students will receive a Service Excellence Certificate of Achievement from Cornell University. The program is available for DOE CTE students starting in the second half of the 2019-2020 academic year.

III. STRATEGIC OVERSIGHT AND GOVERNANCE

Contracts List

A list of contracts executed in the month of December is attached.

Hawai'i Tourism United States 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

The labor market should stay tight, while low interest rates, which are lifting the housing market, will also buffer growth. However, economic growth is seen as cooling in 2020. Lingering uncertainty regarding the U.S.-China trade relationship and the upcoming presidential elections will likely suppress investment. Ongoing uncertainty about domestic policy poses a risk to the outlook. U.S. GDP growth is decelerating, and, during the near term, increases are anticipated to remain modest.

- U.S. Real GDP growth is expected to come in at 2.0 percent for Q4 over Q3 and annual growth for 2019 at 2.3 percent.
- Lingering uncertainty regarding the U.S.-China trade relationship and the upcoming presidential elections will likely suppress investment.
- According to The Economic Research Organization at the University of Hawai'i (UHERO), Hawai'i's economy has entered a soft patch. Falling real visitor spending and a declining population have suppressed demand and halted growth in nonfarm payrolls. The construction industry is holding up, and the number of visitor arrivals continues to grow.
- The Conference Board *Consumer Confidence Index* decreased marginally in December, following a slight increase in November. The Index now stands at 126.5 (1985=100), down from 126.8 (an upward revision) in November.
- The *Present Situation Index* – based on consumers' assessment of current business and labor market conditions – increased from 166.6 to 170.0.
- The *Expectations Index* – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 100.3 last month to 97.4 this month.

Competitive Environment

- With the health of Mexico's hospitality sector continuing to deteriorate in the latter part of 2019, the long-term outlook for the country's tourism appears grim, according to *Travel Weekly*. Year-to-date through November, hotel data company STR reported that revenue per available room (RevPAR) across Mexico was down 6.6 percent, to \$69.11. Concurrently, average daily rate (ADR) slipped 3.8 percent, to \$112.17, while occupancy fell 2.9 percent, to 61.6 percent.

Travel Trends

- *Travel Trends Index* (TTI) report is consistent with those of recent months, with domestic travel outperforming international inbound travel. These trends are expected to continue through the first half of 2020, with domestic travel growing, but slowing, and international inbound travel declining slightly. This is also consistent with an outlook for the economic expansion continuing in 2020, albeit at a slightly more moderate pace, according to the U.S. Travel Association.

- *Leisure Trends Index* (LTI) anticipates that domestic travel will increase approximately 1.6 percent year-over-year through May 2020, with leisure travel moderating but still contributing slightly more to the expansion than business travel. Consumer confidence and expectations eased gently downward in November, and consumer spending strength is forecast to cool. Business investment continues to moderate due to slow global growth, still-high trade tensions, weaker energy sector activity, and a strong dollar, together limiting expectations for domestic business travel. As economic momentum eases, ongoing trade conflicts are anticipated to continue to weigh on the domestic travel market and pose additional downside risks through the beginning of 2020.
- Domestic travel rose 2.4 percent in November, largely a result of contributions from the leisure segment (3.4%) as the business segment registered only minor gains (0.4%), on par with its six-month average. Leisure travel growth of 1.6 percent is expected through the coming six months, about half its current pace. Vacation intentions have remained ahead of last year so far; however, forward-looking booking and search data provide mixed signals. Business travel growth is expected to remain slow through May 2020 (1.2%), though slightly higher than its recent pace.
- Overseas visitation to the U.S. declined year-over-year in November. With a slight downward revision to October data, this segment has now contracted in five of the past six months. International inbound travel growth through May 2020 (-0.6%) is expected to remain constrained by economic and policy-based factors over the coming months.

Media Trends

- *Tik-Tok's* rise makes it the fourth most downloaded non-gaming app. It has just hit the 1.5 billion download mark. The app coupled the announcement with new monetization features such as the option to add links into user bios, and eCommerce URLs into uploaded videos.
- *Facebook* is limiting the number of ads a page can run. *Facebook* says the move is to protect advertisers' ad spend. Apparently running too many ads at one time can affect performance by not giving the platform enough time to optimize them. *Facebook* stipulates that it expects this ad cap to affect only a "small percentage" of advertisers, and it will run it out in mid-2020.

Airlift

- The U.S. domestic carriers to Hawai'i for the months of January through March 2020 continue to operate on an expanded schedule for the winter season. U.S. non-stop seats for January are 843,040, a +10.4 percent increase over 2019. February and March are 785,549, and 904,058, respectively, a +15.6 percent and +8.1 percent increase over 2019. Much of the increase in capacity is due to the addition of Southwest. March marks one year of service to Hawai'i.
- All U.S. domestic carriers as well as Air Canada and WestJet have extended grounding of the Boeing MAX thorough April 2020. This continues to have impact on direct Neighbor Island service from the mainland as seen in route suspensions or decreased frequencies.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

- According to the World Travel and Tourism Council (WTTC), growth in tourism enables job creation. Travel and tourism, which already supports one in every ten jobs on the planet, has accounted for one in five of all jobs created across the world over the past five years and is a dynamic engine of

employment opportunities. Jobs in travel and tourism particularly support women, youth and other, often marginalized groups of society. Factors influencing the flow of travelers around the world, such as a destination's attractiveness and its currency strength, will continue to affect traveler behavior in the coming year.

Leisure Activity Update

Consumer

- In December, HTUSA continued the *Hawai'i Rooted* video series which featured chef Mark Noguchi through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.
- Advanced Television/Digital and Cinema Video. HTUSA extended a national flight in December (Sept. 3-Dec. 31) to reach the *Avid Explorer* target audience and showcase *Hawai'i Rooted* video creative, which included four 30-second brand videos (one per major island). Late fall flight media partner included ROKU (the current market leader in over-the-top devices) and Spotlight Cinema Networks.
- Golf Channel - *Aloha Season* Promotion. The 2020 *Aloha Season* program with Golf Channel began with pre-promotion in December and continues with promotional elements throughout the month of January during the following Hawai'i tournaments: Sentry Tournament of Champions, Sony Open in Hawai'i, Mitsubishi Electric Championship at Hualālai. 30-second golf commercials will run featuring four different PGA TOUR players, with each professional engaging in an activity that he enjoys seeing/experiencing in the destination:
 - Patton Kizzire – Clay shoot/ATV (Lāna'i)
 - Andrew Landry – Sunset Sail (Maui)
 - Andrew Putnam – Dive (Maui)
 - Kevin Na – Zipline (Maui)

Travel Trade

- Paid trade media – December (172,073 impressions)
 - *Facebook*, cross-device paid social - reallocation from ad serving, 146,073 impressions, Dec. 1-7
 - *Travel Agent Academy Newsletter* (travAlliance), affiliate link, 26,000 impressions, Dec.23

Public Relations

- HTUSA
 - Resulting from HVCB's mini-culinary press trip to Maui and O'ahu in October:
 - Freelance journalist Hannah Lott-Schwartz produced a *Hemisphere's* story titled "Ancestral Aloha." In the story she describes the idea of *aloha 'āina* and how it is tied to Hawaiian culture. Local and native-owned companies that are helping visitors connect with culture were mentioned including Moniz Family Surf, Bike Volcano, Maui Fishpond and Hālawā Valley Moloka'i .
 - Freelance journalist, Ian Centrone produced a story in *Men's Journal* titled "Killer Views, Laid-Back Vibes, and a Lot of Alohas: The 4-Day Weekend in Maui." The story was part of the publication's "The 4-Day Weekends" section and shows that Maui is more than just a beach getaway. The story featured various HVCB members including Andaz Maui at Wailea Resorts, Ka'ana Kitchen, Proflyght Paragliding, Maui Tropical Plantation's Mill House and others.

- HVCB confirmed a 2020 partnership with the PBS series, *Field Trip with Curtis Stone*. Host Curtis Stone, now a Michelin star chef and restaurateur, takes his culinary team around the world every three months to research and develop menus that capture the essence of people and places many in the United States will never experience for themselves. Curtis' team immerses itself in the culture, cuisine and wines of a destination, and incorporates regionally-inspired dishes into Maude Restaurant's tasting menu each quarter.
- Media coverage highlights:
 - "Ancestral Aloha" – *Hemispheres* – Hannah Lott-Schwartz – December 2019
- KVB
 - Kaua'i was featured in the following media:
 - *Forbes* (23,040,308 uvpm; circ. 669,672). Coverage resulted from writer contacting the Roberts Hawai'i Kaua'i Movie Tour marketing team through KVB.
 - *Forbes* (23,040,308 uvpm; circ. 669,672). Coverage resulted from writer's participation in KVB press trip in 2018.
 - Liaised with three media in December.
 - In partnership with Go Golf Kaua'i, issued press release "Go Golf Kaua'i Course Honored Throughout 2019."
 - KVB assisted families and emergency agencies with helicopter crash on Dec. 26.
- OVB
 - O'ahu was featured in:
 - *Shermans Travel* (1,988,349 uvpm). Coverage was a result of Annie Roderique-Jones' participation in the Sports & Outdoor Adventure press trip in November 2019. Her article "4 Exhilarating Water Adventures on Oahu" highlights Hilton Hawaiian Village, Wild Side Specialty Tours, Turtle Bay Resort and One Ocean Diving.
 - *Matador Network* (3,825,684 uvpm). Coverage resulted from Matt Meltzer's participation in the Sports & Outdoor Adventure press trip in November 2019. His article "Why Oahu should always be your first Hawaii vacation" features Honolulu BeerWorks, Renew, Banzai Divers, Kualoa Private Nature Reserve and other attractions.
 - *WestJet Magazine* (circ. 46,000, 13,433 uvpm), Coverage was a result of media assistance in September 2019. The article "How to Spend 3 Days in Waikiki, Hawaii" features Waikīkī Beach Services, Mai Tai Bar, Ala Moana Center, Zigu, Shangri La, Eating House 1849 by Roy Yamaguchi and other restaurants.
 - Liaised with 25 media in December.
- MVCB
 - Maui was featured in the following publications and websites:
 - *Meetings Today* (44,580 uvpm), "Upgrades and Openings."
 - *TravelAge West* (122,880 uvpm), "3 Ways to Enhance a Trip to Lanai" and "New Lures on Lanai."
 - *Travel + Leisure* (3,963,060 uvpm), "Humpback Whales are Frolicking in Hawaii Right Now—Here's Why You Should Too."
 - *Forbes Travel Guide* (258,870 uvpm), "The World's Most Spectacular Private Island Escapes."
 - *Links Magazine* (43,500 uvpm), "Plantation Course at Kapalua Reopens Following Coore and Crenshaw Renovations."
 - *Harper's Bazaar* (1,477,530 uvpm), "50 Photo-Worthy Wedding Venues Around the World."
 - *Trip Savvy* (1,291,200 uvpm), "18 Christmas Getaways with Kids."
 - *Islands* (305,760 uvpm), "The Best Island Yoga and Wellness Resort Retreats."

- *Travel Pulse* (298,100 uvpm,) “5 Ways to Get Under the Surface at Molokai.”
- *Fortune* (15,147,180 uvpm), “The Maui Restaurant and Bar Gets its Inspirations From Hawaii’s Sugarcane Industry.”
- *CBS Local New York* (13,201,020 uvpm), “The 6 Best Holiday Getaways from NYC.”
- *Forbes* (107,480,610 uvpm), “The Top Six Travel Destinations to Visit in Winter 2020.”
- *Hemispheres* (circ. 39,000,000), “Ancestral Aloha.”
- *Conde Nast Traveler* (2,469,300 uvpm), “Where to Stay.”
- *Alaska Airlines Magazine* (circ. 1,075,649), “Swim Bask Breach!”
- *KRON4* (230,580 uvpm), “My Trip to Fairmont Kea Lani, Maui.”
- *Travel Weekly* (714,780 uvpm), “Maui Lanai Molokai.”
- o Liaised with 25 media in December that included media contact while preparing for the Lāna‘i Golf Media FAM that took place in early December.

• IHVB

- o As a result of hosting Sarah Funk and Luis Yanes in November 2019, the island of Hawai‘i was featured in:
 - *@SarahFunky* (44,900 followers on *Instagram*), profile post and stories.
 - *YouTube.com/SarahFunk* (87,500 subscribers), “My Favorite Travel Destination | The 5-Day Vacation Guide to Hawai‘i.”
 - *YouTube.com/SarahFunk* (87,500 subscribers), “Best Restaurants and bars on the island of Hawaii | Eat Local!”.
 - *@TravelandLeisure* (4.8 million followers on *Instagram*), Sarah Funk takeover on *Instagram* Stories.
- o Liaised with 11 media in December.

Sales Activities

Sales Calls, Trade Shows, Training Events

	Wholesaler/TA/TO/OTA	Other	Total
HTUSA	5	63	68
KVB	6	-	6
OVB	4	-	4
MVCB	2	1	3
IHVB	5	-	5

Summary of Key Sales Activities

• HTUSA

- o For the month of December, the HTUSA regional team conducted one educational training presentation, participated in four trade shows, held 63 appointments and had the opportunity to meet with or present to more than 2,460 travel advisors.
- o HTUSA attended the Cruise Planners Convention from Dec. 1-4 in Hollywood, FL, and participated in the trade show and networking events with 640 travel agents in attendance.
- o Signature Travel Network held their 2019 Conference from Dec. 2-5 in Las Vegas, NV. HTUSA conducted one destination seminar for 175 travel advisors, 30 appointments with nearly 75 advisors and participated in a two-day supplier trade show. The conference, which included general sessions, Signature updates and networking opportunities, was attended by 1,400 travel advisors. Hawai‘i partners in attendance included Grand Wailea, A Waldorf Astoria Resort, Halepuna Waikīki by Halekūlani, Hyatt Hotels in Hawai‘i, Koa Kea Hotel & Resort,

Mauna Lani, Auberge Resorts Collection, Outrigger Hotels & Resorts, The Kāhala Hotel & Resort, Turtle Bay Resort, Apple Leisure Group, Classic Vacations, Delta Vacations and Pleasant Holidays/Journese.

- HTUSA was a sponsor for the Oasis Travel Network’s 10th Annual Conference from Dec. 5-7 in Lake Las Vegas, NV. HTUSA’s sponsorship included two presentations, a trade show, 33 appointments and networking opportunities with 170 travel advisors.
- *Travel Weekly* honored winners of its 17th Annual Readers’ Choice Awards at a black-tie gala dinner and ceremony on Dec. 12 at the Conrad New York. Hawai’i won for “*Best U.S. State*” and Maui earned the award for “*Best Hawaiian Island.*” The award winners represent the best of the best of the travel industry and were chosen in two rounds of voting by *Travel Weekly*’s audience of travel professionals.
- An estimated 700 travel advisors are anticipated to have taken one or more of the online educational modules available at agents.gohawaii.com for the month of December. The November monthly metrics report showed a total of 806 online graduates having earned either their Hawai’i Destination Specialist or Island Specialist (Kaua’i, Maui Nui, O’ahu or island of Hawai’i) certification.

Key Performance Indicators - Leisure Market

Consumer

Digital Campaign November Actuals – Estimated Impressions Per Island

PARTNERS	Central	OVB	MVB	KVB	IHVB	LVB	DMVB
Zefr	-	799,608	1,318,033	1,020,985	1,291,429	103,294	148,428
Trip Advisor	-	518,267	2,004	111,603	266,496	386,559	92,145
Programmatic	-	1,057,806	1,726,320	2,993,143	2,979,816	312,172	845,814
Search	-	26,920	22,712	13,751	8,943	2,653	1,979
Condé Nast	-	-	379,568	-	305,750	95,586	-
Matador	-	794,880	-	691,122	139,445	-	-
Reddit	-	4,042,254	1,255,122	2,726,311	611,812	-	16,345
Facebook	14,892,343	-	101,724	84,517	352,645	87,518	33
Instagram	6,130,715	-	-	-	-	-	-
Total	21,023,058	7,239,735	4,805,483	7,641,432	5,956,336	987,782	1,104,744

Public Relations

- Month-end impressions and publicity values for articles that included Hawai'i – November results

Impressions and Publicity Values for November

NOVEMBER	Impressions	Publicity Values
Print	78,450,493	\$27,865,286.00
Online	24,526,731,484	\$15,017,072.00
Broadcast	233,124,188	\$17,017,306.00
Total	24,838,306,165	\$59,899,663.00

Summary of Contributing Factors Related to Major KPI Variances in Quarter 4

- Consumer Ad Measures
 - Digital Gross Impressions – Total Audience: Launch date was pushed back with a few media partners (Programmatic + *Reddit*). Therefore, the timing of the flight and impressions delivery shifted into Q3 (+22% over KPI target) and Q4 (+33% over KPI target).
 - Digital Video Gross Impressions – Total Audience: Incremental funds were invested in Q4 (Nov.-Dec.) that resulted in significantly increased impressions delivery for Q4 (+93% over KPI target).
- Public Relations
 - No. of Media/PR Calls: A PR team had rescheduled a media blitz to Q4 and another met with more media during the blitz than originally anticipated. Also, due to increased interest for 2020 information, more media connected with the PR teams, resulting in exceeding the quarter goal by +15 percent.
 - No. of Press Releases Issued: Press releases were not distributed in Q4 and pushed into Q1 2020. 2020 KPIs will be reviewed.
 - Publicity Value: Actual publicity values across print, online and broadcast continued to far exceed KPIs (+2561%, +370% and +7630%, respectively). HVCB will increase these KPIs for 2020 to more accurately reflect the level of publicity Hawai'i receives.
 - Number of Impressions/Print: Print media continued to decline as a travel messaging vehicle with fewer and fewer placement opportunities. This resulted in a -25 percent shortfall compared to quarterly KPI target. HVCB will lower this KPI for 2020 in acknowledgement of the diminishing role of print.
 - Number of Impressions/Online and Broadcast: These metrics continue to outstrip KPI targets – +364 percent and +17982 percent, respectively. HVCB will increase these KPIs for 2020 to more accurately reflect the level of publicity Hawai'i receives.
 - Group Media FAMs/No. of Articles Generated: Articles from Q4 FAMs are expected to be published in future quarters.
 - Individual Press Trips/No. of Articles Generated: The number of individual press trips was -10 percent off Q4 KPI due to rescheduled visits to Q1 2020.
 - Number of Articles Generated: Articles are expected to be published in future quarters and the KPI for 2020 will be adjusted.

- Travel Trade
 - Digital Gross Impressions – Total Audience: Digital gross impressions exceeded KPIs by +1485 percent. The full media plan was not available when KPIs were initially submitted. Also, it was the first full year implementing trade media tactics with MMGY and received unanticipated valued-added exposure at no cost.
 - No. of Trade Shows: Q4 was +200 percent over goal. The team had more than anticipated opportunities to participate in trade shows and events including new events such as NESTFEST, Nexion On the Road, and a renewed relationship with WESTA that enabled the team to participate in their fall shows. This was also the first full year of representation in the West Coast, Midwest and East Coast which allowed participation in more tradeshow.
 - No. of Appointments (at trade shows): Number of appointments was +2345 percent over goal as more events have embraced the one-on-one appointment format.
 - No. of Travel Trade FAMS: The number of FAMS exceeded target by +160% due to moving some FAMS to Q4 versus earlier in the year.
 - No. of Travel Trade FAM Participants: By extension, the larger number of FAMS at +170% over goal resulted in a higher number of participants.
 - No. of Trade Education Sessions: The number of trade education sessions in Q4 grew significantly and was +179% over goal due to the increased focus, especially on the East Coast, on conducting destination training and Hawai'i Destination Specialist (HDS) courses. The team was given additional opportunities as a result of strong relationships with tour operator BDMS (business development managers) in key East Coast markets and new opportunities such as the Avoya Land Forum. In addition, on-site certification exams were implemented when possible allowing advisors to take the test immediately after finishing a live certification course versus using a code and taking the exam later.
 - Number of Participants (in trade education sessions): By extension, the larger number of sessions at +199 percent over goal resulted in a higher number of participants.
 - No. of Agents Completing Online Training: Q4 certifications was +1237 percent over target as a result of conducting more live training sessions, more tradeshow, and more on-site testing.
 - No. of Trade Sales Calls: Q4 numbers were -100 percent below goal. As sales calls are not a high impact tactic, the team chose to focus on opportunities to educate larger numbers of travel professionals versus individual sales calls.

- Social Media Metrics
 - *Facebook*
 - Impressions: The higher than forecasted impressions (+54% ahead of goal) can be attributed to incremental media dollars that were deployed in December 2019 on *Facebook*. With the additional funds, three incremental campaigns were run.
 - Increase in Fans: The below expected increase (-16%) in page fans may have been a result of both the holiday season as well as *Facebook's* purge of fake and/or inactive accounts which occurred in November.
 - Total Posts: The increase in post volume (+67%) is due to the incremental campaigns in December and the additional pieces of content that ran as part of those campaigns.
 - *Twitter*
 - Impressions: *Twitter* performed better than forecasted in Q4 (+135% ahead of goal), with the O'ahu brewery-related post in November garnering the most impressions of the quarter.
 - Increase in Fans: The total follower size on *Twitter* surpassed the 2019 target, even with slowed fan growth in Q4 (-82% below Q4 goal). It is not unusual for follower growth to slow during holiday months given the competitive space.

- Total Posts: The volume of content was slightly below target (11 posts published v. 13 targeted). This is in alignment with the approved *Twitter* content calendar for Q4.
- *Instagram*
 - Impressions: The increased impression volume compared to projections (+150%) is a result of the incremental funds that were received in December 2019. The platform optimized delivery to *Avid Explorers* across both *Facebook* and *Instagram*, and overall more delivery occurred via *Instagram*.
 - Increase in Fans: The target for *Instagram's* 2019 fan growth was based on historical data in 2018. Over the course of 2019, *Instagram's* updated algorithm impacted the follower growth rate by limiting posts users see in their feeds. The team is still seeing the effects of the algorithm shift as of Q4, resulting in slowed fan growth. Nevertheless, total follower size got within -1 percent of forecasted target.
 - Total Posts: For most content on *Instagram*, in-feed and Stories versions of each asset were created to maximize potential exposure in all areas of the platform. This resulted in exceeding the original *Instagram* planned post volume by +54 percent.

Countermeasures

HTUSA met or exceeded most program KPI for Q4. Shortfalls were largely due to changes in the media landscape and changing social media platform algorithms. Beyond ongoing programmatic adjustments such as those that produced reduced CPM (cost per thousand impressions) and Added Value benefits, countermeasures are not necessary at this time.

Regarding marketplace trends, HTUSA continues to monitor market conditions as described in the Market Intelligence/Market Conditions section. Currently, there are no negative trends that require countermeasures.

Brand Experience Update

- HTUSA
 - Hawaiian culture and its history with food was featured in the December *Islands of Aloha Express* (IOAX) e-newsletter (200,000 consumers), with small features on the upcoming PGA Tournaments in January and Chinese New Year events. The Ka'ū Coffee Festival was featured in the Upcoming Events section in both the December IOAX and *E-xpressly for Travel Professionals* (EXTP) e-newsletter (120,000 travel professionals). Other events highlighted in the Events section included the Kaua'i Steel Guitar Festival, 26th Annual Honolulu Festival, Whale Tales 2020 and Waimea Ocean Film Festival.
 - In December, the travel trade team participated in trade shows and industry events while sharing overall destination information with travel agents. The team highlighted major Hawai'i news, all-island updates including festivals and events, shared the Ma'ema'e Hawaiian Cultural Tool Kit and promoted *Hawai'i Rooted* and *Tourism Kuleana*.
 - Delivered media assets for HTA-supported sponsorships, events and initiatives.
 - ESPN: SoFi Hawai'i Bowl. Provided final media assets for their event sponsorship.
 - Los Angeles Clippers. Provided commercial spots to run in the LA spot market during Q1 games. Also reviewed creative assets and microsite for the launch of the "Hardwood to Hawai'i" sweepstakes on Jan. 5 and coordinated with the Clippers' Hawai'i Night promotion.
 - Sony Open. Reviewed creative assets for the Sony Open golf tournament.

- KVB
 - Continually promoted Signature and Community Enrichment Programs (CEP) by including a slide about key Kaua'i festivals and events in all presentations.
 - Promoted and supported HTA product enrichments during the month.
 - Discussions with agents and walk-in visitors included but was not limited to information about the following local events and festivals on the island, with mention of *kauaifestivals.com*:
 - 23rd Annual Festival of Lights
 - Lights on Rice Parade
 - New Year's Eve Celebration at Po'ipū Beach Park
- OVB
 - Featured the following CEP, HTA Heritage Sites and Signature and Hawaiian Culture Events in its consumer, media and/or travel agent newsletters:
 - Aloha Festivals
 - Hawai'i Food & Wine Festival
 - Honolulu Pride Parade and Festival
 - Hawai'i International Film Festival
 - King Kamehameha Celebrations (2020)
 - Prince Lot Hula Festival (2020)
 - Promoted the following HTA Signature and CEP Events in social media channels and *TripAdvisor* tourism pages:
 - Diamond Head (Lē'ahi) State Monument
 - 'Iolani Palace
 - Prince Lot Hula Festival (2020)
 - Aloha Festivals
 - Hawai'i Food & Wine Festival
- MVCB
 - Recommended visits to coincide with upcoming HTA sponsored events.
 - Recommended visits to cultural attractions and activities.
 - Promoted the following HTA Signature and CEP Events in correspondence, social media channels, and media visits to coincide whenever possible:
 - First Friday in Wailuku
 - Second Friday in Lāhainā
 - Fourth Friday in Kīhei
 - Lāna'i Farmers Market
 - Kula Upcountry Farmers Market
 - Moloka'i Farmers Market, Kaunakakai
 - Maui Nui Marie Institute Holiday Cleanup of Kealia Pond
 - Sentry Tournament of Champions in Kapalua (Photo Shoots)
- IHVB
 - Distributed Q4 opt-In email story to 82,422 consumers, "Tourism and Kuleana," focused on Hawai'i tourism-sponsored programs and events during the first half of 2020.
 - Promoted the following upcoming HTA Signature and CEP events during presentations, to walk-ins, in visitor correspondence and whenever possible:
 - New Year's Eve and Fireworks Extravaganza
 - Hula Arts at Kīlauea
 - Waimea Ocean Festival

- Hawai'i Kuali Pacific and Asia Cultural Festival
- Mitsubishi Electric PGA Championship at Hualālai
- Ka'ū Coffee Festival
- Big Island Chocolate Festival
- Waimea Cherry Blossom Festival
- Panaewa Stampede Rodeo

Island Chapters Engagement Update

- KVB
 - Hawai'i Tourism Canada (HTCAN)
 - Assisted with itinerary development and securing of activities for an individual media visit by Seungpyo Choi of the *Joongang Ilbo* newspaper. Coordinated host hotels, site meetings, hiking tour, helicopter tour, chocolate tour and whale watching tour, Dec. 9-13.
 - Hawai'i Tourism Oceania (HTO) Australia
 - Hosted ten travel agents and one HTO staff for the Travel Counsellors FAM. Provided *lei* greeting and welcome amenities and hosted room accommodations for four nights, activities, meals and ground transfers, Dec. 5-9.
 - Hosted 20 travel agents, three Norwegian Cruise Line staff and one HTO staff during the NCL Legends FAM. Provided welcome amenities, hosted a helicopter tour, lunch and one activity, Dec. 12-13.
- OVB
 - Hawai'i Tourism Canada (HTCAN)
 - Assisted with development of itinerary and activity coordination for a Flight Center-HTCAN FAM that brought nine agents, one Flight Center escort and one HTCAN escort, Dec. 12-15.
 - Hawai'i Tourism Europe (HTE)
 - Assisted with development of itinerary and coordination for individual media visit by Nadine Sieger, *ELLE Germany*, Dec. 1-4.
 - Assisted with development of itinerary and coordination for individual media visit by Carrie Solomon, *ELLE France*, Dec. 30–Jan. 5, 2020.
 - Hawai'i Tourism Korea (HTK)
 - Assisted with development of itinerary and coordination for individual media visit by Seungpyo Choi and Joongang Ilbo, Dec. 13-15.
 - Assisted with development of itinerary and activity coordination for an MCI Meet Hawai'i Corporate FAM. Eight meeting planners and two HTK escorts participated, Dec. 8-11.
 - Hawai'i Tourism Oceania (HTO) Australia
 - Assisted with development of itinerary and activity coordination for an NCL Legends FAM that brought 20 agents, one media, three NCL escorts, and one HTO escort, Dec. 6-7 and Dec. 14-16.
 - Assisted with development of itinerary and activity coordination for a Travel Counsellors FAM. Nine agents and one HTO escort participated, Dec. 9-11.
- MVCB
 - Hawai'i Tourism Canada (HTCAN)
 - Assisted with recommendations and itinerary development for story for *WestJet Magazine* and *Golf.ca* about trip to Maui in May 2020.
 - Completed co-op with WestJet to affect travel in first quarter 2020.

- Hawai'i Tourism China (HTC)
 - Finalized Ctrip co-op for Dec. 1, 2019, to February 29, 2020.
- Hawai'i Tourism Europe (HTE)
 - Conducted Mega FAM for HTE, Dec.1-6. Ten Wholesale Product Managers from the UK, Germany and Switzerland attended.
- Hawai'i Tourism Japan (HTJ)
 - Completed Honolulu-based Wholesale Mahalo Lunch with more than 80 attendees representing ANA, Hawaiian Air, All Nippon Airways, Japan Airlines, JALPAK, JTB, Kintetsu, Miki Travel, Rakuten, TTA and Nippon Travel.
- Hawai'i Tourism Oceania (HTO) Australia
 - Conducted NCL Legends FAM, Dec. 18-19, and hosted 20 cruise ship executives.
- IHVB
 - Hawai'i Tourism Canada (HTCAN)
 - HTCAN partnered with Flight Centre and pre-qualified 11 travel agents who then completed an online destination course prior to arrival. IHVB conducted the Travel Agent FAM that included destination training. IHVB also assisted with the itinerary and hosted various activities with island partners.
 - Hawai'i Tourism Europe (HTE) Germany
 - Provided suggested sights to see and a welcome amenity for Nadine Sieger, *Elle Germany*, Dec. 4-7.
 - Hawai'i Tourism Oceania (HTO) Australia
 - During the NCL Legends FAM, 20 top agents who specialize in booking cruises won spots to experience NCL's Hawaiian Island tour Dec. 10-11. The group stopped in Hilo and with Arnott's Adventure saw Hilo Farmers Market, Rainbow Falls, Big Island Candies. The tour also took them to Hawai'i Volcanoes National Park with lunch at the Volcano House Rim Restaurant, and to Puna via the recently opened Highway 132. On day two, the agents experienced a water adventure with SeaQuest Rafting Adventures that included lunch prepared by The Feeding Leaf and experienced Historic Kailua Village before returning to the cruise terminal for departure. Three NCL and one HTO staff also attended.
 - Hawai'i Tourism Oceania (HTO) New Zealand
 - Four players from the *All Blacks Rugby Team* were on island Nov. 29-Dec. 2. Activities included a Meet, Greet & Training exercise with the Kona Bulls Rugby team, BlueHawaiian Helicopters "Big Island Spectacular" tour, and Manta Ray Moonlight Swim at Mauna Kea Beach Hotel.

“Coming Attractions” for Leisure Market

	What	When	Where
HTUSA	Individual Media Trip: Matt Crossman (<i>Cowboys and Indians</i>)	Feb. 3-10	O’ahu and island of Hawai’i
	Press Trip: TBD	February TBC	O’ahu and Kaua’i
	PBS <i>Field Trip with Curtis Stone</i>	February TBC	TBD
	Individual Media Trip: Jenna Kunze (<i>Unearth Women</i>)	April/May	Maui, Kaua’i, and O’ahu
	Family Travel Advisor Forum	Jan. 6-9	Montego Bay, Jamaica
	Educational Webinar with Pleasant Holidays	Jan. 9	Virtual
	Cruise Planners HDS Training	Jan. 14	Jacksonville, FL
	Southeast Hui Hawai’i Trainings w/Marriott International & Outrigger Hotels & Resorts	Jan. 14-16	Jacksonville, FL; Savannah, GA; Charleston, SC
	HVCB U.S. Central Leisure Sales Blitz	Jan. 20-23	Scottsdale, AZ; Denver, CO; Austin, TX; San Antonio, TX
	NorCal ‘Ohana Meeting	Feb. 6	San Francisco, CA
	HDS Training with Pleasant Holidays	Feb. 3-5	Raleigh, NC; Charlotte, NC
	GIFTE Book More Travel Workshop	Feb. 5-7	Charlotte, NC
	ASTA Houston Trade Show	Feb. 10	Houston, TX
	ASTA Birmingham Trade Show	Feb. 11	Birmingham, AL
	Southeast Hui Hawai’i Trainings w/Marriott International & Outrigger Hotels & Resorts	Feb. 12-13	Birmingham, AL; Memphis, TN
	Tzell Training	Feb. 19 & 26	New York, NY
	Inteletravel TravelQuest	Feb. 19-22	Las Vegas, NV
	Orlando Cruise Planners Lunch & Learn	Mar. 4	Orlando, FL
	Tampa STIA Lunch & Learn	Mar. 5	Tampa, FL
	HVCB U.S. West Leisure Sales Blitz	Mar. 9-13	San Diego, CA; Los Angeles, CA; Burbank, CA; Sacramento, CA; San Francisco, CA
	Rockland County Hawai’i Training with Norwegian Cruise Line	Mar. 18	Haverstraw, NY
	WITS Hawai’i Night	Mar. 19	Scotia, NY
	Hawai’i Training with Pleasant Holidays + AAA Radio Interview	Mar. 24-26	Harrisburg, PA
	Cruise Planners Bootcamp	Mar. 29-31	Dallas, TX
KVB	HVCB U.S. Central Leisure Sales Blitz	Jan. 20-24	Scottsdale, AZ; Denver, CO; Austin, TX; San Antonio, TX
	HVCB U.S. West Leisure Sales Blitz	Mar. 9-13	San Diego, CA; Los Angeles, CA;

			Burbank, CA; Sacramento, CA; San Francisco, CA
OVB	East Coast Media Blitz	Jan. 27-Feb. 4	Birmingham, AL New York, NY Boston, MA
	Wedding Salon Event	Feb. 3	New York, NY
	Wedding Salon Post Sales Training Seminars	Feb. 4-9	East Coast Cities TBA
	Mailpound Webinar	Feb. 26	
	Romance Press Trip	Feb.28 – Mar. 4	O’ahu
	Apple Vacations OMS	Mar. 2-7	O’ahu
	HVCB U.S. West Leisure Sales Blitz	Mar. 9-13	San Diego, CA; Los Angeles, CA; Burbank, CA; Sacramento, CA; San Francisco, CA
MVCB	HVCB U.S. Central Leisure Sales Blitz	Jan. 18-24	Phoenix, Scottsdale, AZ; Denver, CO; Austin, San Antonio, TX
	Ho’olauna Maui Nui SE	Feb. 7-14	Tennessee, Alabama, Louisiana
	MVCB Media Blitz	Feb. 22-28	Seattle, WA; Portland, OR; Denver, CO
IHVB	HVCB U.S. Central Leisure Sales Blitz	Jan. 20-24	Phoenix, Scottsdale, AZ; Denver, CO; Austin, San Antonio, TX
	IHVB Virtual Media Blitz	Mar 24-26	Island of Hawai’i

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Market Intelligence/Market Conditions

Economy

- The consumption tax hike to 10% has increased pressure on the Japanese economy. Government data showed that spending in households with 2 or more people dropped 5.1% in October. The Bank of Japan Governor maintained optimism, stating that the negative impact of the tax hike was smaller than that of the 2014 tax hike, despite the series of natural disasters weighing in on the country.
- The overall Japanese economy is showing weakness from declining exports, production and business sentiment. This is mainly being fueled by numerous natural disasters and sluggish demand abroad. The Bank of Japan decided to maintain negative short-term interest rates, leaving its monetary policy unchanged to encourage continued expansion.

Outbound Travel Market

- Japanese outbound travelers declined year over year for the first time in 1 year and 9 months in November to 1.64 million (-1.9%). Year to date growth remains at +6.0% with growth of roughly 1.5% required in December needed to reach the annual goal of 20 million travelers. Goals should be able to be reached as JTB's forecasts predict record high outbound travelers for the year-end holiday season.
- Travel agencies report Taiwan to continue being the most popular travel destination for Japanese travelers to visit, followed by Hawai'i. Traditionally popular destinations, Korea (4th) and Hong Kong (6th) declined greatly from the political concerns to spots below the topten.

Competitive Environment

- Although Japanese LCC Skymark Airlines started serving direct flights to competitive resort destination Saipan, load factors on the service are reportedly low at around 60%. Effective branding of Hawai'i can be observed as Japanese consumers continue to view Hawai'i as a popular destination they would like to visit, over rival resort destinations.
- Brand USA launched a new travel entertainment app, GoUSA TV. On it, original video contents can be streamed such as their "American Music Journey" film and "Musical Cities". Contents offered include full documentaries and films from people throughout America, aimed to accommodate for consumers' affinity with video-based contents.
- In response to growing demand for two-way tourism amongst Australian and Japanese travelers, Qantas Airlines announced the shifting of their service to Melbourne from Narita to Haneda, along with the return of their seasonal service between Sapporo and Sidney. With Japanese travelers to Australia growing by 40% over the last 5 years, the industry speculates continued market growth to 626,000 by 2026.

Consumer Trends

- The Japanese are becoming more comfortable with requesting paid time off since

the implementation of new laws making it obligatory. Of the study group, 72% responded with intent to travel during their time off. Although over half of respondents stated their intended destinations to be domestic, Hawai'i and close Asian destinations followed at 18%.

- Tripadvisor's studies found that consumers value correspondence by business owners to reviews and/or comments made online. 63% of respondents stated that they book with hotels and/or restaurants where they found that the owners responded to posts made about their business. This indicates merits for businesses actively accommodating the needs of customers.
- As the winter bonus pay season approaches, JTB issued a study relating to consumer views on their bonuses. Of their sample of 1,000 consumers aged from 20 – 69, only 40% believed they would receive bonus pay. Most popular uses for bonus pay were for saving (73.7% of respondents), highlighting the conservative consumption habits of Japanese consumers.

Travel Trends

- JTB announced outbound travel outlook for 2020, forecasting outbound travels to further grow by 4% to 20.8 million. Factors for growth include the expansion of international flight slots at Haneda and the consistent strength of the Japanese Yen. Although the Olympics will be held in 2020, JTB believes the positive factors will outweigh this, leading to growth.
- Developing technology is becoming embedded in the way travel products are purchased, enhancing services to better match with those suited for the customer. LINE Travel JP implemented a chat bot to suggest tours whereby 5 questions will be asked to determine the individual's characteristics such as hobbies and preferences, to provide travel information and tour products most suited to them.

Media Trends

- Publishing companies are diversifying owned contents, leveraging upon the potential for expansion created by the digitization of society. In addition to expansion into web articles, many publishers are beginning to offer video contents and/or are creating their own video viewing platforms. One such example arises from JTB Publishing, who opened a new video posting platform, "Tabinobi", which serves as a place for avid travelers to post their travel experiences.
- As consumers garner attention towards sustainability, media are increasingly featuring contents relating to the topic. As an example, women's lifestyle magazine "Frau" began releasing a series of editions related to the Sustainable Development Goals (SDG). Because Hawai'i is a leading state with the SDGs, media are inquiring about Hawai'i for contents.

Airlift

- Users of Narita Airport's International Terminal grew by 7% year over year for the year-end holiday season (12/27/2019 – 1/5/2020) with up to a 9-day holiday for some. The extended holiday season is giving rise in popularity to long haul destinations, along with resort destinations, including Hawai'i.
- JAL and ANA announced that booking pace for the year-end holiday season both exhibited growth. While growth for JAL was limited to 0.5%, ANA grew by 8%. ANA stated that demand for leisure travels spurred growth. The Hawai'i route where they recently implemented their Airbus A380 was reportedly exhibiting particularly strong performance.
- JAL and Malaysia Airlines were granted antitrust immunity from their respective governments and

are on track to form a joint venture. The two carriers aim to begin cooperating on passenger service between Japan and Malaysia by April 2020.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

According to the Bank of Japan Board, private consumption has been increasing moderately, despite the slowing down of the Japanese economy bringing some concerns for conservative spending habits. This is attributed to the improvements from the employment and income situation from the Japanese work reform. As the work reform policies become more diffused within the lives of Japanese consumers, consumers' conservative consumption habits should ease, allowing for potential growth in the Japanese outbound market.

Hawai'i continues to be a favorable destination amongst consumers. The airlift growth in late March from Haneda will allow for improved accessibility to Hawai'i as connections from various regions will become easier. With continued forecasts for growth in Japanese outbound travels, it will be essential to maintain branding initiatives to capture the market to Hawai'i. HTJ will continue promotional initiatives throughout Japan together with partner entities to facilitate effective campaigns with travel agencies and through direct consumer facets to ensure the dispersion of appropriate branding for Hawai'i.

Leisure Activity Update Consumer

Consumer

- Started the Share the Aloha Campaigns towards consumers. Finished insertion of Japanese subtitles on most of the Kuleana videos to begin distribution of branding message. Facebook and Instagram ads were played using the Share the Aloha (Kuleana) video series focusing on the culture, ocean safety and hiking editions. The ads generated total reach of 328,704 and acquired 506,171 impressions. Currently planning sharing of videos on all digital platforms.
- Broadcasted the Island of Hawai'i promotional movie on 10 major JR East train lines, including the Yamanote line, Keihin-Tohoku line, Chuo line and Odakyu line from 12/30 – 1/5, reaching a total 121,606,898 consumers. The movie was also broadcasted on 25 digital signage boards throughout Tokyo. Broadcasting of the movie on the digital signage boards were done in collaboration with "LIVEBOARD". Their system allows for the acquisition of information on consumers the movie reached, facilitating more effective target marketing in the future. Results will be reported in the January report.
- HTJ's 6th spokesperson, Ms. N. Ishida introduced Oahu and the Honolulu Marathon on a Saturday morning show which she stars in on 12/21. Additionally, she will be introducing a ranking of Hawai'i's most photogenic spots on the show on 1/4. The program has reach of 12,181,580 consumers for each airing.
- Worked with Instagram micro-influencer Mr. Kido to increase exposure of the Island of Hawai'i. Mr. Kido uploaded a series of photos taken on the Island of Hawai'i, whereby he acts as a pin on a map. Total impressions from the posts were 21,248 with average reach of 1,517.7.
- Conducted a survey campaign for HTJ email magazine members to update the consumer database and find out about their interests for Hawai'i. A total of 13,496 consumer data sets were collected.
- Created a new book to be used as collateral targeted towards children, titled "First Visit to Hawai'i". This collateral will also be used towards edu-tourism group initiatives. Contents of the book include basic information on the Hawaiian Islands, Hawai'i's traditional foods, history, language, native fauna and flora, and various pointers to be aware of when visiting.

- HTJ issued a press release for the 2020 Hawai'i Expo across 5 cities, along with an overview, list of the already confirmed 27 stakeholder participants and program contents on 12/25. Additionally, the landing page for the Hawai'i Expo was opened on 12/25 within the allhawaii site, together with official portal sites for the Hawai'i Expo Fukuoka (3/28 – 3/29), Hawai'i Expo Nagoya (5/23 – 5/24) and Hawai'i Expo Osaka (7/11 – 7/12), which will be consistently updated as new information is announced.
- A total of 151 Hawai'i events were endorsed throughout Japan in 2019. Of these events, 64 were general Hawai'i festivals, 42 were hula events, 10 were Hawai'i fairs in hotels and 8 were Hawai'i fairs hosted at department stores. HTJ will be further enhancing the Hawai'i Expo; Island of Hawai'i promotions will be linked with the most effective events endorsed in the past, such as the Aloha Tokyo, JST Nagoya Hawai'i Festival and Hankyu Umeda Hawai'i Fair to expand reach and provide effective branding of Hawai'i to consumers.
- Planning for the 2020 Aloha Program Week in Hawai'i began, with dates set to be 3/2 – 3/7 and tours planned on Oahu. This will mark the fourth iteration of the annual tour exclusive to Aloha Program members.
- A webinar on various facts of Hawai'i was held with a host of the TV show, "Hawai'i ni Koishite" on 12/26 for a total of 131 Hawai'i Specialists. Contents covered in the webinar included basic information on the Hawaiian Islands, a brief explanation on the culture and history, trends and new shops/restaurants.
- Various promotional activities through the Aloha Program were continued. The aforementioned "Hawai'i ni Koishite" TV show showcased the Island of Hawai'i and promoted membership for the Aloha Program, resulting in 159,315 impressions. Promotions also continued on Hokkaido's FM Northwave with roughly 314,285 monthly listeners.

Travel Trade

- Supported ANA's in-flight TV program, "AiNA HAWAII", which shares Hawai'i's culture and history. The program is broadcasted on all of ANA's domestic and international flights, reaching approximately 51,801,390 pax. The Malama Hawai'i movie is also shared on the program.
- Worked with JAL to broadcast Share the Aloha videos with Japanese subtitles on approximately 145 of their domestic flight services to raise awareness of Hawai'i and what to be mindful of when visiting. The videos were able to reach roughly, 197,356 pax.
- HTJ organized an Aloha Program Satellite Office FAM tour from 12/1 – 12/5. 7 travel trade companies, JTB, KNT, Tobu Top Tours, Map Travel, JST, Watabe Wedding and Compact Seek participated. Participants were limited to agents from regional city satellite offices and were shown places where Hawaiian culture and history are emphasized. Places visited included Pearl Harbor, Kualoa Ranch, Bishop Museum, Iolani Palace, etc. Participants reported great value in the FAM, stating that they were able to learn a new side of Hawai'i they had not known.
- The six travel agencies of JTB, JALPAK, ANA Sales, KNT, Tobu Top Tours and Nippon Travel Agency will be launching a sightseeing shuttle tour between Kona and Hilo on the Island of Hawai'i. The service will be operated three times per week on Wednesdays, Thursdays and Saturdays. Stops will include Rainbow Falls, the Kamehameha Statue, Hilo Town and Imiloa Astronomy Center among other locations.

- A total of 72 travel agency branches throughout Japan and HIS' LeaLea Lounge in Waikiki were newly certified as Aloha Program Satellite Offices. HIS' lounge in Waikiki was the first lounge to be certified as a Satellite Office in Hawai'i. HTJ will continue developing various collaborations with the satellite offices to promote Hawai'i in Japan and to visitors in Hawai'i.

Public Relations

- With surfing being a major initiative for 2020, HTJ worked with Delta Air Lines to conduct a surfing press tour on Oahu from 12/15 – 12/18. 5 media attended to learn about the history, culture, art and lifestyle of surf in Hawai'i. Places visited include the "Mai Kinohi Mai: Surfing in Hawai'i" exhibit at the Bishop Museum, surf related stores and artists while also experiencing surfing themselves with lessons in Waikiki. Participants were also able to interview relevant individuals such as lifeguards, representatives from the World Surf League and the Vans Triple Crown of Surfing, surfing schools and surfboard shapers. Exposures from the press tour will begin in January.
- A newspaper press tour was held on the Island of Hawai'i from 12/5 – 12/9 as a part of the Island of Hawai'i recovery initiatives. 5 newspapers participated to learn about how to enjoy the Island of Hawai'i. Places visited included sites to experience nature (ie. Volcanoes National Park), learn about history and made in Hawai'i products (ie. Kona Coffee Living History Farm) and partook in activities (ie. Horseback riding in Waipio Valley). Exposures from the press tour will begin in January.
- The promotional video created with Oahu's attraction partners was used for promotions on YouTube from 12/25 – 12/31 with total views of 303,449.
- HTJ received 11 new media inquiries in December and provided information on sustainable efforts being taken in Hawai'i, surfing and Hawai'i's signature events.
- Supported Japanese Hawai'i magazine, "Hawai'i Style" to promote the Island of Hawai'i. HTJ shared information on contents to be featured, along with an interview with HTJ regarding attractive spots to visit. Reach of 525,000 was recorded from the exposure.

Sales Activities

Sales Calls			
Airline	Wholesaler/TA/TO/OTA	Other	Total
2	17	49	68

Travel Agencies

- Overall booking pace for travel agencies slightly decline for Q1 of 2020. The slight dip is attributed to the lack of student trips.
- Bookings for April are reportedly significantly lower with no clear explanation for reasons from travel agencies. One potential reason for the decline is the news on shift of services by JAL and Delta Air Lines to Haneda not effectively being diffused amongst consumers.
- Travelers' booking lead times are gradually becoming longer with average times becoming 2.5 – 3 months prior to the trip date as opposed to it being 2 months before. This trend is particularly prevalent amongst FIT travelers, and peak travel seasons such as Golden Week or holidays. This is partially attributed to airlines beginning to allow tickets to be purchased from one year in advance.

Tokyo Market

- The change of air service schedules in the end of March 2020 will cause supply from Haneda to grow by close to 80%. This is causing net rates offered to travel agencies to become lower, with price differences between Narita and Haneda closing to around 15,000 yen, allowing for travel agencies to more easily shift airport use for products.
- ANA has been maintaining strong performance on their service. Business-class seats have been especially popular, with difficulty in booking these seats through March. The premium economy class has also been gaining popularity with upgrades from travelers booking economy.
- Although JAL's direct flight to Kona has been recording strong load factors, much of the use is covered by mileage benefits, making it a less profitable route.
- JTB announced intents to continue focusing on Hawai'i as a destination despite the end of their Global Destination Campaign. Goals for pax sent to Hawai'i was also increased from 2019 levels in 2020. Overall performance has maintained 20% growth with Tokyo leading performance.
- HIS will be enhancing initiatives for 2020 as it will be celebrating its 40th anniversary. They will continue focusing on Hawai'i as a major destination, starting from their annual start of the year sale in January.
- JALPAK is strengthening product development for the Island of Hawai'i. They are planning incorporation of tours to new attractions such as new farms and the Hawai'i Space Exploration Analog and Simulation facilities. They will continue working with JAL to develop attractions other than those relating to the vast nature of the island.

Fukuoka Market

- Hawaiian Airlines launched service of their new direct flight service to Fukuoka on 11/27. Booking performance is reportedly strong through March. JTB and HIS have secured seats on the service but remain wary as prices for the service remain subject to performance.
- Timed with HTJ's Hawai'i Expo in Fukuoka in March 2020, travel agencies will be increasing ads by various means to increase buzz for Hawai'i amongst consumers in the region.

Hawai'i (Local Partners)

- HTJ awarded HIS' LeaLea Lounge in Waikiki as the first Aloha Program Satellite Office in Hawai'i on 12/2. Customer service staff at the lounge acquired Hawai'i Specialist status and will continue working with HTJ to assist their customers to share their knowledge gained. HTJ will continue holding regular meetings with HIS on how the lounge will be utilized to attract travelers to the unique Hawaiian cultural experiences.

Partner Relations

- HTJ participated in a seminar and workshop event with Brand USA and Hertz Rental Car for 80 participants from travel agencies and media. HTJ provided a presentation on exploring the Island of Hawai'i with a rental car.
- Established schedules for seminars and workshops through 2020 with the Hawai'i Association of Japan. Cities selected include regional cities, effectively allowing for a nationwide educational initiative.
- Conducted a travel trade industry webinar on 12/11 to introduce the facilities at the Waikiki

Beachcomber by Outrigger. Representatives from the hotel explained the various sales points of the facility to the 130 participants.

- HTJ's three quarterly partner meetings (Japan Sub-Committee, Attraction and PR / Marketing) were held on 12/13. Over 40 total partners attended the meeting and were shared HTJ's 2020 initiatives.
- An Aloha Program Curator meeting was held on 12/9 with 5 curators to discuss overall 2020 initiatives, along with activities for the Hawai'i Expo.
- Conducted a study group for Japanese travel agents in Hawai'i with Aloha Program Curator Ms. Sayuri Roberts as the guide. The 15 participants were guided throughout Waikiki to learn about locations with historic significance in the area.

Key Performance Indicators - Leisure Market

- TV reach was generated from a new TV tieup with popular Japanese TV series on Hawai'i, "Hawai'i ni Koishite!" to promote travels to the Island of Hawai'i and the Aloha Program.
- Print reach exceeded quarterly targets from the publication of ads within a romance market oriented free paper. The article was created together with Watabe Wedding, and featured topics on romance on the Island of Hawai'i.
- Digital reach exceeded quarterly targets with the taxi signage advertisements from their effectiveness. Contents used on the taxi signage were mainly for the Island of Hawai'i, Hakken Hawai'i and Romantic Hawai'i campaigns.
- Radio reach exceeded quarterly targets from a tieup with Hokkaido's FM North Wave station which started in August to enhance exposures in Hokkaido.
- Out of home gross impressions exceeded quarterly targets from the use of train channels as a part of the Island of Hawai'i recovery initiatives. During the summer and year-end season, promotional videos for the Island of Hawai'i were broadcasted on digital signage boards within trains.
- For public relations measures, although print and online mediums could not reach quarterly targets, those for broadcasts were able to exceed targets from the TV tieups and various campaigns. As an example, a segment on the Island of Hawai'i was featured for 60 minutes in October.
- Quarterly targets for press trips were not met as emphasis was placed on media assistance to disseminate information on Hawai'i. Although two press trips were held in December, articles will not be generated until their January and February editions.
- Travel Trade FAMs were not able to be hosted as frequently as planned from difficulty in scheduling a period when an efficient number of agents could participate. For the FAMs that were hosted, HTJ ensured participation from target regions including regional cities, along with agents in Honolulu to develop relationships and educate agents of the travel trade industry together. The effectiveness of the hosted FAMs allowed for new product development to exceed quarterly targets.
- Trade education sessions were able to reach quarterly targets, but the number of participants fell short of goals. The difficulty in securing availability of agents during the busy travel seasons made it difficult to attain target participants. However, the sharing of information obtained by participants with their colleagues was ensured, making reach of the sessions high.

- Online training programs were not hosted by HTJ as frequently as originally anticipated. HTJ has been supporting online training carried out by partner travel agencies by sharing information.
- For social media metrics, changes in the algorithm made it challenging to reach the audience; HTJ has been posting SNS advertisements on the Share the Aloha campaign. Posts on Twitter were greatly increased in Q4, leading to higher engagement and impressions.
- Maintained connection with travel trade partners through regular sales call initiatives to collect information on their performance and outlooks. This allowed sales call numbers to exceed KPI targets, and lead to strong relationships being built with the industry in both major and regional cities.
- Worked closely with the Japanese Hawai'i stakeholder group, Hawai'i Association and Aloha Program Satellite Offices to enhance seminars and events held in the regional cities, allowing for effective exposures for Hawai'i.

Brand Experience Update

- Supported coordination of a volleyball exhibition match between Nippon Sport Science University and the University of Hawai'i volleyball team.
- Supported coordination for securing airline tickets and other arrangements for the Hula Bowl.
- Supported promotion of the Honolulu Festival.
- Translated and updated the calendar of signature events on the HTJ portalsite.

Island Chapters Engagement Update

- HTJ met with Ms. J. Matsumoto of the Pacific Island Institute and OVB to discuss potential to collaborate for the upcoming Festival of the Pacific in June.
- Discussed with IHVB regarding the Island of Hawai'i Mission in Japan, along with the Japan Summit for 2020. Participant guidelines for partners will be created and shared in January.

“Coming Attractions” for Leisure Market

What	When	Where
HA x HTJ Island of Hawai'i Specialist FAM	1/26 – 2/2	Island of Hawai'i
Travel Trade Webinar	2/18	Oahu & Tokyo
HA x HTJ Responsible Tourism FAM	2/29 – 3/3	Oahu
Aloha Program Week in Hawai'i 2020	3/2 – 3/7	Oahu
Travel Trade Webinar	3/17	Oahu & Tokyo
Hokulea Movie Event	3/26	Fukuoka
HTJ x Hawai'i Association: Seminar & Workshop	3/27	Fukuoka
Hawai'i Expo Fukuoka	3/28 – 3/29	Fukuoka

Hawai'i Tourism Canada 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

- Canada's economy will be supported by strong labor markets and modest growth in consumer spending.
- Real GDP is forecast to expand by 1.8 percent in 2020 and 1.9 percent in 2021. This is upslightly from 2019's 1.7 percent gain.
- Canada's trade sector will continue to be challenged by weak global growth.
- Business investment has been dismal over the past few years. But prospects for energy investment are looking much more promising, thanks to improvements in energy takeaway capacity. And the outlook for the non-energy side remains moderate.
- While most provincial governments are expected to maintain a high degree of spending restraint as they work to balance their books, at the federal level the newly re-elected Liberal government is expected to increase spending and reduce taxes.
- With global economic conditions stabilizing, the Bank of Canada will most likely make no changes to interest rates in 2020.
- The loonie has been fairly stable so far this year at 75.3 cents US, the year-to-date value is -3.0 percent lower than recorded throughout the same period in 2018.

Outbound Travel Market

Canadians made 28.1 million overnight trips to the U.S. and other outbound destinations throughout Jan-Oct 2019, an estimated increase of 1.7 percent compared to the same period in 2018. Of this total, 21.7 million trips were for leisure purposes. During the period, overseas leisure travel increased 1.2 percent, while overnight leisure trips to the U.S. grew an estimated 1.4 percent. The 2019 summer travel season saw Canadians take 16.4 million overnight outbound trips for all purposes (2.1%).

Canadians made almost 17.5 million overnight trips to the U.S. throughout the first ten months of 2019, compared to 17.1 million last year. During the period, overnight trips by automobile declined an estimated -0.6 percent while travel by other modes grew 5.7 per cent. While some destinations in Arizona, Hawaii and Louisiana recorded a decline in air activity so far this year, most of the tracked cities in Florida, California, Texas and Nevada saw an increase in direct arrivals.

To Hawai'i specifically, there were 471 thousand visitors from Canada throughout the first eleven months of 2019 compared with 479 thousand during the same period in 2018. Between Jan-Nov 2019, direct arrivals decreased -1.8% and indirect arrivals declined -1.5%. Direct arrivals recorded year-over-year decreases for the past six months, while indirect arrivals started to see positive growth in June when the availability of direct air capacity started to decline.

Competitive Environment

Almost 4.4 million Canadians visited destinations in Mexico, the Caribbean, and Central America throughout Jan-Oct 2019, a year-over-year increase of 3.1 percent. Of the larger volume destinations, arrivals in Mexico have increased 7.0 per cent so far this year, while travel to the Dominican Republic

saw a -3.3 percent decline in activity and visits to Cuba were mostly unchanged (-0.5%). During the period, Mexico accounted for 40.4 per cent of arrivals in the region; up from 36.8 per cent two years ago (2017). July and September were the only months since August 2016 that a year-over-year decline in visitation to Mexico was registered.

The 2019 summer season saw activity in the region decline -2.5 percent to 1.3 million arrivals. The decrease was mostly due to a combined 76 thousand fewer visits to Cuba (-7.6%) and the Dominican Republic (-10.8%). There were 2.8 million Canadian arrivals in key destinations in the Asia/Pacific region throughout January-October 2019. This was a slightly smaller volume than during the same period in 2018 (-0.8%) due primarily to reduced activity to China (-12.0%) and Hong Kong (-10.6%). A combined 70 thousand fewer arrivals in China (-11.9%) and Hong Kong (-15.6%) resulted in a -2.2 percent drop in activity to the region throughout the summer travel period.

Consumer Trends

Following a slight uptick last month, the national consumer confidence rating fell significantly in December to reach its lowest point since January 2017. The current rating was 9.9-points below the previous month and 0.9 points lower than last December. Regionally, consumer confidence fell in every region except Quebec, with Ontario, Alberta and British Columbia registering their lowest levels of the year.

Nationally, 28.0 percent of respondents indicated now would be a good time to make a major purchase, a similar share as last year at this time but the lowest overall proportion recorded since January. Compared to last month, the share of respondents with positive purchase intentions declined in every region except Atlantic Canada. Retail sales decreased -1.2 percent from last month and -0.6 percent compared to one year ago. On both an annual and monthly basis, lower sales were reported in Quebec, Ontario, Saskatchewan and BC.

Travel Trends

According to Conference Board of Canada data, December 2019 compared to the same period last year brought a higher percentage of residents from Ontario, Quebec and the Atlantic saying it was a good time to make a major purchase, while percentages decreased for residents from British Columbia and the Prairies. Overall, 28 percent of the Canadian responses received indicated that it was a good time to make a major purchase, compared to 27.5 percent last year.

Airlift

- Air Canada and WestJet offered 424 thousand direct seats to Hawai'i throughout Jan-Nov 2019.
- This is 1.2% more direct seats than offered during the same period in 2018 but almost all of the growth occurred in the first quarter.
- In 2019, WestJet increased direct capacity by 2.8% while Air Canada offered -1.3% fewer seats than in 2018.
- The 737 MAX 8 extended landing has severely affected Air Canada's capacity in the West Coast. According to the airline, more than 20 percent of their flights out of Vancouver and Calgary are being affected, especially in mid-haul destinations like Hawai'i.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

- The Canadian economy has been growing to a slow but steady pace, which means that the acquisitive power of Canadians is still growing.
- It seems that the loonie has settled in at 0.75 cents and Canadian travelers have gotten used to that price point. Economists don't predict a major shift in its value.
- Some Canadians have been campaigning against travelling to the US as a result of President Trump's military actions in the Middle East.

Leisure Activity Update

Consumer

- A Flight Centre campaign is running from December 15 to January 15 which was supported with a FAM trip to O'ahu and the Island of Hawai'i.

Travel Trade

- There has been follow up with the partners about the Aloha Canada 2019 trade mission with a survey gathering all the feedback possible to apply it to Aloha Canada 2020.
- Spoiled Agent Webinars are completed with a total of 269 agents that attended six webinars.
- The Flight Centre FAM took place from December 11th to the 18th. Ten Flight Centre agents had an extensive itinerary on O'ahu and the Island of Hawai'i. The flight into Honolulu from Vancouver was cancelled due to mechanical reasons, so the first day of the schedule was cancelled.

Public Relations

- Individual press trips for 2020 secured the following:
 - Alyssa Schwartz is traveling in February; her focus is off the beaten path and urban travel. Her islands of choice are O'ahu and the Island of Hawai'i. Accommodations have been confirmed; development of itinerary is in progress.
 - Simone Olivero is traveling in February; her focus is family travel. Her islands of choice are O'ahu and Kaua'i. Accommodations have been confirmed; itinerary development is in progress.
 - Grant Fraser – Golf focus. His islands of choice are Maui and the Island of Hawai'i.
 - Barry Choi – Freelance journalist visiting Maui in May. Confirmed accommodations in Ka'anapali. Itinerary development is in progress.
- Confirmed group press trip to Maui and Kaua'i in June 2020 – focus is culture and culinary. Outreach to media has begun.
- Press Release: Responsibly Exploring the Hawaiian Islands sent out to media contacts.

Sales Activities

Airline	Wholesaler/TA/TO/OTA	Other	Total
1	20	1	22

Key Sales Activities:

CAAA, Winnipeg, MB – Alex Wilson, Member Services Counsellor
Jubilee Travel, Saskatoon, SK – Marilyn White, Travel Consultant (wedding group of 50 pax)
Flight Centre Groups at Guilford, Surrey, BC – Shiela Conwi
Corporate Traveller, Burnaby, BC – Jason Zhang, Travel Manager
Air Canada Groups Year-End Event
Virtuoso Travel
Travel Agents in Action with Facebook

Key Performance Indicators - Leisure Market

Summary of Contributing Factors for Major Variances

- Travel Trade: The efforts for the last quarter were focused on the Aloha Canada trade mission. In conjunction, HTCAN ran a campaign with TravelWeek, which was a success. The publication provided a complimentary insert in two of the most important newspapers in Toronto and Vancouver. A contest ran with the TravelWeek campaign and generated a lot of attention to the Hawai'i Destination Specialist Program.
- Social Networks: HTCAN has been sharing all feed posts as stories, which has contributed towards the KPI results. The team also shares the Island Chapter content on Twitter, therefore, KPIs have organically overdelivered what was estimated.
- Public Relations: Publicity value dropped in the last quarter due to the changing media landscape, which is evolving from print to digital. Over the last few months, a number of Canadian print publications have closed.

Countermeasures to Reverse Negative Trends and/or KPI Results

- Public Relations: Due to the evolving media landscape and decrease in publicity value, HTCAN is proactively pitching leads to other publications to overcome the deficit.

Island Chapters Engagement Update

- The 6 webinars ran with the support of the Island Chapters. The webinars took place on these dates:
 - July 18th – Island of Hawai'i
 - August 29th – O'ahu
 - September 18th – Kaua'i
 - October 15th – Maui
 - November 20th – Moloka'i
 - December 18th – Lana'i
- O'ahu and Island of Hawai'i took place from December 12th to the 18th with great engagement from the participating agents.
- The Island Chapters have been working with HTCAN on the individual FAMs and are already planning the 2020 calendar.

"Coming Attractions" for Leisure Market

What	When	Where
Flight Centre Canada Campaign	December to January	Across Canada
Expedia Canada Campaign	December to January	Across Canada

Hawai'i Tourism Oceania 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

Australia

During December, the Australian dollar remained consistent, trading at US\$0.68. The September quarter figures were released, showing the economy grew by just 0.4%, below expectations and slower than the previous two quarters. Mid-year tax cuts aimed at stimulating the economy have not had the desired impact with consumer spending remaining flat. Households appear to be saving rather than spending their tax returns, as savings rose while discretionary spending saw its weakest growth since the global financial crisis a decade ago.

New Zealand

December was a positive month for the New Zealand dollar, finishing the month at just over US\$0.67. Interestingly, the year end dollar strength was almost identical to the level it began at the start of the year, (US\$0.67) having dropped as low as US\$0.62 during the year.

Outbound Travel Market

Australia

Travel patterns in October 2019 remained almost identical to the previous month. The number of Australian residents travelling on an overseas trip increased by 2.6% on the same time last year, with 957,700 trips during the month. Travel to New Zealand accounted for 13% of all trips. The most popular destinations were: New Zealand (125,900); Indonesia (121,500); and USA (87,900).

The highest annual increases were again (consecutive months) recorded for Japan (18.2%), Indonesia (11.7%) and India (6.6%). The USA recorded a year-on-year decrease of -2.9%, while Fiji (-2.1%) and Thailand (-4.7%) also saw decreases.

New Zealand

The number of New Zealand residents travelling on overseas trips in October 2019 was up by 200 from October 2018 to 326,400. The biggest changes were: Japan (up 2,500) – due to the Rugby World Cup; Indonesia (up 2,300); and United States (down 2,400).

Competitive Environment

Australia

Qantas will launch direct flights between Australia and Chicago in April 2020, with the near-17 hour, 14,326km journey becoming the world's fourth longest passenger flight.

A surge in domestic travelers has provided a billion-dollar boost to the West Australian economy, helping to offset a sluggish overseas tourism market. Domestic travelers spent \$7.8 billion in WA in the past 12 months, a 24% increase that represented a \$1.5 billion economic boost. Domestic visitor numbers for the 12-month period were up 10%, matching a trend seen across the country. Major events are being hailed as a key driver for the rise in visitor numbers.

New Zealand

Los Angeles Tourism is looking to invest more in the NZ market following the announcement of additional airlift, particularly the Christchurch to LAX service with American Airlines.

Consumer Trends

Australia

A new travel survey conducted by Nielsen has found that 61% of Australians claim concerns around safety affects their desire to take a holiday. More specifically, 28% of 18-24 year-olds and 43% of people aged 25 and older said they're travelling less as a result of the growing "magnification" of incidences such as acts of terror and natural disasters. However, 41% of those who reported safety concerns said they continue to travel but take "extensive precautions" before setting off on holiday, with Nielsen revealing that visits to the Australian Government Smartraveller website have increased by 49% since last year, along with the uptake of travel insurance, which has grown by 23% in the last five years. Travelers who prioritize safety revealed a preference to visit well-known destinations which they perceive as being safer, including the US, Canada, Japan, Europe, Thailand and Indonesia; they are also more likely to consider all-inclusive holidays, cruises and resorts, and twice as likely to purchase travel insurance compared to the general population.

New Zealand

The disaster that occurred on the active volcano Whakaari / White Island created some discussion and caution about volcano tourism. Hawai'i was mentioned in several interviews and media clippings.

Travel Trends

Australia

Environmental impact is becoming an increasingly important factor when it comes to consumers' travel choices, particularly for younger travelers and those who travel for business, a new report by Travelport reveals. Over half of the millennials surveyed (53%) said they chose eco-friendly travel options (compared to 20% of those aged 55 and over), while 55% of business travelers said they factor in environmental impact when making travel choices (compared to 42% of leisure travelers).

Media Trends

Australia & New Zealand

Television's Network 10 (free to air station) new strategic partnership with Travlr is being described as an end-to-end travel platform and ecosystem which will leverage the 10 audience to help promote destinations, packages and products across the globe. The initiative has international implications through the network's US ownership by CBS, which in turn recently merged with Viacom. The partnership has been described as a unique way for trade partners to reach and engage with the station's audience. Travlr will showcase destinations on behalf of tourist boards, alongside user generated content.

Seven West Media has decided to cease operations of 7Travel. An official press release has not yet been circulated as negotiations are ongoing with Ignite Travel, the fulfillment partners, with regards to operational procedures ahead of the close down.

Airlift

Australia

Jetstar is experiencing rolling strikes across Australia by pilots and ground staff taking industrial action over pay and safety concerns. Nearly 100 flights have been cancelled in Australia at the time of writing. No industrial action is planned during the busy Christmas period between December 20 and January 3. However, Jetstar has announced that it is cutting 10% of its flights across January 2020 to avoid disrupting passengers at short notice. January is Jetstar's busiest month of the year and the airline hopes that by getting on the front foot, disruptions will be minimized. At this stage it is not known if flights to Hawai'i will be impacted.

New Zealand

Nothing new on the Hawai'i front. Both Air NZ and Hawaiian have indicated that their capacity levels will be similar in 2020 as it was in 2019.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

Australia

Visitor arrivals in November were down 11.9% which is on par with the YTD stats (down 11.3%). This drop is partially due to reduced flights from Hawaiian Airlines and Jetstar. In mid-December, Jetstar cancelled a number of their flights due to strikes impacting ground staff, baggage crew and pilots. With the strong US\$ affecting visitation HTO continues to focus keep Hawai'i's brand top of mind for travelers. HTO's initiatives will focus on targeting the high-value traveler that is less price sensitive.

New Zealand

Although the November arrival figures from NZ were down 6%, it was the best month for some time and possibly reflects a turning of the tide as airline loads and yields improve. This has certainly been the indication from the airlines. The timing is good as we approach a new year where the emphasis is on value, experiential, and spend.

Leisure Activity Update

Consumer

- **Luxury Escapes Campaign (December 6-28):**
 - Partnership with Luxury Escapes including multi-island product across O'ahu, Maui and Kaua'i.
 - Halepuna Waikīkī, Hale Koa Hotel and Hotel Wailea Maui were the hotels featured in this campaign.
 - Campaign featured inspirational content on Luxury Escapes digital assets including a Hawai'i destination guide.
 - The campaign was also promoted in the press and included inspirational advertorial as well.
- **Expedia Cooperative campaign (December 26 – January 13):**
 - Partnership with Expedia and Hawaiian Airlines.
 - The campaign launched with Boxing Day deals including free neighbor island add on to encourage neighbor island visitation.
 - There was an Expedia landing page that provided information on each Hawaiian Island and reinforced our core message "Six Hawaiian Island, Infinite Experiences".
 - Campaign featured land and air packages across all the Hawaiian Islands.
- **Ignite (MyHawaii) family holiday campaign results (October 5 – November 23):**

- \$3.7 million media value
- 1,308 total passengers
- 9,941 total passenger bed nights; 7% greater than forecast
- 545 Bookings; 6% greater than forecast
- \$6,397 average booking value
- Length of stay: 7.6 nights

Travel Trade

- Aloha Fridays: Every second Friday Travel Weekly includes an 'Aloha Friday wrap' featuring Hawai'i news in their digital newsletter that goes out to 14,200 people in the travel industry. This month the articles featured the following activities:
 - Here's what's new on the Island of Hawai'i
 - Travel Counsellors agents explore Kaua'i and O'ahu
- **Viva Holidays USA Roadshow**
 - Sydney, Brisbane and Melbourne from December 2-4.
 - Promote US tourism destinations in conjunction with the release of Viva Holidays new brochures.
 - Attended by 311 agents in total; 131 agents in Sydney, 78 in Brisbane and 102 in Melbourne.
 - 8x12 minute presentation format, each station having 2 presenters of different tourism boards (with 6 minutes each to present to the group). HTO were partnered with BrandUSA.
 - During each show the agents were engaged and asking questions; it was a great success.
- **Travel Counsellors Fam**
 - 10 agents who were top achievers in 2019 participated, with 1 HTO escort.
 - Kaua'i and O'ahu itinerary, December 5-12, 4 nights Kaua'i (Koloa Landing Resort) and 2 nights O'ahu (Hyatt Regency Waikiki).
 - Kaua'i activities included Aulii Luau, Kaua'i ATV Waterfall tour, Outfitters Kaua'i Powerline Zipline tour, Blue Hawaiian Kaua'i Eco Adventure helicopter tour, brunch and Rum Safari tour at Kilohana Plantation.
 - O'ahu activities included 'Iolani Palace, Ahaaina Lū'au, Waimea Valley tour and Hale'iwa Town stop.
 - From the feedback received, the agents are now more confident selling a neighbor island.
 - Most rated the fam as being an 'excellent' fam, the other responses were 'amazing' and 'the best fam I've been on'.
- **Visit USA Roadshow – Palmerston North**
 - HTO presented to 30+ travel agents as part of the Visit USA Regional Roadshows.
 - HTO is a member of the executive committee.

Public Relations

In December, the campaign period came to a close for the broadcast of National Geographic's Eco-Traveller episode from the Island of Hawai'i and Sea Cleaners. In total, both shows had 704,700 viewers over the campaign period. The campaign also included two online articles which generated 1.3 million impressions.

Following on from the first episode which aired in November, the second episode by Man of Many and AMEX was released on December 3. The short online film follows the protagonist and his fiancée through a number of luxury experiences in Hawai'i including spa treatments at a hotel, dinner and shopping.

HTO distributed the following press releases in December

- Travel Counsellors Explore Hawaiian Islands
- Hawai'i Tourism Oceania and Norwegian Cruise Lines co-host famil

HTO assisted the following media in December

- Sherine Youssef ahead of her upcoming visit in January
- Kerri Elstub ahead of her upcoming visit in January
- Markeeta Waddington ahead of her upcoming visit in January
- Qantas magazine ahead of a feature to be released in January
- Guy Dundas regarding information and photos from trade famils
- Jetstar magazine ahead of a feature to be released during 2020
- Aleney De Winter ahead of a supported famil for Lochie Daddo in March 2020
- Carla Grossetti in navigating the barberstock library and finding relevant imagery for afeature
- Mark Chipperfield regarding WWII information
- Sean Nicholls in discussions regarding the Bachelor finale 2020

HTO had the following PR meetings in December

- Various writers at the Australian Society of Travel Writers Christmas lunch
- Sean Nicholls and Warner Brothers Executives from The Bachelor
- Cynthia Rankin from Hilton
- Tasha Guzek from Doubletree
- Lori Holland from Four Seasons Lanai

Sales Activities

Sales Calls December

Airline	Wholesaler/TA/TO/OTA	Other	Total
3	2	3	7

- Trade Sales Calls December
 - 2020 Planning Meeting with Hawaiian Airlines
 - Miju Kim, Alohilani Resort Waikīkī Beach
 - Qantas Hotels for Cooperative campaign opportunities
 - Brand USA on campaign opportunities
 - Viva Holidays on Maui Campaign
 - Justin Macmillian, Marriott
 - Hilton, End of Year Lunch
 - Jetstar, Marketing

Key Performance Indicators - Leisure Market

A summary of contributing factors for any major variances (+/- 15% of quarterly target). Describe the countermeasures to reverse any negative trends and/or KPI results

Area	2019 KPI (full year)	Result (YTD)	% variation	Comments
Visitor numbers	389,577	332,042	December statistics not available	
Neighbor Island visitation	88,069			
Oahu	32,5373			
Maui County	57,586			
Kauai	30,007			
Island of Hawaii	42,750			
Leisure visitor expenditure	\$984,100	\$809,800 (Nov)	-15.8%	The decline reflects lower numbers, reduced PPPD spending as a strong USD impacts spending
Publicity - print	\$12,000,000	\$28,417,272	+136%	HTO assisted with more journalist famils than planned which helped generate a greater amount of print activity
Number of media fams	15	28	+86%	As per above
Articles generated	30	50	+66%	
Number of trade shows	5	13	+160%	New opportunities arose this year to attend trade shows such as the Viva Holidays (multi-state) and Travel Counsellors Trade Shows.
Trade Famils	4	8	+100%	HTO partnered with Travel Associates, Flight Centre, Helloworld, Travel Counsellors, Brand USA and NCL for specialized famils in 2019. HTO also assisted with ad-hoc famils to promote the Hawaiian Islands.
Travel Trade Famil Participants	40	82	+105%	
Number of participants	300	535	+78%	HTO held more online and face-to-face training sessions so we could garner more agents at any one time.
Number of travel agents completed training program	200	487	+143.5%	Benefited by targeted training blitzes and online incentives.

Facebook				
Engagements	650,000	Over 1.6 mil	Over +245%	HTO Facebook channel continues to be highly engaged and engagement is fast becoming a measure of success. Facebook has altered its metrics and is increasingly becoming a pay to play medium, reducing the amount of organic impressions and making fan acquisition more difficult.
Fans	150,000			
Impressions	25,000,000			
Instagram				
Impressions	320,000	Over 5.9 mil	Over +1,745%	Our Instagram account remains highly engaged and active. HTO has allocated more resources to paid social advertising on Instagram given it's increase in popularity. Over the last 12 months, Instagram changed its metrics several times, which is why there is significant differences in the KPIs set in 2018 compared to the final results in 2019.
Engagement	15,000			
Total Fans	35,490			
Travel trade ad measures	n/a	n/a	n/a	Consistent always on 'Aloha Friday' segment AU and NZ and promotion of trade events/initiatives

Brand Experience Update

- HTO is rolling out paid social advertising amplifying the Kuleana Videos.

Island Chapters Engagement Update

- HTO has scheduled bi-monthly conference calls with each of the Island Chapter teams. We are currently working on the below activities with:
 - All Island Chapters – pre-planning for Month of Lei roadshow May 2020
 - OVB – Oahu Specialists famil
 - MVB – Planning for Maui coop promotion January

“Coming Attractions” for Leisure Market

What	When	Where
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Expedia Multi-island campaign	December 25 – January 15	Australia
TripAdvisor Campaign	November 2019 – February 2020	Australia
Qantas Magazine MICE Feature	January 2020	Australia
Helloworld Expo	January 19	Australia
Wedding Expo	January 18-19	Australia
Viva Holidays - Maui Coop	February 7-28	Australia
Qantas Hotels Coop Campaign	February 8-21	Australia
Flight Centre Expos	February 2020	Australia & New Zealand
Social media campaign highlighting UGC	February 2020	Australia
Discover America / Visit USA Roadshows	February 2020	Australia & New Zealand
Jetstar multi-island campaign	February – March 2020	Australia

Hawai'i Tourism China 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

China Mainland

China's economy saw a stable GDP growth rate of 6.2% YOY in the first 9 months of 2019 amidst the Sino-U.S. trade war. The unemployment rate remained at 3.61% in Q3, a record low since 2002. Consumer confidence increased from 124.1 to 124.3 Index Points in October. Meanwhile, the Chinese Yuan maintained at 7 CNY per USD since November.

Hong Kong

Hong Kong steps deeper into political tension, adding anxiety to the tourism and retail business. The advanced estimate showed that the Hong Kong economy shrank 2.9% YOY in Q3, after expanding 0.4% previously. It was the first yearly economic contraction since 2009. The unemployment rate rose to 3.2% in November. Private consumption and fixed investment dropped while government spending grew at a faster pace. On currency, the Hong Kong dollar and U.S. dollar maintained an exchange rate of HKD 7.78 per USD as of December.

Outbound Travel Market

- Eight of the top 10 search terms for Christmas-related destinations are in Europe and the United States. The keyword "Las Vegas Christmas" has the highest month-on-month increase, reaching 200%. As a festival with a strong western culture, many people hope to go to Europe and America to experience the original Christmas culture at Christmas. (*Source: Pinchain News*)
- According to Trip.com (previously known as Ctrip), Chinese tourists will travel to more overseas destinations during the Spring Festival holiday in 2020. Chinese tourists have booked trips to 419 overseas cities in over 100 countries and regions during the seven-day holiday beginning January 24, 2020.
- CTS and CITS merged to be a new brand-CTG (China Tourism Group) in November. After a 3-year re-structure of management, finally these two fully merged and the brand news conference was held on November 7.

Competitive Environment

- Maldives Tourism Board promotion events were held in Beijing, Shanghai, Guangzhou and Chengdu with Singapore Airlines and local airlines. The brand image of the Maldives island has been spread through various promotional activities such as media missions, large-scale tourism exhibitions, and outdoor advertising. (*Source: MICE China*)

Consumer Trends

- As one of the new consumption trends, in recent years, the study tour has been favored by Chinese parents, and the number of consultations has continued to increase. As the winter break approaches, most parents started planning their children's vacation and bookings of study tour have increased significantly. (*Source: pinchain*)

Travel Trends

- There has been a huge change in the choice of destinations and choice of travel methods. Tourists in their 30s who have rich outbound travel experience and have a certain economic foundation are gradually choosing emerging countries. Comparing with the traditional travel destinations and attractions, younger groups are more inclined to participate in art performances, local bazaar activities, visiting local historical sites, etc. (*Source: TravelWeekly*)

Airlift

- The national "13th Five-Year Plan" upgrades Shenzhen Airport to an "international aviation hub". Since 2016, Shenzhen Airport has opened more than ten international routes every year, and the annual international passenger flow has increased by more than 30%, the highest growth rate in the country. International passenger flow exceeding 5 million passengers in 2019. Shenzhen Airport's business structure has become more balanced, opening a new path for high-quality development of domestic and international business. (*Source: pinchain*)
- In 2020, the huge expansion at Shanghai Pudong International Airport, and a new airport in Beijing, will provide additional capacity and access from across China to the rest of the world. (*Source: Travel Weekly*)

Market Intelligence/Market Conditions Impact on Hawai'i Travel

- Hong Kong's outbound travel market is still suffering from ongoing social unrest. Airlines are cutting flight frequency and shifting their focus to business travelers. Meanwhile, the government offered incentives to boost business for travel agents.

Leisure Activity Update

Consumer

China Mainland

- **The Diamond of Islands – Sounds of Aloha Hawai'i – Hula Dance Show.** HTC collaborated with Hawaiian Culture and Art (夏威夷文化艺术苑), a leading Hawaiian culture advocator in China, on Hula Dance Show – The Story of Hawai'i Sacred Mountain, to promote the unique music and culture of Hawai'i to music and culture lovers. The hula show, held in Shanghai on December 22, attracted more than 500 Hawaiian culture and hula lovers and reached more than 280,000 impressions through various online and social media platforms.

Travel Trade

- **Successful 'Ohana Fun' Campaign with Korean Air (KE).** HTC partnered with KE for 2019 'Ohana Fun' Hawai'i promotion from September to November. Campaign channels included Korean Air official website, Korean Air flagship store on Fliggy (Alibaba's new travel platform), Korean Air flagship store on Qunar (OTA), Korean Air Wechat, Weibo and EDM, and Baidu advertisement. 14 Hawai'i stakeholders gained a total of 3.32 million exposures through the various promotional channels. According to the statistics collected from 17 cities of China by Korean Air, there was a big positive impact on KE's load factor. Korean Air achieved 86% YOY growth and 100% YOY growth on FIT ticket reservations in 2019 Q4 and 2020 Q1 respectively.
- **Hawai'i Showcased at Double Eleven Promotion.** To tag on the largest consumer festival of the year, HTC collaborated with 5 trade partners and carried out a Double Eleven campaign. Diamond of Islands images were showcased on various online channels, such as Fliggy, Taobao, and

Mafengwo. Throughout the campaign period, all partners offered special deals and launched different advertisements to celebrate Double Eleven. In total, 1,257 sales were generated through the promotion.

Public Relations

- In December, HTC secured a total of 25 media exposures (2 print media and 23 online media), achieving over 9 million impressions and a total PR value of USD 1,457,500.
- Media Highlight - “Hawai’i, Not Just Islands” by Adventure Magazine. Adventure Magazine, a prestigious outdoor publication, released a 8-page article to introduce the nature resources, sports and outdoor adventures of Hawai’i. This article generated a total of 500,000 impressions and PR value of USD 632,000.
- Media Highlight - A nature and eco-tour experience in Hawai’i by CITYZINE. CITYZINE, a high-end lifestyle publication, released a 9-page article to introduce the various sports and outdoor experiences in Hawai’i, covering O ‘ahu, Maui and Lāna’i. This article generated a total of 470,000 impressions and a PR value of USD 441,000.

Social Media

- In December, the number of HTC Weibo followers increased to 231,137, and the total impressions in 2019 of HTC Weibo reached 4,075,793. Meanwhile, the number of WeChat followers increased to 30,911. Total WeChat posts in 2019 gained 255,596 page views.
- Highlight – Hawai’i Rooted Promotion on Social Media. HTC promoted “Hawai’i Rooted” online campaign through a series of articles and videos on social platforms from November to December. These promotions featured stories about people who cultivate ancient ways of living in harmony with the environment and embrace the Hawaiian culture with equal parts aloha and responsibility. These posts and articles, released on HTC social platforms, have successfully generated over 54,487 million pageviews and close to 350 engagements.

Sales Activities

China Mainland

Sales Calls

Airline	Wholesaler/TA/TO/OTA	Other	Total
2	31	2	35

- HTC accomplished a total of 35 sales calls meeting up with the key agencies nationwide to keep promoting Hawai’i’s abundant tourism resources. To highlight, HTC assisted MC On Trip (Beijing) and successfully launched a new Hawai’i 12D10N multi-island product.

Hong Kong

Sales Calls

Airline	Wholesaler/TA/TO/OTA	Other	Total
-	5	-	5

Key Performance Indicators - Leisure Market

KPI Summary

- **Marketing:** In Q4, HTC conducted the last digital promotional activity for “Responsible Travel - Rainbow Routes - Hawaii”, which was cooperated with FM98.2 Beijing Youth Radio and KOL Mars, reached a captive audience of 255,000 travel lovers. In addition, the consumer initiative “Sounds of Aloha Hawai’i”, was jointly promoted with Travel Lion and Four Points by Sheraton Heshan as well as Hawaiian Culture and Art, successfully reaching over 580,000 impressions through various digital and media channels.
- **Public Relations:** In Q4, HTC distributed 5 press releases. In this quarter, Hawai’i was recommended by online lifestyle media including iFeng.com, Sohu.com, Lifeadd.com, Vogue.com, Sina.com, leading to the high number of impressions of 37,218,100. Besides, HTC organized 1 sports & outdoor adventure media fam, achieving 10,470,000 impressions and PR value of USD 1,137,000.
- **Social Media:** In Q4, the number of HTC Weibo followers increased to 231,137 with 113,704 new fans (+9% over Q4 target). Weibo posts in Q4 gained 3,546 engagements (+58% over Q4 target). The number of HTC WeChat followers increased to 30,911, with 2,109 new fans, (+18% over Q4 target). The total page views reached 67,472 (+12% over Q4 target). WeChat posts in Q4 gained 1,260 engagements (+8% over Q4 target).
- **Travel Trade:** In Q4, there are total 7 new luxury mono-Hawai’i products launched in China market owing to the July Trade FAM – First Tier Cities – Luxury Tour Operators and hit the annual target of ‘No. of New Products Developed Due to FAMS’. In order to overcome the negative impacts of the suspension of the Air China Beijing-Honolulu route, 2 joint education sessions with Hawaiian Airlines, China Eastern Airlines and key travel agencies were conducted, outreaching 58 trade professionals. This surpassed 30% and 92% of annual target in ‘No. of Trade Education Sessions’ and ‘No. of Participants’ respectively.

Brand Experience Update

HTC promoted Pow! Wow! Hawai’i, Ukulele Festival Hawai’i, Aloha Festival, Hawai’i Food and Wine Festival and Honolulu Marathon through social media channels to attract Chinese tourists.

“Coming Attractions” for Leisure Market

N/A.

Hawai'i Tourism Korea 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

- The South Korean economy grew 0.4% in the third quarter from the previous three months and in line with an earlier estimate by Bank of Korea. The central bank reported that its third-quarter growth estimate remained unchanged from preliminary figures released in October, despite slightly upward revisions to consumer spending and overall exports. These were offset by a large drop in construction investment. In the July-September period, domestic spending grew 0.2% from the second quarter, up from a 0.1% gain. Exports grew 4.6%, up 0.5% on the earlier estimate. Construction investment, however, contracted 6% over the cited period compared to the earlier projection of 5.2%. In the meantime, the government announced it was targeting 2.4% economic growth for next year.
- The income gap between rich and poor in South Korea has narrowed to its smallest margin since data started being compiled in 2011. According to Statistics Korea, the average income of the bottom 20% bracket grew 4.4% year-on-year to 10.6 million won (US\$9,114) last year. People in the upper 20% range saw their income rise 1.7% to 135 million won (US\$116,089). Consequently, the country's distribution ratio for disposable income, a key barometer of earnings equality, reached 6.54 in 2018, the lowest on record.
- South Korea is expected to see the sharpest decline in the size of its labor force in the next 20 years. The World Trade Organization's annual report for 2019 indicates the country's total population in 2040 will remain almost the same as that of last year, at just over 51.6 million. However, the number of participants in the labor market will be reduced by 17%. This marks the worst decline worldwide, as the global workforce is expected to increase by 17% on average over the same period. The WTO attributed the projected sharp decline to the continued aging population.
- The average USD/WON exchange rate in December was 1172.45 won, a slight increase from the previous rate of 1163.27 won in November. Fuel surcharges were imposed in December up to 69,600 won (\$59.77) for a round trip between Korea and the U.S.

Outbound Travel Market

Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in November 2019 was 2,090,192, a year-on-year slight increase of 0.7%.

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%

June	2,495,798	7.0%
July	2,642,585	6.0%
August	2,427,634	-3.7%
September	2,049,830	-7.9%
October	2,153,847	-8.3%
November	2,090,192	-9.0%
Total	26,371,937	0.7%

- Hana Tour and Mode Tour, the nation's top two wholesalers, reported steep year-on-year declines of 41.6% (to 180,000 pax) and 19% (to 124,000 pax) respectively in their overall outbound sales in December. According to industry insiders, the continuing downturn in travel demand in Korea is chiefly a result of the ongoing travel boycott against Japan and declining demand for Hong Kong due to its internal turmoil. In terms of outbound destination market share in December, Southeast Asian countries ranked no.1, accounting for more than half (63.5%), followed by Japan (10.6%), China (10.3%), South Pacific region (6.8%), and the U.S. (2.6%).
- Korean wholesalers such as Hana Tour, Mode Tour, and Hanjin Travel reported that the booking pace for Hawai'i package travel products speeded up along with increasing demand during the winter peak season starting from mid-December.

Competitive Environment

- Air Canada announced that it has added a second daily flight between Vancouver (YVR) and Newark (EWR) for June 2020. In addition, the carrier launched new daily, non-stop flights linking Calgary (YYC) and Boston (BOS), and Montreal (YUL) and Nashville (BNA). In line with the airline's strategic long-term plans for global expansion, it believes this growth will give customers more options and convenience when traveling trans-border from June 2020. Customers traveling to the United States from Incheon airport (ICN) using Air Canada pre-clear U.S. customs at an airport in Canada during their transfer, saving significant time on the journey.

Consumer Trends

- A transaction data analysis report released by Lotte Members, operator of Lotte Group's membership reward service L.Point, showed that Koreans aged in their 20s bought around 44,000 luxury items in the second quarter to June this year. The volume of purchases was up 733% from 6,000 in the same period in 2017. Their share of the luxury market also grew from 5.4% to 11.8% during the same period, while the market more than tripled in size. The report said the growth of the upscale market this year has largely been led by people aged between 20 and 30 who like to show off their experiences and highly value product quality. The bragging behavior of young consumers born in the 1990s, called 'flexing,' has been leading the sales of prestigious brands. Flexing is a new cultural trend where people unabashedly display their wealth and privileged lives on social media for self-indulgence.

Travel Trends

- South Korea and the U.S. have agreed to reduce inconveniences for travelers entering the U.S. mainland. The Korean Ministry of Land Infrastructure and Transport signed a "joint statement" with the Transportation Security Administration (TSA) to work on removing an interview, additional security checks and other inconveniences for visiting Koreans. South Korea is the first Asian country that has signed such an agreement with the TSA. It is planned to be initiated from the second half of next year.

- Global OTAs Announce Top Korean Travel Trends and Patterns in 2020
 - **Skyscanner** – Holiday trips in which South Koreans can spend their time leisurely letting their minds wander are predicted to emerge as a trend in 2020. A survey by Skyscanner shows the most popular travel keywords for South Korean travelers are expected to be “slow travel,” accounting for 31%. The next most popular at 14% will be “JOMO trips,” referring to the ‘joy of missing out’ travel. JOMO refers to a type of travel that avoids destinations posted on social media and focuses on those which do not attract many tourists. Among other popular keywords were “gourmandism,” accounting for 12%, and “sustainable travel,” trips that take the environment into consideration, accounting for 11%. The growth rate of the preference for “sustainable travel” was the highest at 96%, involving either aircraft with lower carbon emissions or moving towards zero waste.
 - **HotelsCombined** – HotelsCombined surveyed Koreans aged 25-45 to find out their travel patterns for 2020. Regarding travel themes, 82% of participants selected recreation, followed by city tour (68%), food (59.3%), history (21.7%), and activity (19.5%). The results show that Koreans prefer to seek more leisure at the expense of typical tours with busy schedules. In response to the question about travel periods, 57.3% of respondents were planning a 4-6 day trip in 2020. In addition, respondents who preferred a trip of one week or more, such as 7-10 days (27.9%), 11-14 days (7.3%), and 15 days or more (4.8%), accounted for 40%. Moreover, 45.7% of respondents said they would travel regardless of season. Lastly, 51.3% of respondents would like to travel with their family. Among them, the share of those aged in their 30s (58.4%) and 40s (82.2%) was higher than other generations. Also, 21% wanted to travel with their lovers, especially high among those in their 20s (37.2%). In addition, 19.9% and 7.7% would travel, respectively, with friends or alone.
- Expedia recently conducted a survey to examine instant travel demand among Koreans. The results showed that 91.4% of respondents had experienced instant travel. Also, 57.8% felt tired when preparing for travel, 53.4% didn’t believe that more information lead to satisfaction, and 47% thought excessive information caused disappointment when visiting destinations. Moreover, 61.9% of respondents purchased tour products within a day after they decided to travel. The pattern of instant travel was diverse. Respondents mainly took a domestic trip in one day (62.8%) or less than 2 nights (57.8%), but 3 in 10 (33.2%) took an instant long-haul trip. Especially, 21.6% of those in their 20s decided on instant travel of more than a week, and 12.7% of those in their 30s added bleisure travel to a business trip. In addition, there were various reasons for instant travel. More than half (53%) said they would take instant travel without any specific motivation. Also, some respondents would just escape from busy life (49.9%) or mental stress (43.8%). Finding a discount opportunity caused 27.6% of respondents to decide on instant travel.
- A recent survey conducted by Booking.com revealed that 87% of Korean sports fans had undertaken between one to five trips in the past year to watch a sports game. Also, nearly 1 in 5 would happily cancel their honeymoon (18%) or lose their job (19%) to travel to see their team compete live. The research found Korean sports fans travel for soccer (64%), baseball (54%) and golf (24%). Top considerations when looking for accommodation were location (77%) in relation to the stadium or venue, and affordability (72%).
- Sales of major online travel agencies in South Korea continued to grow this year, according to WiseApp. Hotels.com/Expedia sales are estimated at 1.23 trillion won (US\$1.06 billion) from January to October, 30% up from the same period in the previous year. Other major online travel agencies’ sales and growth rates were as follows: Agoda - 1.15 trillion won (\$US0.99 billion) with a growth rate of 28%; Yanolja/Daily Hotel - 893.9 billion won (US\$0.77 billion) with a growth rate of 24%; Airbnb - 630.2 billion won (US\$0.54 billion) with a growth rate of 24%; Trip.com - 605.2 billion

won (US\$0.52 billion) with a growth rate of 75%; and Good Choice - 521.7 billion won (US\$0.45 billion) with a growth rate of 27%.

- Although mobile shopping is strongly emerging in the South Korean market, a survey by Consumer Insight reveals that general travel agencies still depend on PC platforms. Their mobile purchase rates are only 29%, while those of OTAs and metasearch exceed 60%. Interpark Tour and Jau Tour, each with 45% mobile purchase rates, are the general travel agency leaders on PC platforms, followed by Yellow Balloon Tour (37%), NHN Dr. Tour (33%) and Hana Tour (32%).

Media Trends

- User time on Korea's favorite social media, YouTube, soared 38% in the past year as the average Korean spent 23 hours per month watching the online video platform. Koreans spent 46 billion minutes watching YouTube in August, up 38% from the same month last year, according to a sample study of 40,000 Android users by local mobile app and retail analysis service provider WiseApp. This was more than double the time spent on KakaoTalk, the country's leading mobile messenger app, whose usage time was 22 billion minutes, up 11% year-on-year. Korea's top portal site Naver followed, gaining 25% to 17 billion minutes, and Facebook up 13% with 4.5 billion minutes.

Airlift

- Korean Air kicked off its additional regular flights KE051 (ICN-HNL) from December 9, 2019 through March 28, 2020 to accommodate growing travel demands to Hawai'i during winter peak season. It now flies A330-200Q aircraft (281 seats) four times weekly on Mondays, Wednesdays, Fridays, and Sundays. With the additional direct flights, it is expected to generate a total of 3,052 incremental seat supplies in 2019 and 10,464 seat supplies in 2020 respectively.
- Asiana Airlines is currently operating daily services on the ICN-HNL route until March 31, 2020. It reported that load factors in November and December 2019 were 89.5% and 90.6% respectively.
- Jin Air has suspended its services to Hawai'i from August 27 until winter season following the decision of Korean Air to operate additional flights on the same routes.
- Hawaiian Airlines, currently operating 5 times weekly on Sundays, Mondays, Thursdays, Fridays, and Saturdays, will be replacing the lowest load factor Thursday flight with a comparably more profitable Wednesday flight as of March 31, 2020.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

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followed by Yellow Balloon Tour (37%), NHN Dr. Tour (33%) and Hana Tour (32%).

Leisure Activity Update

Consumer

- Hawai'i Talk Show with HTK creator, Jinyoung (Jinny) Lee: HTK will host 2 talk shows respectively in Seoul and Busan with HTK's Aloha Report creator and Hawai'i travel book author Jinny.
- Busan – 'Life in Hawai'i Talk Show', will be held in the library of Ananti Busan Cove Hotel & Resort on January 11 to provide a free opportunity to hear about Jinny's life in Hawai'i. Stories about Hawai'i and behind-the-scenes episodes of Aloha Report videos will be shared. Jinny also will be talking in greater depth about her know-how and thoughts as a creator and offer some up-to-date travel tips from a local's point of view. The event will be promoted through HTK's and Jinny's own Instagram accounts. HTK giveaways will be supplied to participants.
- Seoul – Hawai'i Winter Night Talk Show' will be held on January 21 in collaboration with Hyundai Card, a credit card brand famous for its culture power, hosting concerts, and nationwide foodie promotions, etc. It has various flagship entities such as Hyundai Card Travel Library, Design Library, and Cooking Library, etc., in the trendy regions of Korea. The event will be held in Hyundai Card Travel Library for 40 guests who make reservations directly through Instagram. The event will include Aloha Report episode screenings, ukulele performance and food catered networking session. An HTK created tumbler will be given to all participants. The event will be promoted via Hyundai Card's own Instagram channels which have 580K followers.
- Influencer Marketing Event: HTK partnered with Korea's leading celebrity/influencer marketing platform 'Stage For' for the Hawai'i-themed Influencer Marketing Event on December 9 at Millennium Hilton Hotel. The event was designed as a marketplace to match tourism industry partners with KOLs who are highly interested in co-ops with travel trade partners. It involved 7 companies, including Hertz, Hilton Hawaiian Village, Hawaiian Airlines and Twitter, as well as consumer brands and leading or rising KOLs in the Korean market. During the networking session, all delegates presented their destinations, products and properties while invited KOLs shared their own strengths that could enhance the influence of company marketing initiatives. The Korea team sponsored the event with giveaways for about 50 attendees. Through the invited influencers whose followers amount to over 6,657,672, the event generated over 40,856 social media reactions, the value of which was calculated at US\$12,361.

Travel Trade

- **Luxury Hawai'i Branding Campaign with KALPAK:** In collaboration with Korea's leading high-end tour operator KALPAK, a subsidiary of Hanjin Travel, HTK is promoting a premium Hawai'i initiative from November. The aim is to position Hawai'i as a world-class high-end destination that can meet the need for luxury and splurging options in accommodation and attractions. For this luxury Hawai'i branding campaign, the travel agent will also partner with Four Seasons O'ahu and Lana'i and luxury attractions. It will feature them through multiple channels such as Korean Air's premium in-flight magazine Morning Calm, E-DM distributed to SKYPASS members, KALPAK Class Magazine, Shinsegae department store's magazine, and in-app advertising with ANATI, a prestigious resort and golf course brand.
- **Luxury Hawai'i Campaign with OTA:** HTK is running a luxury Hawai'i campaign with the nation's leading OTA, Interpark, to position it as a premium destination and to target an increasing number

of family package/FIT groups. The campaign involves Korean Air and a high-end line-up of hotel partners, such as 'Alohilani Resort Waikiki Beach, Hilton Hawaiian Village, Sheraton Waikiki, and Aulani, A Disney Resort & Spa, to develop luxury Hawai'i products. The promotion will be extensively advertised through the travel agency's owned and paid channels, including its official websites, social channels, E-DM, Naver, and multi-product advertisements on Facebook. The promotion is expected to draw a total of 350 pax, achieving year-on-year growth of 30% during the three-month campaign from October to December.

- **Airline Co-op Promotion:** HTK has partnered with Korean Air to expand post-arrival Kuleana B2B/B2C campaigns in conjunction with the airline's additional regular flights (KE051). For the B2B sales promotion, the airline will involve 5 leading travel agencies – Hanjin Travel, Lotte Tour, Very Good Tour, Tidesquare, and Interpark Tour – to launch new Hawai'i package products and showcase the Kuleana video. They will run banner advertising on their multiple channels to generate extensive media buzz. In addition, the Korea team and the airline are currently developing an online consumer promotion to be featured on Korean Air's official website. It is intended to highlight cultural and historical aspects of Hawai'i and deliver the key messages of the post-arrival/Kuleana campaign. The promotion for Korean Air's website, which was scheduled to kick-off in December, has been postponed to mid-January 2020 due to the airline's internal issues and to ensure maximized outcomes with the right timing.
- **Airline/OTA Co-op Promotion:** HTK is in discussion with Asiana Airlines to roll out a branding campaign in collaboration with OZ's partnered online travel agents. It is set to start from late January.
- **Secondary Market, Busan Activation:** HTK will be expanding comprehensive marketing initiatives in collaboration with trade partners to further stimulate market demand in the nation's second largest outbound market of Busan with the following media/trade marketing projects.
 - **Advertorial Placement:** HTK will jointly work with national railway operator KORAIL that services the routes between Seoul to Busan via express train KTX and publishes its in-train KTX Magazine.
 - **Busan/Young-nam Agent Fam:** HTK will invite key 7 travel agents based in Busan/Young-nam area in partnership with an airline partner (TBD) to visit the Hawaiian Islands (O'ahu & one Neighbor Island). The aim is to showcase the islands' multiple tourism infrastructures so the agents can better design and launch new products which involve the various sites visited during the Fam. The flights will also give the agents a genuine customer experience.
 - **Branding Campaign with Airlines:** HTK will partner with the 3 key airline partners – Korean Air Busan, Asiana Airlines Busan, and Japan Airlines Busan – to develop campaigns to increase brand awareness of the Hawaiian Islands, especially Neighbor Islands, in Busan market.

Public Relations

- **TV Film Project – JTBC 'Let's Eat Together':** HTK successfully hosted filming of reality TV show 'Let's Eat Together' in partnership with JTBC from November 27 to 30 in O'ahu. The program aired on December 11 and 18. The average viewer rate of the two episodes reached 4% which equates to 2 million impressions.
- **Advertorial -** HTK has developed advertorials with Travel Times and Global Travel News, two major travel media. The features highlight the Hawaiian Islands as a sustainable tourism destination. The articles also covered responsible tourism, including key travel tips such as ocean & land safety, culture and ocean health, in the islands. The articles will be published in the 2nd week of January and are expected to generate \$40,000 in PR value.

- **Digital Directors Fam** – HTK will develop a Fam in February for digital directors of key media which actively operate their own social media channels. The purpose of the project is to generate quality digital content about the Hawaiian Islands. Team-leader level visitors from at least 4 media will be invited and HTK will showcase two Hawaiian Islands and their natural attractions and hotel properties during the 5N/7D itinerary.

Sales Activities

Sales Calls

Airline	Wholesaler/TA/TO/OTA	Other	Total
6	14	17	37

• **Summary of key Sales Activities**

- **Airlines:** HTK made regular sales calls to airline partners to share airlift updates and partnership opportunities in the second half of 2019, as follows: Korean Air for regular flights and follow-up branding campaign; Asiana Airlines for airlift updates; Jin Air for airlift updates; Hawaiian Airlines for joint Fam; Japan Airlines Busan for future partnership opportunities.
- **Tour operators:** HTK had sales meetings with Korea’s leading wholesalers, retailers, OTAs and receptive operators to develop various Hawai’i campaigns and sales promotions.
- **Others:** HTK cultivated working relationships with industry partners from Hawai’i hotels, transport operators, attractions, and communities during the Meet Hawai’i Korea Corporate Fam and discussed partnership opportunities with Korean consumer brands.

Key Performance Indicators - Leisure Market

- In November, total Korean visitor arrivals increased 17.7% to 18,561 pax and Visitor Days also rose 18.1% to 131,680 days compared to the same period last year. Year-to-date Visitor Expenditure slightly declined 6.2% to \$427.1 million (YTD November 2019) and Per Person, Per Day Spending (PPPDS) was \$272.4, down by 6.2% (YTD November 2019) from a year ago. However, Korean visitors extended their length of stay on the islands to 7.69 days on average in the year-to-date November 2019, up 3.1% over the same timeframe the previous year.
- In Q4, the actual KPI results for publicity value ended up with +94% thanks to TV broadcast coverage with high viewing rates and multiple reruns of 2 episodes. However, consumption of printed media such as newspapers and magazines showed consistent decrease in contrast to online/digital media showing higher views. Online media impression recorded +160% and +9% in publicity value while the impression of traditional media has been decreased about 77%. HTK has achieved its KPI targets by organizing 2 individual press trips which were 1 daily newspaper (Joongang Ilbo) and 1 consumer magazine (VOGUE)
- For Trade Marketing Activities during Q4, HTK achieved 200% in ‘No. of Travel Trade FAMs’ by conducting 2 trade FAMs which were HTK Celebrity Golf FAM in November & Meet Hawaii Corporate FAM in December. HTK also achieved KPI for Trade Education Sessions by joining the Fairmont Hawaiian Night in October. In addition, HTK has surpassed the KPI target of ‘No. of Trade Sales Calls’ by having 98 sales calls/meetings over the target number of 70 meetings, to proactively expand the networks and cultivate partnership opportunity with varied industry partners from airlines, travel agents, media, and consumer brands.

Brand Experience Update

HTK secured publication during December in a total of 132 media outlets, with an estimated advertising value of \$1,400,000 and 130,680,000 impressions.

- Press Release:
 - 2019 Hawai'i MCI Fam
 - Hawai'i as a sustainable tourism destination

Island Chapter Engagement Update

- **Island of Hawai'i Visitors Bureau (IHVB):** HTK and IHVB jointly developed an itinerary for the Meet Hawai'i Corporate Fam Tour conducted in December. On behalf of HTK, IHVB reached out to partners for accommodation and attractions to optimize the Fam theme. During 2N/3D Fam on the island of Hawai'i, IHVB supported lei greetings at KOA and provided welcome gifts for all attendees during a welcome dinner reception at Hilton Waikoloa Village.
- **O'ahu Visitor Bureau (OVB):** HTK and OVB collaboratively worked on itinerary development for the MCI Corporate Fam in December. On behalf of HTK, OVB reached out to partners for attractions such as Pearl Harbor Aviation Museum and 'Iolani Palace, to optimize the Fam theme. During the 3N/4D itinerary on O'ahu, OVB accompanied the corporate clients at Hawai'i Convention Center to network with the attendees.

"Coming Attractions" for Leisure Market

What	When	Where
Hawai'i Winter Night Talk Show	Jan 21, 2019	Hyundai Card Travel Library
Life in Hawai'i Talk Show	Jan 11, 2019	Ananti Busan Library

Hawai'i Tourism Taiwan 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

- Taiwan's GDP growth hit 2.6 percent in 2019, an upgrade of 0.2 percentage points from its earlier forecast made in September, while the Taiwan Central Bank also hiked its forecast for economic growth in 2020 by 0.23 percentage points to 2.57 percent.
- The unemployment rate in November was 3.73%, decreased by 0.04% compared to the previous month.
- Taiwan's consumer confidence index (CCI) rose by 3.91 points to 84.28 in December compared to the previous month.
- The currency exchange of New Taiwan Dollar appreciated to 30.325 (average) in November when compared to 30.479 in October.

Outbound Travel Market

- According to Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,343,563 in November 2019 with a 5.40% increase compared to November 2018. The outbound number to U.S. slightly increased by 0.24% to 44,988 in November 2019 compared to the same period last year.

Competitive Environment

- Short-haul competition from Southeast Asian destinations remains strong in November 2019: Philippines (+26.27%), Vietnam (+32.16%), and Thailand (+17.63%) have seen greater growths because of their affordable pricing and proximity to Taiwan. On the other hand, Hong Kong has seen consistent declines over the past three months due to the ongoing protests and demonstrations.
- Long-haul competition from New Zealand continues to increase with 5.87% visitation growth YOY (YTD October 2019) due to favorable currency exchange rates and the new direct flight between Taipei and Auckland. Despite the wildfire happening in Australia, it still remains a 7.15% growth in arrival number.

Consumer Trends

- Research has revealed that the business opportunity of Taiwanese solo travelers and solo spending are increasing. As a testament to the famously high-stress lifestyles in these markets, respondents' top motivations are "getting away" from the daily grind and "taking a break from work." Whether travelers are seeking freedom or flexibility, new friends or more "me-time," the solo travel market will only expand as more people begin to feel comfortable with the idea of exploring alone.

Travel Trends

- Agoda's recent research reveals travel trend expectations for the 2020s. According to the report, single apps for all travel needs, passport free travel, and mobile app check-in are the top three 'new travel norms' expected by travelers in the next decade specifically, in Taiwan (50%) and in Southeast Asia. Universally, in the context of global narratives on climate sustainability, is the trend that more than a quarter want to make more eco-friendly travel choices in the next decade.

Airlift

- Starlux, the Taiwan start-up international carrier, launched ticket sales for January to Macau, Malaysia, and Vietnam — with the tickets selling out in less than 11 minutes. CNN reported that Taiwanese have high expectations for the new carrier and expect the introduction of StarLux to make the market more competitive. The company previously stated that joining the aviation game in Taiwan was a big challenge, but it was confident of doing well in the long run.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

- Overall booking pace for Hawai'i has been positive. The Taiwanese arrival number to Hawai'i increased by 32.6% to 1,402 in November 2019 when compared to the same period last year. To prevent the potential dip in visitor statistics in the fourth quarter which is traditionally a slower period for outbound travel, HTT has been scheduling the release of print and video coverage from fashion media and vloggers from August to December, aiming to continue the strong momentum from the summer.

Leisure Activity Update

Consumer

- **Vlogger FAM with Ili How:** Since August, HTT has started working on the next vlogger FAM. The core message of this FAM is to promote Hawai'i as the top destination for ecotourism, voluntourism and outdoor activities. HTT secured a Taiwanese fitness influencer named "Ili How". Ili is an anchorwoman of FOX Sports Taiwan and is one of top influencers of the triathlon field in Taiwan. The crew visited O'ahu and the Island of Hawai'i from October 6 to October 13. During this FAM trip, the filming crew participate in various activities such as volunteering activities with travel2change, electric bike tour at Kualoa Ranch, manta ray snorkeling with Anelakai Adventures and introducing the 2019 Ironman World Championship in Kona. As of the end of December, Ili How has released two video coverages. The rest of the videos will be published in January 2020.
- **Vlogger FAM with Candy Wang:** HTT has been developing an itinerary for Candy Wang, a top fitness and wellness influencer and model in Taiwan. The theme for the FAM is "finding inner peace and wellness by traveling solo in Hawai'i" and Candy will focus on filming the natural landscape and cultural activities on O'ahu, featuring the sunrise, protocol and Hi'uwai ceremony, jungle waterfall meditation yoga and free-diving. As of the end of November, HTT has secured seven Instagram posts and four Facebook posts (including one free-diving video clip). Additionally, Candy will publish a book about this journey in the first quarter of 2020.
- **Shopping Design Taiwan Media FAM:** HTT is partnering with Shopping Design, a leading design and lifestyle magazine in Taiwan to promote the contemporary design, art and culture in Hawai'i.

The co-op will feature 6-page articles in its physical magazine, three online articles, online banners, and at least three posts on Shopping Design’s social media platforms. The editor traveled to Hawai’i and filmed in O’ahu from November 13 to 17. As the theme of this FAM trip focus on design and eco-tourism, the crew traveled to O’ahu and interviewed the designers/founders of Kō Hana Rum Distillery, Manaola, POW! WOW! HAWAII and Lola Pilar Hawai’i. The printed articles have been published in the December issue. Shopping Design has granted HTT to create a Hawai’i section on its website. All of the online articles, online banners and social media posts will be released by the end of January 2020.

Travel Trade

- No news to report

Public Relations

- **Media Monitoring (Clippings & Publicity Calendar):** In December 2019, Hawai’i Tourism Taiwan secured 51 PR coverage publications on an unpaid basis. The estimated advertising value is USD\$ 1,911,451.

Sales Activities

Sales Calls			
Airline	Wholesaler/TA/TO/OTA	Other	Total
1	5	0	6

- **Travel Trade:** HTT reached out to five travel agencies/wholesalers (Wodesy, FTS Tour, SET Tour, Lion Travel and KKday) to collect the feedbacks of the 2019 travel trade FAM. Overall, the comments have been positive. The agents have expressed their expectations to participate in HTT’s travel trade FAMs in the future and explore more islands.

Key Performance Indicators - Leisure Market

- **Public Relations Measures:** HTT has surpassed its KPI targets in the fourth quarter in publicity value, number of impressions, by at least 30% for the following reasons: first of all, HTT co-op with Ili How, a fitness and triathlon influencer in November and had increased impressions. Second, the fashion media outlets Shopping Design Taiwan have published its December coverage, receiving substantial impressions and engagements on its websites and social media.
- **Travel Trade:** HTT’s travel trade FAM and travel trade show were taken place in the fourth quarter. Both events had gone smoothly.

Brand Experience Update

- No updates to report.

“Coming Attractions” for Leisure Market

N/A.

Hawai'i Tourism Europe 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

- The Pound Sterling has continued to rise over December to \$1.31, whilst the Euro increased to \$1.12, as did the Swiss Franc, which rose to \$1.03.
- UK GDP grew by 0.3% during its third quarter, whilst Irish GDP rose to 1.7% compared to the previous quarter. Unemployment rates are at low rates, with the UK at 3.8% and 4.8% continued at low rates of 3.8% in the UK and 4.3% in Ireland.
- At the close of the year, business confidence rose in Germany from a revised 95.1% in November to 96.3% in December.
- The Swiss market is facing a possible resurgence of trade tensions and strained Swiss-EU relations that could cloud the outlook for 2020. The GDP is expected to grow to 1.2% in 2020, which is unchanged from last month's forecast, and 1.3 % in 2021.

Outbound Travel Market

- Members of the travel industry have impressed the importance of the country's inbound and outbound travel sectors and their value to the British economy on the new government. ABTA has said it will work with the new government to further build confidence in the travel sector, and has called on ministers to ensure the structures required to allow the travel sector to prosper are protected. "The industry contributed £23 billion to the UK economy last year but in order to keep growing and flourishing, we need to have continued access to employees from all over the world, frictionless borders for our visitors post-Brexit, and continued strong promotion of the UK as a welcoming destination."
- Travel leaders have also praised the government's business rates pledge, outlined by Boris Johnson shortly after the election. The policy will see the retail discount for business rates cut from 33% to 50%, which is predicted will cause more businesses to open.
- Overall, German airports can expect a decline in flights and passenger numbers in 2020, the association expects 0.7 percent fewer passengers and 2.9 percent fewer take-offs and landings in 2020.
- Germany's air transport tax is also set to rise significantly from April as part of a political push to disincentive taking cheap inter-European flights rather than trains.

Competitive Environment

- Australia – Tourism Australia released Matesong, the first part of their Philausophy campaign featuring singer and actress Kylie Minogue, as well as several well-known Australian celebrities including cricketer Shane Warne and comedian Adam Hills. The three-minute long advert premiered in the prime slot on Christmas Day, ahead of the Queen's Speech, urging Brits to consider a holiday to Australia next year. The campaign has received some criticism as the country still battles wildfires.
- Caribbean – Funway Holidays has added Dominica to its portfolio of Caribbean destinations for the first time. In particular, there will be a focus on eco-travel due to the island's natural attractions. Product Manager Malcom Davies said the move came after a slight increase in bookings for the tour operators.
- Mauritius – The Foreign & Commonwealth Office (FCO) has advised British nationals traveling to Mauritius to follow advice from the Mauritius Meteorological Services as a

cyclone looks set to approach the Indian Ocean Island. The warning comes after the Philippines was hit by a cyclone over Christmas and Fiji had to be evacuated because of another.

Consumer Trends

- Strong peak sales have been predicted as the general election presents clarity on the political climate and Brexit, as well as the return of Thomas Cook customers to the market. Travel companies have advertised strongly over the Christmas period as they look to drive early sales following major hikes in capacity for summer 2020. OTAs are also likely to turn to TV ads as they move to capture more sales.
- In its latest research on travel and tourism, the Office of National Statistics (ONS) has revealed that spending by British travelers has risen significantly year-on-year. It is estimated people from the UK spent £5.8 billion (\$7.6 billion) abroad in September 2019, an increase of around 10% from September 2018. Trips from the UK had increased by 2 percent between the same times. Experts have highlighted the encouragement this gives to the UK travel industry, as prospective bookings for next summer look set to be strong.
- According to a Travelport study, Instagram is considered the most influential social media platform for Generation Z in Germany. Older Millennials, Generation X or Baby Boomers, on the other hand, prefer Facebook. In addition, every second German from generation Z appreciates augmented or virtual reality experiences when planning travel. One in three of the Millennials surveyed would like this, while one-fifth of the baby boomers would like to use virtual reality.
- Last month's travel bookings ended quite well with a plus of five percent in tourism. But according to Tats-Reisebüro-Spiegel, the new bookings are almost 13 percent below the same month last year. It is suspected that this could be a consequence of Thomas Cook's bankruptcy, which could have led customers to be more cautious.

Travel Trends

- December saw further advances in sustainability in aviation, as Airbus began researching the possibility of a 100-seat "decarbonized" aircraft, and could roll out commercial hybrid aircraft in the 2030s. The company unveiled its 'E-Fan X' hybrid aircraft, building on its 2015 wholly battery-powered 'E-Fan 1.0'. Airbus says the breakthrough marks a "giant leap forward" for zero-emission flights. The company's zero-emission roadmap states, "Our goal is to make the technology available to fly a 100-passenger aircraft based on electric and hybrid-electric technology within the 2030s timeframe." By 2050, Airbus is targeting a 50 percent reduction in emissions.
- Luxury tour operator Abercrombie & Kent acquired rival operator Cox & Kings for an undisclosed sum. A&K said the deal will safeguard all jobs and current and future bookings. Cox & Kings UK recently began looking for investment after parent company Cox & Kings Limited (India) experienced financial difficulties. The acquisition comes after A&K announced they would be setting up a dedicated DMC in the USA to capitalize on 'growing global demand' for luxury and experiential travel to the country.
- The significance of influencer is increasing: every fourth person (out of 1,066 interviewees between 16 and 35 years) confirms that influencers have the same opinion-making value as friends and family. Especially followers of beauty, fashion and fitness influencers are open to their purchase recommendations. Key social media platforms are still YouTube and Instagram, followed by Facebook and Snapchat. On average, those between 16 and 35 years spend almost four hours in social networks on a daily basis.
- Facebook continues to struggle with a decrease of young users. By the end of the year, there will be a significant additional decrease because of this age group, the predicted

number of users is 25.9 million which is a decrease of 0.9% compared to 2018. In 2018, the decrease in Germany was already 1.2 percent compared to the previous year. The highest loss of users was observed in the age group of 12 to 17 years – almost every fifth person left the platform. It is very likely that, within three years, the age group of 17 to 34 will also be affected. However, according to the company E-Marketer, Snapchat will increase its German user numbers by 7.5 percent and Twitter by 4.3 percent. There are no numbers available for TikTok, however, Instagram is the big winner: starting from 2020, there will be more people younger than 25 using Instagram than Facebook.

Media Trends

- The Sun, the UK's largest news brand, has officially launched in the US with a website dedicated to publishing news for an American audience. The new website will feature some US specific content, but will also build on the Sun's existing entertainment and royal coverage which is already popular in the States.
- The Independent.co.uk has overtaken the Guardian.co.uk for the first time with the number of unique monthly visitors to its website. A total of 24.47m readers visited the Independent in November, compared with 23.92m readers for the Guardian, according to new Comscore figures. Articles relating to the election and Brexit accounted for a quarter of traffic to the Independent for the month, according to a spokesperson. The Sun (34.28m) Mirror (27.79m) and Mail (25.21m) topped the rankings for November.
- Instagram is failing to attract older people as user growth is set to flatline. The photo-sharing app's growth rate in the UK fell drastically from 34pc in 2017 to only 7pc last year, according to data from the analysis firm eMarketer, marking the first time it has ever dropped into single figures. Across the world, the growth rate fell by 18pc in 2018 to 12pc last year, and is expected to slip further to 8pc in 2020 as Instagram fights off challenges from the agenda-setting Chinese video app TikTok and a "resurgent" Snapchat.

Airlift

- British Airways has announced it will be launching a London Heathrow to Portland Oregon route, commencing June 2020. The route will operate five times weekly over the summer, before switching to four times a week in October 2020. The addition of a direct route to Portland offers an alternative stopover option for European travellers to Hawai'i.
- The world's airlines are forecast to deliver improved net profits of \$29.3 billion next year, according to IATA. The rise from \$25.9 billion projected for 2019 comes as annual passenger carryings are expected to climb by 4% to 4.72 billion. Overall industry revenues are forecast by IATA to reach \$872 billion from \$838 billion this year, helped by an expected dip in oil prices. The value of the tourism spend associated with air travel will be \$968 billion, up 7.3% over 2019, while the average return fare is expected to be \$293 – 64% below levels a decade ago.
- Aer Lingus, Ireland's flagship airline, carried a record 2.5 million passengers on its transatlantic routes over 2019. The airline currently serves 14 US destinations from its two Irish Airports, Dublin and Shannon, with layover airports Chicago, New York, Boston, and San Francisco among the most popular destinations. Aer Lingus' codeshares with United Airlines has allowed visitors to explore further destinations further afield.
- Lufthansa is planning a new low-cost brand for long-haul travel. The new brand is planned for 2020 and will start in the Frankfurt and Munich hubs. The name has not yet been determined.
- The German airline Condor, plans to present a restructuring plan at the end of December, with the sale scheduled for spring. The airline has recently reverted back to its old logo of an arrow headed bird as the airline moves away from ThomasCook.

- The German parliament decided on a new climate law, which will increase the tax on airline tickets from April 2020. The air traffic tax for domestic and EU flights will increase by over €5 to €13.03 per ticket, and for routes up to 6000 kilometers by nearly €10 to €33.01. Longer flights than this will have to pay €59.43, around €18 more than before. The airlines will pass this tax increase at least partially on to ticket prices.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

The general election in the UK has established political stability across Europe following a period of uncertainty. The situation has also led to a stronger Pound and Euro over December, meaning that consumer. A combination of these factors has led experts to predict strong sales over the key booking period of January. The new government's initiatives in the UK, that look set to encourage more high street travel agents, will encourage travel to Hawai'i too, with a large part of European travelers preferring to have their holidays to the islands personalized for them.

Advances in sustainable aviation and Hawai'i's own efforts to support the environment have painted the destination in a strong light amongst European travellers. It also continues to be a 'bucket list' destination. With increased flights to US hubs from Europe from major airlines, and Hawaiian Airlines increased capacity to connect, Hawai'i is also becoming more accessible to the European market.

Leisure Activity Update

Consumer

- Responded to consumer requests for information on Hawai'i
- Continued to maintain the UK and DE microsites for the HTE 'Share The Aloha' campaign
- Extended the 'Share The Aloha' competition deadline following initial success

Travel Trade

- Took 5 product managers from UK + 5 product managers from Germany to Maui on aFAM.
- Collated feedback from November FAM trip attendees.
- Collated feedback from Maui FAM trip attendees.
- Reached out to members of the travel trade for an end-of-year update on Hawai'i performance.
- Reached out to key tour operators and airlines to set up 2020 meetings.
- Finalized a webinar with Hawaiian Airlines Germany and trained 62 agents.

Public Relations

- Liaison and pitching with key media in UK/Ireland.
- Collated and shared coverage of the Kaua'i helicopter crash in the UK market. No comment requested from media and we continue to monitor the story, which has now largely ceased.
- The team assessed and responded to various requests for sponsorship and trip support from European media (outside of the UK and Germany) in December, including: Diego Cobo (Spanish freelancer).
- Meeting held with Radhika Aligh, Video News Editor for the Evening Standard. New 'live aloha' campaign discussed. She has a contact at American Airlines and may be able to arrange flights, with potentially for HTA to provide on the ground support. Discussions ongoing.

- Discussions ongoing with Appeal TV – a leading UK television production company working with high profile celebrities on a variety of shows, predominantly featured on ITV – the biggest and most popular commercial television channel in the United Kingdom. The team shared an exciting proposal for a new show ‘Nicole’s Secret Hawai’i’, featuring international celebrity Nicole Scherzinger and her journey ‘back home’ to discover her favourite parts of Hawai’i and discover the history and traditions of her family, many of whom still live on O’ahu. They are looking for support with on-the-ground arrangements, accommodation, local guides to assist with the production. Discussions are ongoing and they would be looking to film in May 2020. More details to be confirmed shortly.
- Liaison is ongoing with freelancer Jonathan Thompson regarding his ‘surfing culture’ story idea for 2020. He is now looking to secure up to four commissions with top tier media for his trip. Call scheduled for early January. More details to be shared as available.
- Ongoing liaison with key media pitching Hawai’i story ideas.
- Ongoing liaison with German key media pitching Hawai’i story ideas.
- Successful individual FAM trip for ELLE magazine (December 1-7, 2019 - O’ahu & Hawai’i Island) – follow up has been completed, publication date of article is to be confirmed.
- Provided feedback on media requests which were forwarded from ICs and partners.
- Requested updates and information on specific media requests from ICs.

Sales Activities

- On-going communication with USAirtours, Expedia, American Sky, Bon Voyage, BA Holidays, Flight Centre, STA, Travelopia / Hayes and Jarvis, Trailfinders, Virgin Holidays, Abercrombie and Kent, America As You Like It, Travelbag, Gold Medal, Audley Travel, Black Tomato, Carrier, Destinology, Eden Luxury, FC Holidays, Elegant Resorts, Funway, If Only, ITC, Lusso Travel, Not Just Travel, NATS, Original Travel, Quintessentially Travel, and Travel Counsellors.

Key Performance Indicators - Leisure

The final quarter of 2019 saw healthy returns across several areas for HTE. Good broadcast coverage saw the annual KPI targets for impressions be hit, as well as continued strong returns from online media. Over November and December HTE sent two journalists out to the islands to overachieve the annual target of eight individual press trips.

Increased efforts to promote the online training during sales calls and trade education sessions continued to see healthy numbers. Additionally, the use of webinars has allowed HTE to educate bigger pools of agents from across the continents. HTE was pleased the reach the majority of its targets for social media too.

Due to limited budgets and the new travel policy for 2019 that specifies HTE staff are unable to accept any complimentary rooms or flights, the KPIs for the Travel Trade FAM of 14 were not hit as HTE had to cut one participant from each market. In total, six participants from each market were taken, totalling 12, which ensured HTE had enough budget to cover the FAM.

A summary of contributing factors for any major variances (+/- 15% of quarterly target

In terms of social media, HTE has consulted its social media team and developed a strategy document to make up for any shortfalls it has had in impressions. Additionally, it will be promoting events and culture in the islands more over Facebook and Instagram, which will ensure all engagement is also positive for any prospective visitors.

HTE has developed a creative and engaging dynamic for its 2020 FAM trips. The alternative style for how the FAM trip will be conducted, which will encourage education on the islands, will attract strong candidates as it is set apart from other candidates.

Due to limited budgets and the new travel policy for 2019, which was not in place when the 2019 budgets were originally allocated, HTE utilized some of the PR budget to cover costs for the Trade FAM.

Brand Experience Update

Hawaiian Culture

- Regular promotion of Hawaiian Culture (e.g. events) through Social Media.
- Hawaiian culture would be a focal point for the ITV 'Nicole's Secret Hawai'i opportunity. Discussions ongoing.

Nature Resources

- The 'Share the Aloha' campaign continued in both Germany and the UK, promoting sustainable and responsible travel.
- Provided links to Kuleana videos to Maui group and to journalist prior to arrival in Hawai'i.
- Promoted responsible tourism towards the islands' flora and fauna on social media.

Island Chapters Engagement Update

- Reached out for feedback regarding Dial-A-flight FAM to O'ahu and Maui, which went out mid-November
- Knecht Reisen is working with OVB and KVB on a joint marketing activity
- FTI Touristik is working with OVB and KVB on joint marketing activity
- Maui FAM Trip (Dec 1-6, 2019): Four participants from UK (American Sky, ITC, Best at Travel and Black Tomato)
- Maui FAM Trip (Dec 1-6, 2019): Four participants from Germany/Switzerland (CANUSA, FTI Touristik, America Unlimited and Knecht Reisen)
- Reached out to HVCB regarding ambassador recruitment for 2020 Aloha Spirit campaign

"Coming Attractions" for Leisure Market

What	When	Where
UNITE USA	March 10 th	London, UK

Hawai'i Tourism South EastAsia 2019 Monthly Leisure Marketing Report – December

Market Intelligence/Market Conditions

Economy

Malaysia

- According to the World Bank in its Economic Monitor Report, Malaysia's economic activity is projected to grow at a relatively moderate pace in 2020 amid increased headwinds. In the fourth quarter of 2019, it revised Malaysia's growth forecast to 4.5% due to the weaker than anticipated investment and export growth in the third quarter of 2019.
- Currency Exchange: USD 1 = MYR 4.10 as of December 31, 2019 vs USD 1 = MYR 4.17 as of November 30, 2019.

Singapore

- The economists polled by the Monetary Authority of Singapore (MAS) expect growth in the fourth quarter of 2019 to come in at 1% compared with the same period last year. Private sector economists have raised their outlook for Singapore's economy for 2019 to grow to 0.7%, and growth for 2020 forecasted at 1.5% to 1.9%.
- Currency Exchange: USD 1 = SGD 1.3521 as of December 31, 2019 vs USD 1 = SGD 1.3678 as of November 30, 2019.

Indonesia

- Indonesia GDP is expected to grow 4.9% for 2019 and further decline to 4.7% in 2020 which is the slowest pace since the fourth quarter of 2016 as weak commodity prices continue to hit the economy hard. However, growth is expected to slightly recover to 4.8% in 2021.
- Currency Exchange: USD 1 = IDR 13.926 as of December 31, 2019 vs USD 1 = IDR 14.108 as of November 30, 2019.

Thailand

- The economy grew at a marginally stronger pace in the third quarter, although it remained weak, nonetheless. A pick-up in public consumption and fixed investment growth led the slight acceleration, while private consumption growth softened, and exports contracted for the third quarter in a row as the downturn in the manufacturing sector intensified.
- Currency Exchange: USD 1 = THB 30.14 as of December 31, 2019 vs THB 30.23 as of THB 30.18 as of November 30, 2019

Outbound Travel Market

Malaysia

- Malaysian outbound travelers had become more price conscious due to the weakened ringgit. However, travel is still an important lifestyle for Malaysian especially with Millennials and Gen Z

together accounted for 60 percent of the Malaysian population who travel to get new experiences.

Singapore

- Based on the study of YouTrip, Singaporean travelers spend almost 33% of their total travel budget on food. Proven food advocates, Singaporean travelers also tend to seek familiar food when in non-Asian countries, with cuisines such as Chinese, Japanese, and Thai falling within the top five most frequented F&B outlets.

Indonesia

- Indonesian travel demand to Europe is increasing for the month of December especially to the United Kingdom as Royal Brunei Airlines is offering the special winter price to Jakarta to London. Spain, with its Islamic history, also pique interest with the travelers in Indonesia.

Thailand

- Georgia has become a popular destination with Thai travelers during the last few months included December with the attraction of amazing landscape and culture. The country also allows Thai nationals to travel without a visa for up to 365 days. There are no direct flights from Bangkok to Georgia currently, but there is a full-service airline connecting flight to Tbilisi (the capital city of Georgia) including Turkish Airlines, Emirates Airlines, Qatar Airways, with an average travel time of 11-12 hours travel to Georgia

Competitive Environment

Malaysia

- **Taiwan Tourism Bureau (TTB)** organized a Bravo Bear campaign from November 29, 2019, to January 1, 2020, to encourage visitors to shop at participating shopping outlets in Taiwan. Every purchase above NT\$300 will get a stamp and for every 3 stamps, the visitors are entitled to a Bravo Bear plush toy or mug. [Source: TTB]
- **Korea Tourism Organization (KTO)** organized a Gogossing Travel Seminar on December 14, 2019, to promote winter snow trip to South Korea. The event was done in Plaza Korea. [Source: KTO]

Singapore

- **Tourism New Zealand (TNZ)** and Jetabout Holidays have launched a digital campaign, including social media to promote various New Zealand travel packages from USD915 (SGD1,235). [Source: TNZ]
- **Korea Tourism Organization (KTO)** continues with its consumer outreach campaign via social media platform to encourage visitors to spend the New Year countdown in Korea. [Source: KTO]

Indonesia

- Atout France (France Tourism Development Agency) organized a table-top session in Phuket and invited 10 travel agents from Indonesia to attend the event to promote France as the best destination for MCI & leisure purpose. [Source: AF]

Thailand

- Atout France organized Southeast Asia roadshow at Club Med in Phuket and more than 12 travel agents were invited from Thailand. The key Thai travel agents that attended the event were Quality Express, Express Holiday Tour and Travel, Unity Tour 2000. This effort was to focus on MICE and leisure travel from Thailand to France. [Source: AF]

Travel Trends

- YouTrip study has found that travelers are increasingly seeking off-the-beaten-track adventures especially the Millennials generation that looking into a new destination that is away from the mass-tourist places. The study predicted that in 2020 with countries such as Chile, Romania, and Mongolia will be the up-and-coming choices for Southeast Asian travelers.

Media Trends

- Consumer data is the key to attracting the media obsessed consumer and many destinations will leverage behavioral to offer more personalized content to their target consumer. Data such as page views, email sign-ups, Google search keywords are very valuable for a brand to create a complete customer view, it will draw connected data from across all customers' touchpoints – physical and digital channels.

Airlift

- Singapore Airlines has unveiled plans to launch 4 times weekly direct flights from Singapore to Brussels, Belgium on October 25, 2020. Tickets for the new Brussels flights were put on sale through various distribution channels starting from December 17, 2019.

Market Intelligence/Market Conditions Impact on Hawai'i Travel

- With the rise of Muslim travellers seen around the world, the demand for halal travel is picking up and destinations such as South Korea and Taiwan are already gearing up to attract this market demand with campaigns that promote halal restaurants and accessibility of prayer room for the Muslim community. Taiwan, for example, has launched its "Salam Taiwan" campaign to promote to Muslim travelers in Malaysia, Singapore, Brunei and Indonesia.

Leisure Activity Update

Consumer

- **GoPro Influencer Fam.** HTSEA attended a Christmas celebration with GoPro influencers family. The influencers were showcasing their production video and images they produced during the GoPro summit in Thailand which can be mimicked for the upcoming fam. In addition, GoPro mentioned that they are willing to invest in video production costs to produce videos promoting Hawai'i. During the discussion, the team has come out with the idea of "Ohana" where GoPro influencers from Southeast Asia will be meeting the GoPro influencers from Hawai'i and begins their 'Ohana Journey together.
- **Meeting with KLOOK.** HTSEA had a meeting with KLOOK, a leading travel activities and services booking platform in the Asia Pacific. The discussion was about how HTSEA can

collaborate with KLOOK to promote Hawai'i in our upcoming Lei Day Festival in May and ultimately to boost the conversion of the travel activities and attractions in Hawai'i on KLOOK.

- **Meeting with Adara.** HTSEA met with the programmatic provider Adara to discuss the opportunity of programmatic ads. Adara provides travel data with greater visibility into the patterns, trends, and behavior of travel consumers. Hence, it will be a great opportunity for HTSEA to better segment and target audiences.

Travel Trade

- **AIG Insurance MCI group.** HSTEA is giving necessary support towards CIT Travel that has secured a 280 pax from AIG Insurance that will be coming to Hawai'i for a conference in May 2020. This will be for AIG Insurance group from various countries including Mainland China, Thailand, Hong Kong, Singapore, Malaysia, and South Korea.

Public Relations

- Gohawaii's Facebook followers stand at 14,338 while Instagram followers stand at 1,235 in the month of December.
- Print Media: Discover Hawai'i and Enjoy 10% off | The Star | December 2019
- Digital Media: Discover Hawai'i Ground and Air Package | GDN Banner | December 2019

Sales Activities

Sales Calls			
Airline	Wholesaler/TA/TO/OTA	Other	Total
0	13	7 (MCI)	20

Brand Experience Update

- Continued to highlight some of the events such as Hawai'i International Film Festival, Hawai'i Food & Wine Festival, Aloha Festival, and Kona Coffee Festival to the leisure and MCI agents.
- Encouraged agents to understand more about major festivals and events and understand cultures, traditions, people and unique characteristics of the Hawaiian Islands by visiting gohawaii.com.

Island Chapters Engagement Update

- HTSEA is currently working with the Island Chapters (O'ahu, Kaua'i, Maui, and Island of Hawai'i) to prepare itineraries for the 2020 FAM trips. HTSEA will have 2-island itinerary for all fam trips.

"Coming Attractions" for Leisure Market

What	When	Where
GoPro Influencer Fam	March 2020	O'ahu and Island of Hawai'i
Year-End Sales with CIT Travel	November – December 2019	Malaysia



Group Sales Status Report – December 2019 (Preliminary)

OVERVIEW

The *2020 Global Meetings and Events Forecast* released by American Express Meetings & Events predicts steady growth for the Meetings, Conventions, and Incentives (MCI) industry for the fifth year in a row, despite the potential speed bumps for business, such as the upcoming U.S. presidential election and the United Kingdom’s impending Brexit. The report is based on a survey of over 550 meetings and events professionals and interviews with industry experts from across the world.

The focus for 2020 will continue to be on hotel supply, demand, and commissions. Some respondents expressed concern that the anticipated increase in available meeting space for 2020 will not be quite enough to meet demand, especially in major-tier cities. In countries with a thriving economy, this pressure will likely intensify as business and leisure travelers compete for space. Meeting planners who responded to the survey are expecting to see room availability for 2020 increase somewhat, between +0.8 to +1.4 percent, but this is countered by expectations of an increase between +1.1 to +3.1 percent in number of attendees. Furthermore, meetings in 2020 are also anticipated to be longer, with an increase between +0.5 to +2.9 percent in number of days per meeting.

After several years of flat or decreasing budgets, overall meeting spend is predicted to increase across the board for 2020. In 2019, overall meeting spend within organizations was up +1.6 percent for North America and +1.3 percent for Asia Pacific, which corresponded to an increase in meetings (+2.5% in North America; +2.3% for Asia Pacific). But considering that respondents expect group rates in 2020 to increase between +2.1 and +3.5 percent, it is not clear whether budget increases will keep pace with demand or rising costs. Despite these concerns and fears of a potential economic downturn, the forecast presents an optimistic picture for 2020 of a robust industry that is mature enough to weather any passing storms.

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – December 2019

	Month			Year-to-Date		
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year
Room Nights						
Definite & Assist-Definite	37,495	166,530	-77%	362,533	503,073	-28%
Tentative & Assist-Tentative	30,852	94,540	-67%	958,754	1,026,078	-7%

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
December 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		
Room Nights								
Definite	22,709	145,346	-84%	88,537	235,476	-62%	195,000	45%
New to Hawai'i	10,617	12,876	-18%	31,538	34,888	-10%		
Tentative	0	59,179	-100%	237,017	359,609	-34%		
MCI								
Room Nights								
Definite	16,052	97,546	-84%	57,848	162,397	-64%		
New to Hawai'i	9,210	11,666	-21%	22,221	21,511	3%		
Tentative	0	57,379	-100%	222,256	329,402	-33%		
Non-MCI								
Room Nights								
Definite	6,657	47,800	-86%	30,689	73,079	-58%		
New to Hawai'i	1,407	1,210	16%	9,317	13,377	-30%		
Tentative	0	1,800	-100%	14,761	30,207	-51%		

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 in Table 2a, this past December, the Hawai'i Convention Center (HCC) sales team participated in the following trade show:

- International Association for Exhibitions and Events (IAEE's) Annual Meeting & Exhibition in Las Vegas, NV. This is the premier show for the owners, executives, and managers of companies and associations that organize large exhibition events. Attending this convention provided additional visibility for HCC to be promoted as a top-level destination for exhibition events. This was the first time the HCC participated in this trade show. Although a good educational event, it was determined the customer base attending this trade show only utilizes centers on the mainland to accommodate drive-in traffic participation.*

HCC sales team continues to fine-tune reports and processes to help ensure a seamless transition of sales to the Hawai'i Visitors and Convention Bureau (HVCB) on January 1, 2020. Also, all sales directors are focused on securing License Agreements for select bookings, which currently have Letters of Commitment.

Advertising and Public Relations Efforts

PR efforts for the month of December included coverage for Winter Wishes a Holiday Festival in Honolulu Magazine's Calabash section and O'ahu Concierge's Newsflash section. Efforts also included securing Hawai'i Public Radio's "The Conversation" interview featuring a January 2020 educational association's conference at the Center.

Sports advertising in December include a full-page ad on SportsEvents magazine's Annual Planners Guide to Sports Commissions and CVBs plus a matching advertorial. Digital ad included an ad on Sports Travel Magazine's December e-newsletter. Ongoing sports placements includes Website Retargeting campaign on the National Association of Sports Commissions (NASC) website (until Jan. 31, 2020).

Local ad placement to promote Winter Wishes a Holiday Festival continued in December and included placements in the Star-Advertiser and radio ads with iHeart Radio, Ohana Broadcast, Summit media, TV spots on Spectrum cable and Hawai'i News Now and social media ads.

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
December 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		
Room Nights								
Definite	13,971	12,558	11%	197,659	168,980	17%	187,000	106%
New to Hawai'i	10,354	7,727	34%	93,920	70,623	33%	78,750	119%
Tentative	29,053	30,380	-4%	611,812	508,502	20%	500,000	122%
MCI								
Room Nights								
Definite	13,596	12,421	9%	195,881	164,281	19%		
New to Hawai'i	10,354	7,590	36%	92,979	66,380	40%		
Tentative	24,488	29,586	-17%	592,286	498,519	19%		
Non-MCI								
Room Nights								
Definite	375	137	174%	1,778	4,699	-62%		
New to Hawai'i	0	137	-100%	941	4,243	-78%		
Tentative	4,565	794	475%	19,526	9,983	96%		

Table 2b 2019 December Preliminary production is in comparison to production reported in the 2018 December Preliminary report.

COMMENTS
<p><u>Market Conditions and Industry Trends</u> <i>Meet Hawai'i staff report that the Midwest market continues to move in a steady to moderate rate of production. Leads are coming from traditional market segments, such as automotive, insurance and medical. Despite reports projecting a slower economy moving forward, the incentive market has held strong through the end of 2019. Interest from associations in the medical, research and global accreditation markets continue to prove strong. While the meetings are smaller than traditional citywide conventions, the return on investment is extremely high.</i></p> <p><u>Sales Production vs. Goals Analysis</u> <i>Preliminary definite production for 2019 stands at 17 percent above same time last year and six percentage points above the annual goal. This number will change after the grace period, which will end on January 31, 2020 and allows for the collection of all hotel contracts signed by December 31, 2019. Tentative production fell short as compared to monthly production from same time last year. However, the total tentative numbers for 2019 outpaced previous year's by +20 percent and have exceeded the annual goal by +22 percent.</i></p> <p><u>Highlights of Any Key Definites</u></p> <ul style="list-style-type: none"> • Convention — multi-level marketing corporation, October 2020 (4,045 room nights) • Convention — trade association, May 2025 (2,432 room nights) • Incentive — environmental corporation, July 2020 (1,160 room nights) • Convention — scientific association, September 2022 (1,098 room nights) • Incentive — environmental corporation, July 2020 (1,030 room nights)

Highlights of Any Key Tentatives

- *Special Event — fraternal association, April 2020 (4,000 room nights)*
- *Convention — scientific association, January 2025 (2,427 room nights)*
- *Convention — medical association, April 2022 (2,420 room nights)*
- *Convention — trade association, August 2023 (2,160 room nights)*
- *Convention — environmental association, November 2025 (1,524 room nights)*

Advertising efforts

- *Meetings, conventions and incentives (MCI) November Paid Media Recap*
 - *Northstar Destination Guide banners (728x90) – 500 impressions*
 - *Northstar Destination Guide banners (970x250) – 300 impressions*
 - *Northstar Destination Guide online Hawai'i Destination Guide – 1,000 page views*

Public Relations efforts on behalf of HTUSA Meet Hawai'i

- *Activity highlights include:*
 - *Fielded request from V. Alonzo, Northstar Meetings Group requesting support fact checking for the monthly Hawaiian Islands island updates including Bike Hawai'i and Four Seasons Resort O'ahu.*
 - *Communicated and updated D. Smith, Travel42 regarding updates to her February 2020 visit to the Hawaiian Islands.*
 - *Fielded request from A. Bannister from Groups Today magazine seeking information on unexpected dining destinations to include Honolulu offerings for groups. AMG is compiling suggestions in addition to working with M. Tanaka/ OVB on additional offerings.*
 - *Fielded request from C. Hitt from Hawai'i Business magazine seeking information on events in Hawai'i. AMG provided media contacts for Neal Blaisdell Center and the Hawai'i Convention Center.*
 - *Fielded request from J. Long from SmartMeetings for press trip opportunity in early 2020 as he was invited by the Hyatt Regency Maui Resort and Spa to cover the single property. J. Long is seeking support from Meet Hawai'i for additional properties if possible.*

- *Media Coverage Highlights:*
 - *"Hawai'i Island New Natural Wonders" – Travel Weekly*
 - *"Maui, Lāna'i & Molokai An Evolving Menu of Options" – Travel Weekly*

- *November Impressions and Publicity Values for Articles that included Hawai'i:*

<i>November</i>	<i>November</i>
<u><i>Impressions</i></u>	<u><i>Publicity Values</i></u>
<i>Print: 75,010</i>	<i>Print: \$148,298</i>
<i>Online: 0</i>	<i>Online: \$0</i>
<i>Broadcast: 0</i>	<i>Broadcast: \$0</i>
<i>Total: 75,010</i>	<i>Total: \$148,298</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	39	929	-96%	1,344	3,973	-66%	3,150	43%
New to Hawai'i	39	929	-96%	1,344	3,051	-56%	2,085	64%
Tentative & Assist-Tentative	0	481	-100%	11,313	15,532	-27%	19,500	58%
MCI								
Room Nights								
Definite & Assist-Definite	39	929	-96%	1,119	3,796	-71%		
New to Hawai'i	39	929	-96%	1,119	2,874	-61%		
Tentative & Assist-Tentative	0	481	-100%	11,088	12,855	-14%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	225	177	27%		
New to Hawai'i	0	0	N/A	225	177	27%		
Tentative & Assist-Tentative	0	0	N/A	225	2,677	-92%		

COMMENTS

Market Conditions and Industry Trends

With many planners away on vacation for the holidays, Hawai'i Tourism Canada had a very slow month with no RFPs. HTCAN is still in contact with the planners on a regular basis, providing newsletters and updates on the islands. HTCAN also believes that budget and incentive support would help position Hawai'i as a truly competitive destination.

Sales Production vs. Goals Analysis

December was an extremely slow month for RFPs. HTCAN did reach out to many of the current tentative groups in Simpleview as follow up. Unfortunately, many have chosen other destinations for their programs. HTCAN has reached 76 percent of its Q4 target of 6,000 tentative/assist tentative room nights, which is 58 percent of its annual goal of 19,500 room nights. HTCAN has also reached 62 percent of its Q4 target of 1,000 definite/assist definite room nights, which is 43 percent of its annual definite/assist definite goal. Production issues are due to reduced budgets, activities and time spent on the HT account. Two groups that were actually confirmed in December are not reflected in the Simpleview report as HTCA waits on contracts from the hotels. 2020 looks to be a good year with increased budget allowing HTCAN to increase visibility in the marketplace.

Highlights of any Key Definites

- Meeting – business services corporation, November 2019 (39 room nights)

Highlights of Any Key Tentatives

None to report for December.

**Table 2d: Hawai'i Tourism China Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	154	0	N/A	9,502	10,733	-11%	12,480	76%
New to Hawai'i	154	0	N/A	7,867	9,383	-16%	9,984	79%
Tentative & Assist-Tentative	132	0	N/A	18,617	25,163	-26%	24,960	75%
MCI								
Room Nights								
Definite & Assist-Definite	154	0	N/A	5,775	9,871	-41%	9,360	62%
New to Hawai'i	154	0	N/A	4,140	8,521	-51%	7,488	55%
Tentative & Assist-Tentative	132	0	N/A	16,612	21,311	-22%	18,720	89%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	3,727	862	332%	3,120	119%
New to Hawai'i	0	0	N/A	3,727	862	332%	2,496	149%
Tentative & Assist-Tentative	0	0	N/A	2,005	3,852	-48%	6,240	32%

COMMENTS

Market Conditions and Industry Trends

China Economy

U.S. President Trump on November 21st said that the first phase of the trade agreement will be signed very soon with China. China's economy saw a stable GDP growth rate of 6.2 percent YOY in the first nine months of 2019 amidst the Sino-U.S. trade war. The unemployment rate remained at 3.61 percent in Q3 from Q2, a record low since 2002. Consumer confidence increased from 124.1 to 124.3 Index Points in October. Meanwhile, the Chinese Yuan strengthened to 7 CNY per USD since November.

Outbound Travel Market

- *The 7th CTCS CHINA 2019 was held in Shanghai recently. The senior account manager of Forrester China said that the three important dimensions of business travel experience are effectiveness, simplicity, and emotion. On The Way Travel Management Company CEO emphasized that through compliance and transparent travel management and control and personalized travel management process design, helping customers reduce management costs, improve travel efficiency and experience, are the most important aspects of travel system research and development should focus on.*
- *Compared with large enterprises, the travel management service development and maintenance costs of SMEs are high, and the revenue and output are low, which is a blind spot for many large TMCs. Ctrip Business Travel is now gathering international corporate resources on the front-end and back-end ecological chains to break the boundaries between upstream and downstream. Through standardized, automated and self-service innovative travel management services, it provided cost-effective travel management tools for SMEs.*

Travel Trends

- *The China Hotel Association and huixiaoer.com jointly released the "2019 China Conference Hotel MICE Market Internet Development Report" recently. Online MICE platform has become a contrarian growth point for high-star hotels. In the online incremental market, customers in emerging industries occupy the main consumer, and the five major industries of internet, education/training, finance, medical beauty, consulting/management have been ranked among the top five conference budgets from 2016 to 2018. Among them, the IT service industry has the largest increase in conference budgets in all industries in 2018.*
- *Yin Wei, CEO of ly.com Business Travel, believes that in the future development of business travel, the platform will be more aggregated for more products related to corporate business travel, cost management, and financial data analytics solutions will be integrated into the product. Also, as the industry's entire market matures upstream and downstream, the entire market continues to converge. As the market changes and the service provider segment matures, there will be more products related to enterprises, travel, and travel in the future.*

Impact on Hawai'i:

As a well-facilitated and inspiring MCI destination with many experiential tourism resources, Hawai'i has a huge untapped potential to attract Chinese MCI groups.

Strategy & Action:

To enrich business travel experiences, Hawai'i Tourism China (HTC) will be introducing more tourism resources and well-facilitated meeting facilities to MCI intermediaries handling high-quality MCI groups and approaching corporates with the top conference budgets.

Sales Production vs. Goals Analysis

HTC has secured 9,502 definite/assist definite room nights as of December and achieved 76 percent of the KPI for 2019 definite/assist definite room nights. With a total of 18,617 tentative/assist tentative room nights so far, HTC has achieved 75 percent of the KPI for 2019 total tentative/assist tentative room nights.

Analysis & Countermeasures:

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 – consumer products corporation, February 2020 (44 room nights)*
- *Incentive – consumer products corporation, February 2020 (22 room nights)*
- *Incentive – consumer products corporation, February 2020 (44 room nights)*
- *Incentive – consumer products corporation, March 2020 (44 room nights)*

Highlights of Any Key Tentatives

- *Incentive – consumer products corporation, February 2020 (44 room nights)*
- *Incentive – consumer products corporation, February 2020 (44 room nights)*
- *Incentive – consumer products corporation, March 2020 (44 room nights)*

Public Relations and Advertising

None to report for December.

**Table 2e: Hawai'i Tourism Japan Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	0	3,870	-100%	48,268	52,645	-8%	54,450	89%
New to Hawai'i	0	2,670	-100%	27,072	33,673	-20%	20,000	135%
Tentative & Assist-Tentative	0	2,305	-100%	47,033	52,940	-11%	40,000	118%
MCI								
Room Nights								
Definite & Assist-Definite	0	3,870	-100%	45,846	44,200	4%	40,850	112%
New to Hawai'i	0	2,670	-100%	26,400	25,448	4%	7,000	377%
Tentative & Assist-Tentative	0	2,305	-100%	44,611	43,885	2%	30,000	149%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	2,422	8,445	-71%	13,600	18%
New to Hawai'i	0	0	N/A	672	8,225	-92%	13,000	5%
Tentative & Assist-Tentative	0	0	N/A	2,422	9,055	-73%	10,000	24%

COMMENTS

Market Conditions and Industry Trends

In response to community backlash for the growth in tourists to Kyoto, the mayor made a statement saying that permits for construction of new hotels will no longer be granted. After visitors to the city peaked at 56 million in 2015, visitors to the city, along with the quality of visitors have been declining. Japanese travelers are also being pushed out of tourism in the city as foreign visitors increase. Over-night stays by Japanese travelers have also been consistently declining.

With finalizations of the international route slots at Haneda Airport, wholesalers are collecting information on airlines' promotional campaigns. Group bookings are starting to subside for the year, but because Japanese fiscal years end in March, wholesalers are focusing on a last spurt. Most leads are smaller scale with around 50 attendees, dispersed throughout January-March. Large scale bookings are entering their finalization period for the 2020 Kamiki (April-September) period. Wholesalers are forecasting money used on hotels and transportation to rise by 3-5 percent in this period.

Hearings from the Japan Sub-Committee meetings found that there are fewer group bookings for Q1 and Q2 of 2020 from Japan as focus is shifted towards the Olympics. This also affects company structures as group sales agents are shifted to focus on the Olympic initiatives. Many wholesalers expect group business to be lackluster until the Olympics are over.

5 Target Pillar Condition/Support

Incentive / Anniversary:

- Fewer anniversary related travels are set for 2020 across all wholesalers. Because preparations for anniversary business begins more than one year in advance, there is little potential for growth.*

- For anniversary travels, the service, automotive and manufacturing industries lead the market, while for incentive travels, real estate, service, automotive and network businesses lead the market.
- Group business inquiries have grown significantly for the Island of Hawai'i amongst wholesalers focusing on promoting the Island. As an example, JTB has created products specifically for group business to the Island of Hawai'i to proactively encourage leads to the Island.

Edu-Tourism:

- Private schools continue to increase hosting overseas edu-tourism trips, with many schools starting to prepare separate itineraries to different destinations depending on their majors and interests.
- An increase was seen in language study trips and local cultural exchange trips by Universities and specialty schools in 2019. Additionally, many schools are beginning to request such opportunities be held with the University of Hawai'i.

Sports:

- Hawai'i Tourism Japan (HTJ) began preparations for utilizing the selection of surfing as an official sport at the Olympics. An interview was held with a surfer Kanoa Igarashi, to represent Japan. The footage was broadcasted once on NHK in Japan and twice in January.
- Invited NHK and satellite TV station "Wowow" to cover an article on the Hawai'i Tennis Open. HTJ will continue working with the International Management Group for future fan club events and clinics to attract MICE market leads.
- Although consistent number of leads for sports related events such as participants to marathons, viewers to golf tournaments and other pro/amateur sporting events to Hawai'i are maintained attendees for the events have been declining.

Entertainment:

- Continued efforts are being made to acquire various entertainment leads.

Attendance Building:

- Inquiries for large scale attendance building leads remain at relatively lower levels.

Sales Production vs. Goals Analysis

Although some tentative leads were produced, it was verified after the deadline for submission within Simpleview, so no leads were reported. Leads worked on in December will be reported in the January report.

Highlights of any Key Definites

None to report for December.

Highlights of Any Key Tentatives

None to report for December.

Public Relations and Advertising

Nikkei Business Publications; Print 190,918

A special feature on sustainability in Hawai'i was featured on the 12/20 issue. Topics covered included the State of Hawai'i's Aloha+ Challenge, HTJ's Malama Hawai'i initiatives and other various activities such as the International Coastal Cleanup, Student Energy Summit and the Tourism Expo to effectively introduce the environmental initiatives and volunteer opportunities. The State of Hawai'i was introduced in the article, as the leading state within the USA to implement various initiatives towards sustainability.

**Table 2f: Hawai'i Tourism Korea Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	421	1,264	-67%	9,898	19,948	-50%	21,840	45%
New to Hawai'i	277	373	-26%	5,426	8,948	-39%	14,040	39%
Tentative & Assist-Tentative	421	846	-50%	9,837	19,461	-49%	43,680	23%
MCI								
Room Nights								
Definite & Assist-Definite	421	1,264	-67%	9,787	19,948	-51%	16,380	60%
New to Hawai'i	277	373	-26%	5,315	8,948	-41%	10,530	50%
Tentative & Assist-Tentative	421	846	-50%	9,726	19,461	-50%	32,760	30%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	111	0	N/A	5,460	2%
New to Hawai'i	0	0	N/A	111	0	N/A	3,510	3%
Tentative & Assist-Tentative	0	0	N/A	111	0	N/A	10,920	1%

COMMENTS

Market Conditions and Industry Trends

- ***South Korea's Economy Grows 0.4 percent in Q3:*** The South Korean economy grew 0.4 percent in the third quarter from the previous three months and in line with an earlier estimate by Bank of Korea. The central bank reported that its third-quarter growth estimate remained unchanged from preliminary figures released in October, despite slightly upward revisions to consumer spending and overall exports. These were offset by a large drop in construction investment. Construction investment contracted 6 percent over the cited period compared to the earlier projection of 5.2 percent. In the meantime, the government announced it was targeting 2.4 percent economic growth for next year.
- ***Korea Government Vowed to Add Speed to Investment for 2020:*** The government's top economic priority next year will be encouraging investments. The goal is to attract and spend \$85.8 billion of private and public investments to break through the stagnant economic situation. The government has set its economic growth rate at 2.4 percent for next year, 0.4 percent higher than this year. The major economic policy directions for next year are to create momentum for economic rebound by encouraging investments and consumer sentiment through major discount events and promotions, infrastructure projects, export support and supporting innovation in local economies.
- ***South Koreans to Face Fewer Inconveniences for U.S. Entry:*** South Korea and the U.S. have agreed to reduce inconveniences for travelers entering the U.S. mainland. The Korean Ministry of Land Infrastructure and Transport signed a "joint statement" with the Transportation Security Administration (TSA) to work on removing an interview, additional security checks and other inconveniences for visiting Koreans. South Korea is the first Asian country that has signed such an agreement with the TSA. It is planned to be initiated from the second half of next year.

- **Exchange Rate/Fuel Surcharges:** The average USD/WON exchange rate in December was 1172.45 won, a slight increase from the previous rate of 1163.27 won in November. Fuel surcharges were imposed in December up to 69,600 won (\$59.77) for a round trip between Korea and the U.S.
- **South Korea's business sentiment:** According to a data by Bank of Korea, South Korea's business slightly eased in December thanks to improved demand in the non-manufacturing sector. The business survey index (BSI) of the overall industry for December increased +2 points from last month to 76, according to data released by the Bank of Korea. The figure has improved for the fourth month in a row but is still far below 100. The business sentiment for the overall non-manufacturing sector added +3 points to 78. The index for construction firms rose +8 points to 74. The BSI for the overall manufacturing sector, however, remained still at 74. For the next month, the BSI index will increase +1 point to 74. The outlook of manufacturers climbed +2 points to 73, and non-manufacturers +1 point to 75.

Sales Production vs. Goals Analysis

Hawai'i Tourism Korea's (HTK) MCI team missed its KPI targets in the following measures during December 2019. The targeted number of total definite/assist definite room nights was 780 definite room nights, but HTK produced 421 assist definite room nights in December. Also, in terms of total out-of-state attendees, HTK's MCI team attracted 247 attendees, missing its KPI target 260 attendees. The decline in December MCI leads was mainly due to seasonality.

Highlights of any Key Definites

- Incentive – insurance corporation, December 2019 (72 room nights)
- Meeting – sports corporation, December 2019 (90 room nights)
- Meeting – sports corporation, December 2019 (91 room nights)
- Incentive – manufacturing corporation, December 2019 (96 room nights)
- Incentive – insurance corporation, December 2019 (72 room nights)

Highlights of Any Key Tentatives

- Incentive – insurance corporation, December 2019 (72 room nights)
- Meeting – sports corporation, December 2019 (90 room nights)
- Meeting – sports corporation, December 2019 (91 room nights)
- Incentive – manufacturing corporation, December 2019 (96 room nights)
- Incentive – insurance corporation, December 2019 (72 room nights)

Public Relations and Advertising

- Hawai'i Tourism Korea team distributed a press release for the 2019 Meet Hawai'i (MCI) Korea Corporate FAM Tour on December 18, 2019. Estimated advertising value (EAV) and impression will be shared in the January report.

**Table 2g: Hawai'i Tourism Oceania Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	201	2,563	-92%	7,325	10,705	-32%	16,640	44%
New to Hawai'i	201	2,563	-92%	6,701	9,034	-26%	12,480	54%
Tentative & Assist-Tentative	1,246	1,349	-8%	19,167	32,846	-42%	34,320	56%
MCI								
Room Nights								
Definite & Assist-Definite	201	2,117	-91%	2,922	8,521	-66%	12,640	23%
New to Hawai'i	201	2,117	-91%	2,759	6,922	-60%	9,360	29%
Tentative & Assist-Tentative	1,166	869	34%	17,167	26,410	-35%	25,820	66%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	446	-100%	4,403	2,184	102%	4,000	110%
New to Hawai'i	0	446	-100%	3,942	2,112	87%	3,120	126%
Tentative & Assist-Tentative	80	480	-83%	2,000	6,436	-69%	8,500	24%

COMMENTS

Market Conditions and Industry Trends

- **Currencies** – The AU Dollar sat at USD 0.700. The AUD reached the 0.700 level for the first time since late July, advancing for the eighth consecutive day at the end of December. The Aussie continues advancing on the back of the market's optimism about the U.S.-China trade deal. The NZD sat at a five month-high at the end of December finishing the year at USD0.67.
- **Bushfires** continue to ravage across the country in Australia. Record heat has contributed to the ferocity of massive bushfires that have swept through the country starting at the end of November. Dozens of fires erupted in New South Wales and rapidly spread across the entire continent to become some of the most devastating in the history. An area about twice the size of Belgium, roughly 15 million acres, has burned. At least 18 people are dead, including at least three volunteer firefighters, and more are missing. More than 1,000 houses have been destroyed, hundreds more damaged. As blazes intensified in the days leading up to New Year's Eve, thousands of people who were forced to evacuate sought shelter on beaches across New South Wales, Victoria, South Australia and Tasmania. Over 100 fires are still burning up to date and New South Wales has declared a 7-day state of emergency just before New Year Eve. Hawai'i Tourism Oceania (HTO) will keep monitoring the situation closely to follow appropriate protocol when dealing with the clients who may be affected from this national disaster.

Sales Production vs. Goals Analysis

The exchange rate for AUD & NZD continue to be one of HTO's main challenges for meeting planners who are looking for additional value when booking conference, meeting and incentive groups. The market closed after the second week of December due to the holiday season, so HTO could only follow up and organize sales calls during the first two weeks of December.

Highlights of any Key Definites

- Incentive – medical corporation, May 2020 (201 room nights)

Highlights of Any Key Tentatives

- Incentive – confidential corporation, May 2020 (150 room nights)
- Meeting – high tech corporation, May 2022 (716 room nights)
- Meeting – manufacturing association, September 2020 (200 room nights)
- Sports – golf event, September 2020 (80 room nights)
- Incentive – confidential corporation, May 2021 (100 room nights)

Public Relations and Advertising

HTO has received exposures on Travel Daily Following NCL Legends FAM:

- <https://bit.ly/2NbzO4Z>
- <https://bit.ly/2FBoRWa>

**Table 2h: Other International Single Property Sales Production
December 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		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	613	-100%	N/A	N/A
New to Hawai'i	0	0	N/A	0	613	-100%		
Tentative & Assist-Tentative	0	0	N/A	3,958	12,025	-67%		
MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	266	-100%		
New to Hawai'i	0	0	N/A	0	266	-100%		
Tentative & Assist-Tentative	0	0	N/A	3,916	11,678	-66%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	347	-100%		
New to Hawai'i	0	0	N/A	0	347	-100%		
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 December 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	359,798	54,000	7,249	38,878	72%	17%	11%
Kaua'i	139,269	19,000	1,387	25,960	137%	14%	19%
Maui County	374,617	79,000	435	75,135	95%	26%	20%
Hawai'i	258,613	35,000	4,900	57,686	165%	16%	22%
Total	1,132,297	187,000	13,971	197,659	106%		

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

'ELELE PROGRAM

COMMENTS

December meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):

New HCC Tentative

'Elele Program Director had breakfast with the executive director of a technology related association. The client is interested in exploring the Hawai'i Convention Center (HCC) for the association's annual meeting in January 2026 for 2,000 attendees.

Support for Tentatives

'Elele Program Director and the Director of Sales at the Hawai'i Convention Center (HCC) had a meeting with a group of University of Hawai'i faculty members interested in bidding on a world congress related to economics. An initial expression of interest has been sent and a full bid is due in February for the 2022 congress in June 2022 for 1,500 attendees. The committee will have a conference call with the site selection committee in mid-January to help guide the proposal formulation.

Promising Prospects

'Elele Program Director has been preparing for the CESSE CEO meeting, scheduled for February in Tucson, AZ. The successful 2019 program for a scientific association will be highlighted during the Hawai'i Visitors and Convention Bureau (HVCB) sponsored breakfast at this event. The association's executive director will be attending this conference as the guest of the HVCB.

LOST BUSINESS

Table 4: Lost Business – December 2019

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Convention (2098)	Technology	5,910	1,700	11/12/2021 - 11/18/2021	Unknown	Cost - Airlines
Convention (2177)	Manufacturing	2,347	675	5/1/2025 - 5/6/2025	Unknown	Hotel Venue Selected
Sports (2119)	Sports	10,570	3,000	2/27/2021 - 3/5/2021	Unknown	Alternate Dates Selected
Sports (2171)	Sports	2,705	5,500	7/7/2020 - 7/12/2020	Unknown	Cost - Center

HTUSA SINGLE PROPERTY – HIGH PROFILE

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention - International (14972)	Consumer Products	6,050	1,700	10/11/2024 - 10/14/2024	Initially, Hawai'i only	Program lost to Las Vegas due to overall cost, distance, and travel time.
MCI: Convention - Domestic (18252)	Medical, Healthcare	4,220	900	04/24/2022 - 05/02/2022	Initially, Hawai'i only	Program lost to Orlando.
MCI: Incentive (17931)	Manufacturing, Distrib.	3,216	200	01/18/2021 - 02/28/2021	Playa Mujeres, Riviera Maya, Cancun	Program lost due to overall cost.
MCI: Convention - Domestic (13429)	Scientific	2,718	1,500	11/12/2023 - 11/17/2023	West Coast Cities on or near water.	Program lost to Portland.
MCI: Convention - Domestic (13672)	Multi Level Marketing	2,294	900	03/04/2020 - 03/10/2020	Initially, Hawai'i only	Another 3rd party planner booked the program.
MCI: Convention - Domestic (13784)	Energy, Environment	985	450	04/05/2022 - 04/09/2022	Nashville, New Orleans, Vancouver, Colorado Springs	Program lost to Nashville.
MCI: Convention - Domestic (18274)	Government	795	400	10/05/2020 - 10/10/2020	Initially, Hawai'i only	Client is no longer considering Hawai'i.
MCI: Convention - Domestic (16811)	Government	791	300	03/14/2021 - 03/19/2021	New Orleans, NYC, Miami, Washington, DC	Program has been postponed.
MCI: Incentive (15228)	Unknown	540	250	01/22/2020 - 01/26/2020	Mexico, Aruba	Program has been postponed.

MCI: Meeting (13043)	Insurance	501	200	06/05/2021 - 06/13/2021	Initially, Hawai'i only	Program lost to Milan, Italy.
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INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Oceania: MCI: Meeting (13660)	Business Services, Consulting	325	130	09/24/2020 - 09/28/2020	New Zealand and Singapore	Program lost due to overall cost and exchange rate.
HT Oceania: Non-MCI: Sleeping Rooms Only (13661)	Business Services, Consulting	260	130	09/29/2020 - 10/02/2020	New Zealand and Singapore	Program lost due to overall cost and exchange rate.
HT Canada: MCI: Incentive (16651)	Automotive	366	122	05/20/2020 - 05/25/2020	Initially, Hawai'i only	Program lost to Sydney, Australia.
HT Canada: MCI: Incentive (16831)	Finance, Banking	494	195	05/31/2021 - 06/04/2021	San Francisco, Los Angeles, Scottsdale	Program lost to Bermuda.
HT Oceania: MCI: Meeting (16872)	Travel	184	100	03/18/2020 - 03/21/2020	Other U.S. coastal cities or in New Zealand	Program lost due to overall cost and exchange rate.
HT Oceania: MCI: Meeting (16879)	Travel	111	92	11/04/2020 - 11/06/2020	Other U.S. coastal cities or in New Zealand	Program lost due to overall cost and exchange rate.
HT Canada: MCI: Incentive (18072)	Consumer Products	472	220	04/07/2021 - 04/11/2021	Argentina, Bali, Bermuda, St Thomas and Costa Rica.	Program lost due to overall cost.
HT Canada: MCI: Incentive (18206)	MCI, Travel	783	300	05/01/2021 - 05/07/2021	Marrakesh	Program lost to Marrakesh due to overall cost.

NEW-TO-HAWAI'I DEFINITE BOOKINGS

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

HTUSA SINGLE PROPERTY - HIGH PROFILE

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Convention - Domestic (16898)	Multi Level Marketing	4,045	1,600	10/17/2020 - 10/23/2020	Initially, Hawai'i only
MCI: Convention - Domestic (16853)	Trade Assns	2,432	675	05/01/2025 - 05/06/2025	Initially, Hawai'i only
MCI: Convention - International (18516)	Scientific	1,407	700	05/12/2021 - 05/21/2021	Initially, Hawai'i only
MCI: Convention - International (14896)	Scientific	1,098	750	09/18/2022 - 09/24/2022	Arizona, Southern California
MCI: Convention - Domestic (18095)	Scientific	945	300	03/23/2023 - 03/30/2023	Initially, Hawai'i only
MCI: Incentive (18160)	Automotive	542	280	01/30/2021 - 02/05/2021	Initially, Hawai'i only

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: MCI: Incentive (15315)	Medical, Pharm	201	50	05/24/2020 - 05/28/2020	Initially, Hawai'i only
HT China: MCI: Incentive (16732)	Consumer Products	22	34	02/25/2020 - 02/25/2020	Initially, Hawai'i only
HT Korea: MCI: Meeting (18389)	Sports	91	22	12/04/2019 - 12/10/2019	Initially, Hawai'i only
HT Korea: MCI: Meeting (18390)	Sports	90	25	12/11/2019 - 12/19/2019	Initially, Hawai'i only
HT China: MCI: Incentive (18466)	Consumer Products	44	34	02/26/2020 - 02/27/2020	Initially, Hawai'i only
HT China: MCI: Incentive (18468)	Consumer Products	44	34	03/01/2020 - 03/02/2020	Initially, Hawai'i only
HT China: MCI: Incentive (18469)	Consumer Products	44	34	02/28/2020 - 02/29/2020	Initially, Hawai'i only
HT Korea: MCI: Incentive (18502)	Manufacturing, Distrib.	96	56	12/23/2019 - 12/26/2019	Initially, Hawai'i only
HT Canada: MCI: Meeting (16868)	Business Services, Consulting	39	24	11/14/2019 - 11/16/2019	Initially, Hawai'i only

TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH	25
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS	14,857

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Convention (2104)	Franchise	7,110	2,200	10/1/2021 - 10/8/2021	Initially, Hawai'i only

Convention (2132)	Other	1,407	700	5/12/2021 - 5/22/2021	Initially, Hawai'i only
Meeting (2162)	Scientific	2,100	350	6/13/2021 - 6/17/2021	Initially, Hawai'i only
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					3
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS					10,617

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 December:

- 1 educational event
 - HTUSA
 - Northstar Meetings Group Leadership Forum 2019, Sea Island, GA, December 9-13
- 2 trade shows
 - HTUSA
 - California Society of Association Executives (CalSAE) Seasonal Spectacular 2019, Sacramento, CA, December 16-18
 - HCC
 - International Association of Exhibitions and Events (IAEE) Annual Meeting & Exhibition 2019, Las Vegas, NV, December 3-7
- 2 sales blitzes
 - HTUSA
 - Southeast Sales Blitz, North Carolina, Georgia, Virginia, December 2-6
 - Sharing Aloha Annual Holiday Sales Blitz, Chicago, IL, December 16-18
- 10 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA
 - 1 site visit, Maui
 - 1 site visit, O'ahu and Maui
 - 1 site visit, Kaua'i, O'ahu, Lāna'i and Maui
 - 2 site visits, O'ahu
 - HCC
 - 1 site visit, O'ahu
 - International GMTs
 - 1 site visit, O'ahu and Island of Hawai'i
 - 1 site visit, Kaua'i, O'ahu, Maui, and Island of Hawai'i
 - 2 site visits, O'ahu

FUTURE SALES AND MARKETING ACTIVITIES

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

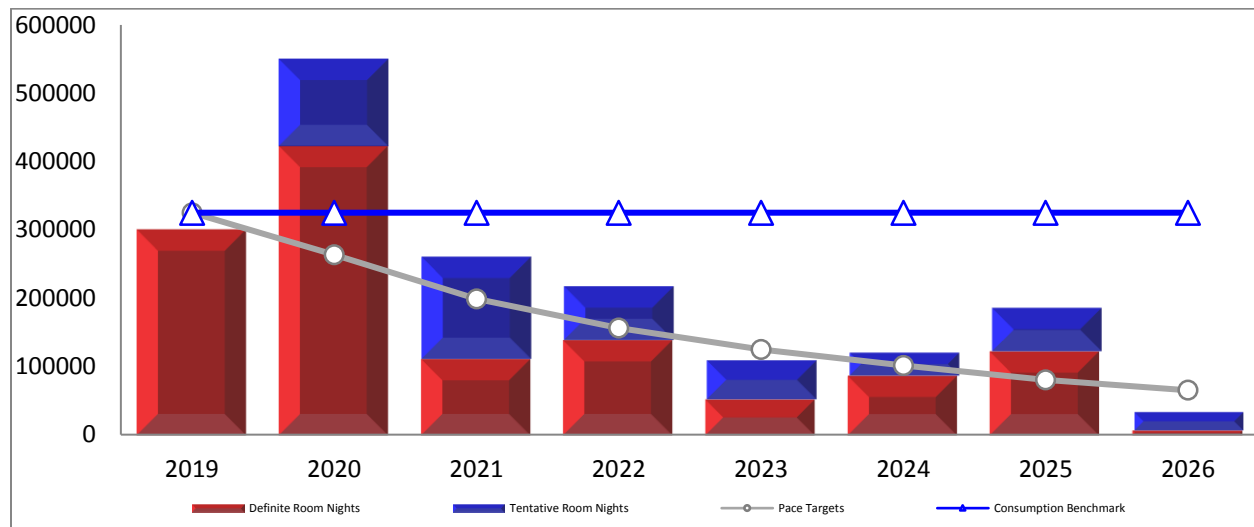
Jan. 2020			
Jan. 5-8	Professional Convention Management Association (PCMA) Convening Leaders 2020, San Francisco, CA	Trade Show	HVCB
TBD	HTK MCI VIP Reception, Seoul, Korea	Client Promo	HTK
Feb. 2020			
Feb. 9-12	Council of Engineering and Scientific Society Executives (CESSE) CEO Meeting, Tucson, AZ	Sales Blitz	HVCB
Feb. 25	DMS Connect 2020, Melbourne, Australia	Trade Show	HTO
Feb. 25-27	New York Society of Association Executives (NYSAE) Meet New York 2020, New York, NY	Trade Show	HVCB
Mar. 2020			
Mar. 1-3	ASAE 2020 Great Ideas Conference, Salt Lake City, UT	Educational Event	HVCB
Mar. 10-11	2020 Meetings Industry Council (MIC) of Colorado Education Conference and Trade Show, Denver, CO	Trade Show	HVCB
Mar. 18-19	2020 Experient EnVision Conference, Los Angeles, CA	Sales Blitz	HVCB
Mar. 23-27	HTO Meet Hawai'i Roadshow, Auckland, New Zealand and Melbourne and Sydney, Australia	Sales Blitz	HTO
Mar. 24	2020 Meetings Professional International Northern California Chapter (MPINCC) Annual Conference & Expo (ACE), San Francisco, CA	Trade Show	HVCB

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 **Hawai'i** **Period Ending December 31, 2019**
Report Date: January 7, 2020



<i>Hawai'i R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	300,299	421,654	111,719	139,394	52,699	87,233	122,742	7,014	1,242,754
Pace Targets	325,033	263,498	198,767	155,921	124,802	101,126	80,318	64,997	1,314,462
Variance	(24,734)	158,156	(87,048)	(16,527)	(72,103)	(13,893)	42,424	(57,983)	(71,708)
Consumption Benchmark	325,033	325,033	325,033	325,033	325,033	325,033	325,033	325,033	2,600,264
Pace Percentage	92%	160%	56%	89%	42%	86%	153%	11%	95%
Total Demand Room Nights	910,462	826,269	463,291	350,516	187,040	147,840	196,032	88,254	3,169,704
Lost Room Nights	610,163	404,615	351,572	211,122	134,341	60,607	73,290	81,240	1,926,950
Conversion Percentage	33%	51%	24%	40%	28%	59%	63%	8%	39%
Tentative Room Nights	0	127,714	149,180	78,562	56,946	33,787	63,762	26,716	536,667

<i>Hawai'i Events</i>	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Events	374	233	84	47	18	15	16	4	791
Pace Targets	352	170	72	37	18	12	7	4	672
Variance	22	63	12	10	0	3	9	0	119
Consumption Benchmark	352	352	352	352	352	352	352	352	2,816
Pace Percentage	106%	137%	117%	127%	100%	125%	229%	100%	118%
Total Demand Events	947	552	183	81	44	28	23	8	1,866
Lost Events	573	319	99	34	26	13	7	4	1,075
Conversion Percentage	39%	42%	46%	58%	41%	54%	70%	50%	42%
Tentative Events	0	311	210	56	29	15	9	6	636

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

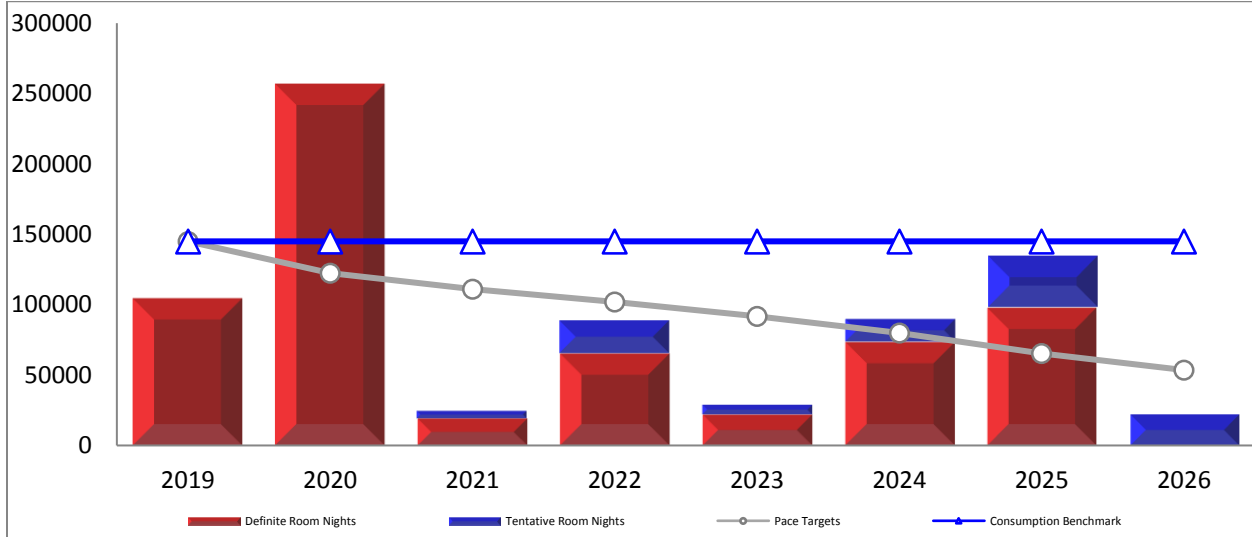
Table 7: The TAP Report: Convention Center 8-year Pace (citywide only)

THE TAP REPORT

Hawai'i
Convention Center

Period Ending December 31, 2019

Report Date: January 7, 2020



Hawai'i R/N

	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Room Nights	104,764	256,499	19,250	65,270	21,939	73,540	97,897	0	639,159
Pace Targets	145,006	122,498	111,066	101,987	91,765	79,991	65,356	53,592	771,261
Variance	(40,242)	134,001	(91,816)	(36,717)	(69,826)	(6,451)	32,541	(53,592)	(132,102)
Consumption Benchmark	145,007	145,007	145,007	145,007	145,007	145,007	145,007	145,007	1,160,056
Pace Percentage	72%	209%	17%	64%	24%	92%	150%	0%	83%
Total Demand Room Nights	399,177	421,734	275,213	229,486	109,208	120,672	171,187	81,240	1,807,917
Lost Room Nights	294,413	165,235	255,963	164,216	87,269	47,132	73,290	81,240	1,168,758
Conversion Percentage	26%	61%	7%	28%	20%	61%	57%	0%	35%
Tentative Room Nights	0	0	5,250	23,250	6,850	15,850	36,100	21,951	109,251

Hawai'i Events

Definite Events	31	23	6	9	3	7	6	0	85
Pace Targets	29	20	15	12	10	8	5	2	101
Variance	2	3	(9)	(3)	(7)	(1)	1	(2)	(16)
Consumption Benchmark	28	28	28	28	28	28	28	28	224
Pace Percentage	107%	115%	40%	75%	30%	88%	120%	0%	84%
Total Demand Events	77	69	43	28	18	17	13	4	269
Lost Events	46	46	37	19	15	10	7	4	184
Conversion Percentage	40%	33%	14%	32%	17%	41%	46%	46%	32%
Tentative Events	0	1	2	5	3	8	4	4	27

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>Consumption Benchmark – 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>Conversion Index – A measurement for each month and year of the Meet Hawai'i's Conversion Percentage compared to the Peer Set's Conversion Percentage. A value greater than 100 indicates that Meet Hawai'i is converting more demand to definite room nights than the Peer Set. A number less than 100 indicates that Meet Hawai'i is converting less demand to definite room nights than the Peer Set.</p>
<p>Conversion Index Rank – The position of Meet Hawai'i's Conversion Index compared to the Peer Set.</p>
<p>Conversion Percentage – 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>Definite Room Nights – Number of definite room nights, confirmed by Meet Hawai'i for each month and year at the time the report is published.</p>
<p>Definite Room Night Share % – A percentage indicating the Meet Hawai'i's portion of the Peer Set's Definite Room Nights.</p>
<p>Lost Room Nights – 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>Pace Index – A measurement for each month and year of the Meet Hawai'i's Pace Percentage compared to the Peer Set's Pace Percentage. A value greater than 100 indicates that the Meet Hawai'i's Pace Percentage is higher than that of the Peer Set. A number less than 100 indicates that the Meet Hawai'i's Pace Percentage is less than that of the Peer Set.</p>
<p>Pace Index Rank – The position of the Meet Hawai'i's Pace Index compared to the Peer Set.</p>
<p>Pace Percentage – 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>Pace Target – 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>Room Night Demand Share % – A percentage indicating Meet Hawai'i's portion of the Peer Set's Demand.</p>
<p>Tentative Room Nights – The number of tentative room nights pending for each future month and year at the time the report is published.</p>
<p>Total Demand Room Nights -- 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>Variance – The difference between the Definite Room Nights and the Pace Target.</p>

CONVENTION CENTER PERFORMANCE

Table 8: Convention Center Performance – November 30, 2019 Year-to-Date

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	32%	31%	1%
Total Events	226	185	41
Total Attendance	334,577	324,972	9,605
Visitor Spending	\$229,751,623	\$334,575,305	(\$104,823,682)
Tax Revenue	\$22,285,937	\$32,453,834	(\$10,167,897)
Revenue per Attendee	\$45.00	\$45.78	(\$0.78)

COMMENTS

The month of November 2019 included the conclusion of a scientific association event with nearly 6,000 attendees and an educational association event with over 1,200 attendees, along with 17 other events. HCC generated gross revenues exceeding \$1 million, but had expected to generate \$1.7 million. The shortfall was due to the cancellations of a religious group and an art event. This also impacted HCC's bottom line results, which actualized with a net loss of \$230,300 against a budgeted net loss of \$39,300.

HCC has worked very hard during the year to minimize the impact caused by cancellations by bringing in new business as well as expanding on existing business. HCC is expected to end the year with gross revenues of \$16.6 million, which is \$923,000 more than planned and a net loss of \$1.27 million, which is \$720,000 better than planned. A primary reason for the improvement in numbers is due to the pick-up of a corporate event in early December, which will generate over \$740,000 in food and beverage.

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 visitor spending, tax revenue and revenue per attendee. Revenue per attendee is at \$45.00 which is \$0.78 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.

December 2019

Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
17028 S7	a.link LLC	Japan MMA Marketing Management Services	(+ \$10,000,000.00) \$37,990,000.00	12/11/2019	12/31/2020
20142	Hawaii Institute for Music Enrichment and Learning Experiences, Inc. (HIMELE)	Steel Guitar Festivals (Kaua'i, Maui, Hawai'i Island)	\$15,000.00	12/11/2019	3/31/2021
16024 S7	The Walshe Group Pty Ltd dba Hawai'i Tourism Oceania	Oceania MMA 2020	(+ \$1,900,000.00) \$9,944,500.00	12/12/2019	12/31/2020
•19157 S1	County of Hawai'i	Hawai'i Island Tourism Strategic Plan	(+ \$0.00) \$35,000.00	12/12/2019	6/30/2020
20168	Maunaloa Fishpond Heritage Center	Establishing roots of community stewardship and native landscapes	\$50,000.00	12/13/2019	3/31/2021
20102	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Hawaiian Mission Houses' Traveling History Theatre	\$25,000.00	12/13/2019	4/30/2021
20125	Ho'okua'āina	Kukuluhou Internship Program	\$50,000.00	12/13/2019	3/31/2021
20111	Hawaiian Kamali'i, Inc. dba Hawaiian Canoe Club	The Pailolo Challenge 2020	\$15,000.00	12/13/2019	1/31/2021
20149	Pohaha I Ka Lani	Liko No Ka Lama	\$100,000.00	12/13/2019	3/31/2021
•20183	Friends of Hawai'i Charities, Inc.	Sony Open in Hawai'i Pro-Junior Challenge 2020	\$50,000.00	12/13/2019	11/30/2020
20095	Hawai'i International Film Festival	40th Annual Hawai'i International Film Festival	\$105,000.00	12/17/2019	4/30/2021
•18004 S2	Polynesian Football Hall of Fame	Polynesian Football Hall of Fame 2020	(+ \$155,000.00) \$405,000.00	12/17/2019	12/31/2020
20004 S1	Mokihana Aki	Producer/Writer for Video Series	(+ \$0.00) \$10,700.00	12/17/2019	12/31/2020

Contract Type:

• Sole Source

† Procurement Exemption

20146	Coral Reef Alliance	Hawai'i Wai Ola	\$50,000.00	12/17/2019	3/31/2021
20152	Coral Reef Alliance	Engaging community volunteers in watershed restoration - West Maui	\$58,000.00	12/17/2019	3/31/2021
20158	Na Koa Manu Conservation, Inc.	Pohakuokala Gulch Community Forest Restoration Project	\$39,000.00	12/17/2019	3/31/2021
20114	Ma Ka Hāna Ka 'Ike Building Program	Nā Mamo O Hāloa - The Children of Hāloa	\$70,000.00	12/17/2019	3/31/2021
20117	Lāna'i Culture & Heritage Center	Māla No'eau	\$15,000.00	12/17/2019	3/31/2021
20160	University of Hawai'i	Into the Darkness: Protecting Nā Manu o Ke Kai and the Night Skies	\$40,000.00	12/19/2019	3/31/2021
20034	Wai`anae Economic Development Council	`Aina Momona	\$40,000.00	12/19/2019	12/31/2020
19175 S1	Transparent Intelligence, Inc dba Transparent	Vacation Rental Performance Tracking 2020	(+ \$104,500.00) \$205,500.00	12/19/2019	3/31/2022
20003 S1	Marcus A Reimel	Videographer/Editor for Video Series	(+ \$0.00) \$16,200.00	12/19/2019	12/31/2020
17232 S5	International Festivals & Events Association	Festivals & Events CFEE Certification Workshops 2020	(+ \$47,000.00) \$150,000.00	12/19/2019	12/31/2020
16044 S4	Kloninger & Sims Consulting LLC	Timeshare Industry Survey	(+ \$30,000.00) \$162,500.00	12/19/2019	3/31/2021
•20180	Hawai'i Visitors and Convention Bureau	Global MCI Groups Marketing Management Services	\$7,150,000.00	12/20/2019	12/31/2021
20007	AVIAREPS Marketing Garden Holdings Ltd.	Hawai'i Tourism Inbound Destination Marketing Management Services in the Korea Major Market Area	\$1,400,000.00	12/20/2019	12/31/2022
19006 S1	OmniTrak Research & Marketing Group Inc.	Visitor Departure Survey 2020	(+ \$462,500.00) \$901,875.00	12/20/2019	6/30/2023
20119	Bishop Museum	Living Hawaiian Culture: An Expanded Platform for Cultural Practitioners at Bishop Museum	\$80,000.00	12/20/2019	3/31/2021
16071 S10	Hawai'i Visitors and Convention Bureau	Supplemental Services - Intellectual Property Data Bank 2020	(+ \$1,467,500.00) \$8,140,092.32	12/20/2019	12/31/2020

Contract Type:

• Sole Source

† Procurement Exemption

16054 S4	Hawai'i Visitors and Convention Bureau	Island Based International Marketing 2020	(+ \$800,000.00) \$3,821,200.00	12/20/2019	12/31/2020
19010 S1	City & County of Honolulu	Waikiki Security Program	(+ \$0.00) \$300,000.00	12/30/2019	3/31/2020
•19142 S1	County of Maui	Lifeguard Support Program	(+ \$0.00) \$125,000.00	12/30/2019	3/31/2020

Contract Type:

• Sole Source

† Procurement Exemption

Agenda Item

5

Presentation on Support for the 13th
Festival of Pacific Arts & Culture



Pacific
Community
Communauté
du Pacifique

13TH FESTIVAL OF
PACIFIC ARTS & CULTURE
HAWAII' I 2020

June 10 – 21, 2020 | Honolulu, Hawai'i



Look where Hawai‘i is. Look where Rapa Nui is. Look where Aotearoa is. Look at this map. **We are the largest nation in this world. We are the people of the Pacific, and we are one.**

- Dr. Kekuni Blaisdell





FESTPAC is the **world's largest celebration** of indigenous Pacific Islanders and their culture



- The Festival of Pacific Arts & Culture is held in a Pacific nation **every four years** since 1972
- A **Hawai'i delegation has participated** in every FESTPAC since 1976
- This is the **first time Hawai'i is hosting the festival**



Steve Hardy

Live performances and hands-on demonstrations to showcase **arts, culture, storytelling and more**

It is an honor to have been selected to host 28 nations of Oceania for the first time. This powerful encounter is **truly a life-changing event** for all who experience it.

- Vicky Holt Takamine, Festival Director





Eric Chang

Expecting **2,800 delegates** representing **28 Pacific nations** around Moananuiākea


FESTPAC Venues



- 'Iolani Palace
- Ali'iolani Hale
- Ke'ehi Lagoon
- Kapi'olani Park
- Kualoa Regional Park
- Hawai'i Convention Center
- Bishop Museum
- Hawai'i State Art Museum
- Honolulu Museum of Art
- Royal Hawaiian Center
- Polynesian Cultural Center



A ceremony welcoming **a dozen voyaging canoes** from participating nations will kick off the festival



*For decades, we have been welcomed by our
cousins across the Pacific, who have shared
their ‘āina, their homes, their food and their
hearts with us.*

Now, it is our turn.



13TH FESTIVAL OF
PACIFIC ARTS & CULTURE
HAWAII 2020

JUNE 10-21

E KŪ I KA HOE ULI

(take hold of the steering paddle)

**BOUND BY AN OCEAN • UNITED BY HISTORY
NAVIGATING OUR FUTURE**

FESTPAC Commission



- Sen. J. Kalani English, Chair
- Rep. Richard Onishi
- Monte McComber - *Royal Hawaiian Center*
- Misty Kela'i - *City & County of Honolulu*
- Mehanaokalā Hind - *Office of Hawaiian Affairs*
- Mike McCartney - *State of Hawai'i, DBEDT*
- Kalani Ka'anā'anā - *Hawai'i Tourism Authority*
- Kumu Māpuana de Silva - *Hālau Mōhala 'Ilima*
- Kumu Snowbird Bento - *Ka Pā Hula O Ka Lei Lehua*

- Kumu Vicky Holt Takamine, Festival Director
- Nainoa Thompson, Honorary Festival Chair



13TH FESTIVAL OF
PACIFIC ARTS & CULTURE
H A W A I ' I 2020
JUNE 10-21

HAWAII TOURISM™

Presenting Sponsor

\$500,000

- Naming Opportunity for One Event
- Banner Prominently Placed on Main Stage & 2 Additional Stages
- Signage Throughout Events
- Acknowledgement in Print, Radio, Television, and Online Ads, Social Media & Materials
- Live Acknowledgement During Programming
- 15 Premium VIP Tickets to Opening & Closing Ceremonies
- 20 Premium VIP Tickets to Sessions at the Hawai'i Convention Center

Slots at each commitment level are limited. Sponsorship packages are customizable.



Our Sponsors

- State of Hawai'i
- City & County of Honolulu
- Hawai'i State Foundation on Culture & the Arts
- Office of Hawaiian Affairs
- University of Hawai'i
- Kamehameha Schools
- Smith's Kaua'i
- Royal Hawaiian Center
- Outrigger Hotels & Resorts
- Prince Waikīkī

Agenda Item

6

Requesting Board Approval for
Resolution No. 2020-1-1 Authorizing the
Transfer of an Unencumbered
Appropriation Within the Sports Main
Budget Category to the Perpetuating
Hawaiian Culture Main Budget Category
Fiscal year 2020 Budget in Support of
the 13th Festival of Pacific Arts & Culture



Resolution

No. 2020-1-1

AUTHORIZING THE TRANSFER OF AN UNENCUMBERED
APPROPRIATION WITHIN THE
SPORTS MAIN BUDGET CATEGORY TO THE
PERPETUATING HAWAIIAN CULTURE MAIN BUDGET CATEGORY
FISCAL YEAR 2020 BUDGET

WHEREAS, Board Policy, #400-50 (5) of the Hawai'i Tourism Authority, states that, unless otherwise provided, the Authority is to prepare and manage the operating budget based on main budget objectives; and

WHEREAS, Board Policy, #400-500-10 (6) of the Hawaii Tourism Authority, provides that, upon approval of the Board of Directors (Board), part or all of any unencumbered appropriation balance may be transferred from one main budget objective to another; and

WHEREAS, the Hawai'i Tourism Authority's annual budget for Fiscal Year 2020, established the following appropriation:

- Sports – Sports Programs – Unallocated appropriation of \$4,183,636 which has an unencumbered balance of \$4,183,636;

WHEREAS, the Hawai'i Tourism Authority, with the approval of the Board, desires to make the following transfer within the Fiscal Year 2020 annual budget:

- From the Sports – Sports Programs – Unallocated unencumbered balance, the amount of \$500,000 to the Perpetuating Hawaiian Culture – FESTPAC category in the amount of \$500,000.

WHEREAS, the Hawai'i Tourism Authority, in support of its current mission, believes transferring these funds, in the total amount of \$500,000, will allow the authority to provide greater emphasis and support of the Hawaiian Culture and the many other cultures that make up Hawai'i's multiethnic society. The 13th Annual Festival of the Pacific Arts & Culture which is scheduled to be held in Hawai'i between June 10th and June 21st, 2020, will be the first time Hawai'i has ever hosted this prestigious gathering on 27 pacific island nations. While gathered in Hawai'i they will unite in respect and appreciation of one another and their cultures as well as convene to discuss and promote the perpetuation of their unique tangible and intangible cultural heritages and languages to the next generation and beyond. Visitors from around the world come to the festival to appreciate and learn what the artists, performers, cultural practitioners, and host country have to offer, thereby creating a global market for art, ideas, and products.

now, therefore,

BE IT RESOLVED by the Board of Directors of the Hawai'i Tourism Authority:

1. That, pursuant to Board Policy #400-50 of the Hawai'i Tourism Authority, and in accordance with the Fiscal Year 2020 Budget, the Board does hereby authorize the transfer of an unencumbered appropriation balances totaling \$500,000 from and to the aforementioned categories ; and
2. That certified copies of this resolution be transmitted to the President & CEO, Board Chair, and Chief Administrative Officer.

APPROVED AS TO FORM AND LEGALITY:

GREGG KINKLEY
Deputy Attorney General
State of Hawai'i

Agenda Item

7

Presentation on Support for the 75th
Commemoration of the End of World
War II



75th WWII Commemoration

“Salute their Service...Honor their Hope”

Community Engagement

with

Cultural Connections,

shared locally and globally through an integrated
marketing communications plan

January 6, 2020

75th WWII COMMEMORATION BACKGROUND & VISION

In 2016, with support from HTA and corporations throughout Hawaii and beyond, an effective commemoration of the 75th anniversary of the attack on Pearl Harbor was coordinated. The planning and communication strategy was effective in drawing both local and national visibility to the strategic military role of Hawaii then and now. The events, programs and tributes combined to heighten awareness and reinforce that sense of pilgrimage that drives so much of the tourism to Pearl Harbor.

But beyond that, the commemoration began a 4-year commitment to highlighting and promoting a broader understanding of the events, the responses triggered by those events, and how Hawaii and our communities combined to help change history. The symbiotic relationship between Hawaii and our national military corralled the strength of our communities to defend freedom. The rest, as they say, is history. Hawaii's strategic role in the defense of our entire country and especially for the Indo-Pacific region has increased over the years and remains a critical element of our national military strategy.

The 2016 commemoration was envisioned as a “rolling four-year” recognition of the key events, communities, and impacts of WWII as it related to the Pacific Theater. Within the final year ahead of us, passage of National legislation authorizing the 75th WWII Commemoration under the DOD provides an umbrella for events around the country, including culminating ceremonies here in Hawaii, not only because it was here that WWII began for the United States, but it is also here that the war ended, on the deck of the Battleship Missouri now moored permanently in Pearl Harbor. Nowhere in the world can this emotional experience be delivered – to stand on the hallowed ground of Pearl Harbor, facing the ship that stands for the devastation and loss of war and the ship that stands for the end of conflict and the commitment to global peace.

Our 75th WWII Commemoration planning committee, authorized by Governor Ige and spearheaded by the honorary co-chairmanship of both Governor Ige and ADM Davidson, Commander, Indo-Pacific command, has partnered with the national planning organization to develop and execute a series of programs, ceremonies, tributes and events that begin in Washington DC, May 6-10, to mark the end of war in Europe, and conclude in Hawaii, August 29 – September 2, marking the end of war in the Pacific. We once again have the opportunity to bring together as many WWII veterans as possible to not only highlight the national impact of the historic signing of the instrument of surrender, but to engage our community in remembering and honoring Hawaii's role, the lasting impact, and the challenges faced during the 4-year global conflict. Pearl Harbor will serve as the culminating location for the national and global commemoration of the end of WWII, bringing thousands to Oahu, from around the State and from around the world, to experience this effort, but it will also serve as the focal point for educational and cultural programming that will significantly engage communities across the State.

COMMUNITY NEED/RATIONALE

The passage of national legislation under the authority of the DOD demonstrates the importance and significance of the 75th commemoration of the end of WWII. With bookend events highlighted at the national level, events in Washington D.C. on May 6 -10 to remember the end of war in Europe, and the culminating

75th WWII Commemoration: “Salute their Service...Honor their Hope”

events in Hawaii, August 29 – September 2, to commemorate the end of war in the Pacific, we have an opportunity to showcase our community's role during the 1940's and since that time.

The relationship between our military and our communities is unique to Hawaii and has evolved over time. During the 1940's, the local residents of Hawaii reached out and supported all men and women who served. The commemoration will strengthen recall and tribute and bring to the forefront the impact of Hawai'i as a strategic gateway to the Pacific during World War II. The commemoration provides the opportunity for the sharing of authentic, historic experiences including stories that span all segments of war: from training, troop support, preparations for war, to internment. The major battles of the Pacific including those that changed the course of the war – The Battle of Midway, Guadalcanal, Iwo Jima – launched from Hawaii. This history cemented the strategic role of Hawai'i and provides the foundation upon which many modern-day strategies are based.

Hawaii's participation did not just impact the war in the Pacific. As these stories unfold, the role and impact of fighting forces from Hawaii, courageous warriors who at the time faced harsh American racial prejudice, will add substance to the entire commemoration. The commemoration will help bridge the gap between historic tourism that only targets out of state visitors to a historic impact that targets local communities. The advent of the 75th WWII Commemoration opens the door to building local embracement of the very sites that currently serve primarily out of state visitors.

The idea of a Pilgrimage to Pearl Harbor, to Puunene, to Barbers Point, to Honouliuli National Historic Site and other such locations will resonate with our local communities who, during this commemoration effort, assist in building the story and the experience.

THE PLAN

Expanding upon the earlier events scheduled to take place in Washington DC, the 75th WWII Commemoration Committee will develop programming delivering the following:

- Education Programming for Youth
- WWII Veteran Tributes, Ceremonies, Honor flights
- Public education programming – movies, presentations, live-streaming of ceremonies to high-schools
- Community engagement activities highlighting the role and impact of various Hawaii communities: WWII Veterans - Chinese Americans, Filipino Americans, Japanese Americans, Hawaiians, as well as Hawaii based companies, organizations, and civilians.
- 75th WWII Commemoration Mural on Battleship Missouri Memorial pier, in partnership with Estria Foundation
- Exhibits – highlighting the involvement of such communities as the Maui groups supporting the Puunene Naval Air Station pilot training area – collection of artifacts, oral histories, and other key elements
- 75th WWII Commemoration Events, banquets and other key social programs bringing together as many WWII Veterans as possible from around the State and around the world
- Historical programming to commemorate the actual signing of the instrument of surrender
- Military base engagements

75th WWII Commemoration: "Salute their Service...Honor their Hope"

PROJECT'S OBJECTIVES

75th WWII Commemoration: "Salute their Service...Honor their Hope"

Goal: Remember the events, the battles, the courage and service of our WWII veterans, and the global impact triggered by the end of war declarations to peace and global friendship that mark the ceremony that took place on the deck of the Battleship Missouri, now moored in Pearl Harbor, a perpetual symbol of peace for the world.

Objective 1: Engage our Hawaii community in remembering and honoring those who served and continue to serve our country, highlighting the strategic role of Hawaii then and now, in the defense of our nation

Objective 2: Coordinate the culminating events and programs that help our nation and the world commemorate the 75th anniversary of the end of WWII

Objective 3: Develop educational programs, experiences, exhibits and events that preserve the legacy of "Our Greatest Generation" ensuring that young and old alike honor our past and inspire our future

COMMUNITY ENRICHMENT AND ENGAGEMENT –Program Objectives

- Highlight the role of Hawaii communities during WWII, collecting stories, artifacts, and oral histories that can live on in museums, libraries and other sources of learning;
- Embrace Hawaii's diversity, honoring the role of groups whose impact and contributions to the war effort during the 1940's and after has been overlooked by history;
- Support community-based initiatives that promote local use of/participation in Hawaii's historic treasures;
- Ensure diverse activities/experiences throughout 2020 and beyond;
- Provide unique and authentic Hawai'i experiences that benefit local communities and strengthen the quality of the destination expectations;
- Create high level local engagement with visiting populations who also seek to remember, honor, and participate in the celebration of the end of a global conflict;
- Strengthen awareness for and the significance of the Battleship Missouri Memorial as a learning destination for local, national and international visitors.

MARKETING COMMUNICATIONS PLAN

As America's only War II battlefield, Oahu is uniquely suited for historical tourism. To share this experience, our Museums, historic sites, and our communities will be involved in detailing the events and programs created. That sense of standing on the hallowed grounds of a battlefield (Pearl Harbor Aviation Museum) and on the deck of the ship (Battleship Missouri Memorial) on which the global conflict ended can be communicated as part of a campaign to strengthen both local and visitor engagement.

To accomplish the goals set, an integrated approach will be developed to reach the following target audiences:

- * Hawai'i ...
 - Residents, military, visitors in the Islands, and media (print/broadcast/digital/social)
- * Mainland United States ...
 - Historic tourism, higher-spending, quality visitors and related travel trade/media (print/broadcast/digital/social)
- * International ...
 - Historic tourism, higher-spending, quality visitors and related travel trade/media (print/broadcast/digital/social)
- * Military ...
 - Military media and military affinity travel companies (U.S. and International)

Key components of the Marketing Communications Plan include:

- **Content Research & Creation – Shared Locally, Nationally, and Internationally**
 - Content research/creation will cover a wide range of human-interest stories from across the State of Hawaii: Hawaii's WWII veterans (Chinese-American, Japanese-American, Filipino-American, Hawaiian), community organizations and companies, and Hawaii residents who played an active role in support of our WWII efforts from December 7, 1941 through September 2, 1945.
 - **Local, national, and international media coverage:** major news outlets, broadcast, print, public radio, digital and social media, as well as stories in the financial press (e.g. *The Wall Street Journal*), military media, travel trade, and foreign outlets.
 - Programming to include **interviews with WWII Veterans and civilians, including but not limited to those with Hawaii ties and those that served on the Battleship Missouri or on ships or in aircraft in or above Tokyo Bay on September 2, 1945.**
 - Leverage relationships with National Honorary Co-Chairs, Senators Bob and Elizabeth Dole, as well as Linda Hope representing our National Presenting Sponsor, Bob and Dolores Hope Foundation.
 - Promote coverage through:
 - **Press Releases & Public Service Announcements** covering all aspects of the commemoration
 - **Publicity coordination with partners and sponsors**
 - **Logistical coordination with the military media**
 - **Development and populating media resources, videos, images and online registration forms on the official website, www.75thwwiicommemoration.org**
- **Local advertising support:**
 - Create, produce, and air :30 television and radio spots which run in a combined paid and public service schedule.
 - **Local digital resources** (such as www.Hawaii.com) will generate local and out-of-market reach, pre-roll and online advertising / editorial run, especially summer of 2020.

75th WWII Commemoration: "Salute their Service...Honor their Hope"

- **Visitor print advertising and email** employed to reach visitors who might return and those who are on island for the events of the 75th WWII Commemoration.
 - Local print used **to support specific initiatives, drive attendance, and to thank supporters.**
- **Local Publicity and Public Service coverage:**
 - **Local stories.** Coordinate local contacts with media, the public, and WWII Veterans.
 - **75th WWII activities listed on online community calendars.**
 - **Interviews, news angles and human-interest** stories relevant to resident communities.
 - Local television and radio stations embracing the campaign by **running public service announcements (PSAs) from early March through September 2nd.**
 - Hawai'i News Now (HNN), KITV, KHON, and Spectrum, encouraged to sell **sponsorships to other local businesses** using the produced PSAs, augmenting frequency and reach. Local programming, featuring the Battleship Missouri Memorial and the other Pearl Harbor Historic Parks, will be generated on morning news programs and special segments including interviews with Maj. Gen. Daryll Wong USAF (Ret), CAPT Steve Colon, USN (Ret), and WWII Veterans.
 - WWII Veterans stories will also be extensively carried on **Hawai'i Public Radio** (some of which will be picked up nationally) and in many **local community and neighborhood publications.**
- **Military and Military Affinity outreach:**
 - Work with the Chamber of Commerce of Hawai'i's Military Affairs Council, along with local and national veterans groups, the National World War II Museum in New Orleans, and the National World War II Memorial in Washington, D.C., to develop global outreach for our military target audience. Hawai'i's congressional delegation will provide important contacts and introductions in these efforts.
- **Digital and Social Media:** Digital media team will create and distribute ongoing content and incorporate digital and social media to support:
 - **Official www.75thwwiicommemoration.org website**
 - Email
 - Paid social media
 - Advertised/promoted posts on Facebook, Twitter, and Instagram
- **Travel Industry Collaboration:** Work closely with Island Visitors Bureaus, Hawai'i Visitors and Convention Bureau, and Hawai'i Tourism Authority's International Contractors, to further develop and communicate the Historic Tourism opportunity. Support included:
 - Development of marketing materials for exhibitors at trade shows during the first eight months of 2020.
 - Support for **OVB/Neighbor Island Visitors Bureaus** and their extensive co-operative marketing and promotion programs (with Pleasant Holidays, Expedia, Apple Vacations, Costco Travel,

Priceline, and others) to include information, stories and imagery of WWII Veterans and upcoming Events for the 75th WWII Commemoration.

- Coordination with additional travel entities including the **Hawai'i Lodging and Tourism Association, Brand USA, travel trade media, and others** to support them in their marketing efforts to incorporate information about the 75th WWII Commemoration.
- **Innovative exposure.** Live streaming of September 2nd Commemoration Ceremony (120 minutes):
 - Around Oahu and in at least one location on Kauai, Big Island, Maui, Molokai, and Lanai
 - **On three jumbo screens in 3 different quadrants of Times Square in New York City**
 - In Washington D.C., San Diego, and other WWII Memorial and Military sites in the U.S.
 - In each of the countries involved in the signing that signified the End of WWII.

WORK PLAN/TIMELINE

- a) Official Start date – December 18, 2019
- b) Completion dates – September 2 through December 31, 2020
- c) Description of activity and completion of major milestones in the project.

WWIICC has assembled a team dedicated to create, execute, and manage all marketing communications. The plan, whose foundation is Community Engagement with Cultural Connections, shared locally and globally through integrated marketing communications, requires a \$500K base budget, spread over HTA's 2019/2020 and 2020/2021 fiscal years, \$200K and \$300K respectively, in alignment with three of HTA's four pillars:

- Community • Hawaiian Culture • Natural Resources • Marketing

PROJECT IMPACT

Though we do anticipate that the 75th WWII Commemoration will generate national and international engagement, a key performance indicator will be the engagement of our local community throughout these Islands. Historic Tourism as a focus will generate heightened awareness and use of Hawaii's historic sites by local families and communities. This affinity will grow from educational and other engagement programs that will bring forward the strategic military role of Hawaii, then and now.

Data will be collected by tracking participation in events (ticket sales and/or transportation passenger counts); collecting surveys (paper and digital); tracking social media through media monitoring like Google Alerts and/or paid services Cision and Meltwater; digital marketing through pay-per-clicks; print and broadcast advertising primarily through paid monitoring services.

ORGANIZATION CAPACITY

The members of the 75th WWII Commemoration come together with a strong track record of success in achieving such broad reaching impact; this committee replicates the organizing committee assembled in 2016 to implement the 75th commemoration of the attack on Pearl Harbor. At that time, the commemoration did not benefit from national legislation or national honorary co-chairs or the existence of mass public awareness and focus.

75th WWII Commemoration: "Salute their Service...Honor their Hope"

Leadership from 2016, inclusive of Adm. Thomas Fargo, the chairman of the 75th Commemoration of the Attack on Pearl Harbor, and Steve Colon, Vice-Chair, as well as Tony Vericella, its Executive Director, along with the organizing roles of Hawaii's leading Pearl Harbor historic sites, have both the experience and the know-how to manage such a multi-faceted effort and are once again active in the 75th WWII Commemoration.

Fund raising, unlike 2016, will also benefit from the passage of national legislation. As part of the national planning team, funds raised at the national level will be shared on a 60/40 ratio. This partnership will also support marketing and communication initiatives, ensuring that the events in Hawaii are provided the same level of national exposure and importance.

Our 75th WWII Commemoration Committee Honorary Co-Chairs are Gov. Ige and Adm. Davidson; Committee Co-Chairs are CAPT Steve Colon, USN (Ret) and Maj.Gen. Darryll Wong, USAF (Ret).

Sub-Committee Chairs are Clint Churchill, RDML Alma Grocki, USN (Ret) and Mark Polivka.

Gov. Ige and Mayor Caldwell each have a representative on the committee. Senator Wakai and Representative Onishi are with us from the State Legislature.

Tony Vericella is once again our Executive Director.

Dec. 12, 2019

**75th COMMEMORATION OF THE
END OF WWII**

	BUDGET	Confirmed	HTA
Pearl Harbor - Partners	\$ 80,000	80,000	
Federal Government - DOD	\$ 400,000		
HTA	\$ 500,000		Pending
Sponsorship (National and Local)	\$ 1,000,000	525,000	
Official Memorabilia Sales	\$ 25,000		
Welcome Dinner Table / Ticket Sales	\$ 70,000		
75th Commemoration Banquet Table / Ticket Sales	\$ 100,000		
Donations	\$ 75,000		
In-Kind (hotels, fuel, transport (WWII Missouri Crewmembers; VIP's...))	\$ 125,000		
Total Projected Revenues	\$2,375,000	\$ 605,000	
Personnel & Administrative			
Executive Management/Insurance/Permits/Security	\$ 150,000		
Call Center/Postage...	\$ 25,000		
Sponsors/VIP Guests/ Speakers - fulfillment costs	\$ 200,000		
Hawaii Commemoration Events			
29 August - Welcome Dinner (1200)	\$ 350,000		55,000 WWII Vets., Hawaii based, plus one -- attendance
30 August - Film Premiere	\$ 10,000		
31 August - Commemoration Gala (1200)	\$ 500,000		65,000 WWII Vets., Hawaii based, plus one -- attendance
1 September - Education Symposium	\$ 10,000		10,000 Education Symposium
2 September - 75th Commemoration of the End of WWII	\$ 100,000		45,000 WWII Vets., Hawaii based, plus one -- attendance
3 September - Mahalo to our Sponsors	\$ 6,000		
Education/Community Engagement	\$ 250,000		175,000 Educ. Exhibits/Programs; Community/ WWII Vet. Engagement-all major Islands
Marketing Communications (PR/Social Media/Content Develop.)	\$ 300,000		150,000 Content Creation; State-wide mktg. communications
Merchandise (development/production/sales)	\$ 50,000		
WWII Missouri Crewmembers + 1: (Hosted)	\$ 106,250		
Legacy of Peace Aerial Parade	\$ 302,000		
Total Projected Expenses	\$2,359,250		500,000

Agenda Item

8

Requesting Board Approval for Resolution No. 2020-1-2 Authorizing the Transfer of an Encumbered Appropriation Balance Within the Sports Main Category to the Community Main Category, Fiscal Year 2020 Budget in Support of the 75th Commemoration of the End of World War II



Resolution

No. 2020-1-2

AUTHORIZING THE TRANSFER OF AN UNENCUMBERED
APPROPRIATION BALANCE WITHIN THE
SPORTS MAIN CATEGORY TO THE COMMUNITY MAIN CATEGORY,
FISCAL YEAR 2020 BUDGET

WHEREAS, Board Policy, #400-50 (5) of the Hawai'i Tourism Authority, states that, unless otherwise provided, the Authority is to prepare and manage the operating budget based on main budget objectives; and

WHEREAS, Board Policy, #400-500-10 (6) of the Hawaii Tourism Authority, provides that, upon approval of the Board of Directors (Board), part or all of any unencumbered appropriation balance may be transferred from one main budget objective to another; and

WHEREAS, the Hawai'i Tourism Authority's annual budget for Fiscal Year 2020, established the Sports Main Category and, within the Sports Main Category, a sub-category entitled Sports Program – Unallocated with an appropriation of \$4,183,636 which has an unencumbered balance of \$4,183,636; and

WHEREAS, the Hawai'i Tourism Authority, with the approval of the Board, desires to transfer \$500,000 from the Sports Main Category's sub-category entitled Sports Program – Unallocated to the Community Main Category appropriation to a new sub-category contained therein entitled World War II Commemorative Event; and

WHEREAS, the Hawai'i Tourism Authority, has identified a strong need to provide support for the 75th Commemoration of the Ending of World War II. The Commemoration will recognize Hawai'i's strategic role in America's history, showcase the stories of Hawai'i's veterans and civilians who assisted during World War II region, and develop educational programs and exhibits, historical tourism experiences, and commemorative events. The Authority, with support of the Board, wishes to use these funds to contract with an experienced vendor to coordinate and implement the 75th commemoration. now, therefore,

BE IT RESOLVED by the Board of Directors of the Hawai'i Tourism Authority:

1. That, pursuant to Board Policy #400-50 of the Hawai'i Tourism Authority, and in accordance with the Fiscal Year 2020 Budget, the Board does hereby authorize the transfer of an unencumbered appropriation balance of \$500,000 from the Sports Main Category's sub-category entitled Sports Program – Unallocated to the Community Main Category appropriation to a new sub-category contained therein entitled World War II Commemorative Event in order to support this commemorative program; and

2. That certified copies of this resolution be transmitted to the President & CEO, Board Chair, and Chief Administrative Officer.

APPROVED AS TO FORM AND LEGALITY:

GREGG KINKLEY
Deputy Attorney General
State of Hawai'i

Agenda Item

9

**Presentation and Discussion
of Current Market Insights
and Conditions in Hawaii and
Key Major Hawaii Tourism
Markets, Including the United
States, Japan, Canada,
Oceania, Other Asia,
Europe, and Cruise**



Market Insights – December 2019

The HTA Monthly Market Insights reports on the most recent key performance indicators that the Hawai'i Tourism Authority (HTA) uses to measure success. The following measures provide indicators of the overall health of Hawai'i's visitor industry and help to gauge if the HTA is successfully attaining its goals.

Report on Economic Impact¹

For 2019, Hawai'i's tourism economy experienced:

- \$17.75 billion in visitor spending, an increase of 1.4 percent compared to 2018.
- Total arrivals increased 5.4 percent to 10,424,995 visitors in 2019, supported by growth in arrivals from air service (+5.3% to 10,282,160) and cruise ships (+12.1% to 142,836). Total visitor days² rose 3.0 percent compared to 2018.
- Hawai'i's tourism economy experienced \$2.07 billion in generated state tax revenue, up 1.4 percent (+28.5 million) compared to 2018.
- Through August 2019, the state collected \$61.2 million in TAT, an increase of 14.7% compared to FY 2019 through August 2018.
- Total air capacity into Hawai'i grew 2.9 percent from 2018 to 13,619,349 seats.

Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – Year-to-Date December 2019

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	101.0%	1.4%	17,754.0	17,584.2
Daily Spend (\$pppd)	99.3%	-1.5%	195.3	196.6
Visitor Days	101.6%	3.0%	90,892,483	89,424,637
Arrivals	99.7%	5.4%	10,424,995	10,451,285
Airlift (scheduled seats)	100.1%	2.9%	13,524,164	13,510,318

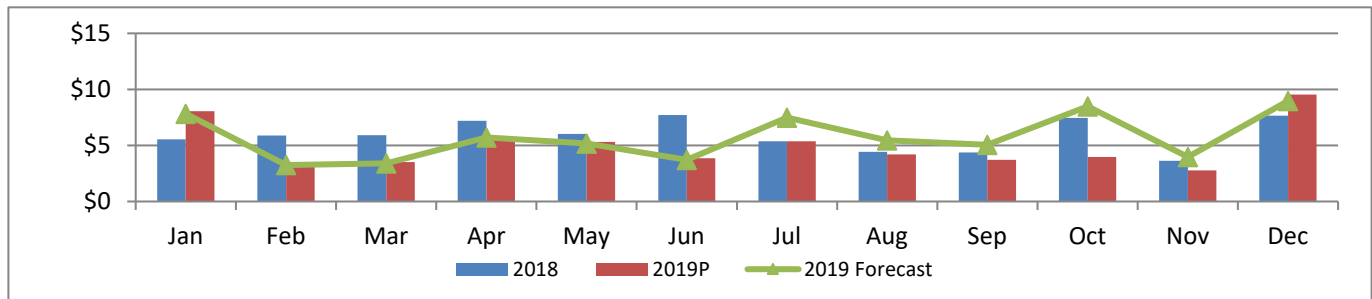
DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

For the month of December 2019, visitors to the Hawaiian Islands spent a total of \$1.75 billion, an increase of 10.5 percent compared to December 2018. Total visitor arrivals rose 6.0 percent to 954,289 visitors, supported by growth in arrivals from air service (+6.7% to 942,969) which offset fewer arrivals by cruise ships (-32.4% to 11,321). Total visitor days increased 5.4 percent compared to December 2018. The average daily visitor spending increased (+4.8% to \$198 per person) compared to last December, boosted by higher spending by visitors from the top four markets.

¹ Technical Notes: January – June 2019 International data for Japan, Other Asia, Oceania, Europe and Latin America countries were revised with updated immigration statistics from the National Travel and Tourism Office (NTTO). 2018 data are the final numbers and reflect updated immigration statistics from NTTO, updated air fare statistics from DIIO Mi airline database, and final reports from airlines and cruise ships.

² Aggregate number of days stayed by all visitors.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

Table 2: Key Performance Indicators - U.S. Total

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	102.4%	5.0%	11,669.9	11,393.3
Daily Spend (\$pppd)	100.3%	0.2%	188.7	188.2
Visitor Days	102.2%	4.7%	61,830,056	60,525,018
Arrivals	101.9%	7.9%	6,879,214	6,747,782
Airlift (scheduled seats)	100.1%	5.7%	9,746,790	9,735,980

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Unemployment is forecast to continue at the current rate of about 3.9 percent. Low interest rates, which are lifting the housing market, will also buffer growth. Inflation-adjusted gross domestic product (real GDP), will remain positive but is expected to decelerate through the end of 2020.
- The Conference Board Consumer Confidence Index decreased marginally in December 2019 at 126.5, following a slight increase in November (126.8).
- The Travel Trends Index (TTI) report is consistent with those of recent months, with domestic travel outperforming international inbound travel. These trends are expected to continue through the first half of 2020, with domestic travel growing, but slowing, and international inbound travel declining slightly. This is also consistent with an outlook for the economic expansion continuing in 2020, although at a slightly more moderate pace, according to the U.S. Travel Association.
- The U.S. domestic carriers to Hawai'i for the months of January through March 2020 continue to operate on an expanded schedule for the winter season. U.S. non-stop seats for January are 843,040, a 10.4 percent increase over 2019. February and March seats are 785,549, and 904,058, respectively, a 15.6 percent and 8.1 percent increase over 2019. Much of the increase in capacity is due to the addition of Southwest.
- All U.S. domestic carriers have extended grounding of the Boeing MAX through April 2020. This continues to have impact on direct neighbor island service from the mainland as seen in route suspensions or decreased frequencies

US WEST

Table 3: Key Performance Indicators - U.S. West

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	102.1%	5.9%	6,975.5	6,831.5
Daily Spend (\$pppd)	99.6%	-0.5%	174.9	175.6
Visitor Days	102.5%	6.4%	39,877,627	38,902,121
Arrivals	102.3%	9.8%	4,614,203	4,509,772
Airlift (scheduled seats)	100.1%	5.5%	8,564,295	8,554,440

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- In 2019, the U.S. West market reported a 5.9 percent gain in visitor spending to \$6.98 billion. Visitor arrivals (+9.8% to 4,614,203 visitors) and visitor days (+6.4%) increased but daily visitors spending was down slightly (-0.5% to \$175 per person) compared to 2018. Food and beverage, transportation, and entertainment and recreation expenses declined, lodging expenses were slightly higher, while shopping expenses were similar to 2018.
- In December 2019, visitor spending increased (+11.0% to \$694.7 million) year-over-year. Arrivals rose 9.4 percent to 419,311 visitors and daily visitor spending was higher at \$179 per person (+2.4%).

US EAST

Table 4: Key Performance Indicators - U.S. East

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	102.9%	3.6%	4,694.4	4,561.8
Daily Spend (\$pppd)	101.4%	1.7%	213.8	211.0
Visitor Days	101.5%	1.9%	21,952,430	21,622,897
Arrivals	101.2%	4.2%	2,265,012	2,238,010
Airlift (scheduled seats)	100.1%	7.6%	1,182,495	1,181,540

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- In 2019, spending by U.S. East visitors rose 3.6 percent to \$4.69 billion, boosted by growth in visitor arrivals (+4.2% to 2,265,012 visitors), visitor days (+1.9%) and increased daily visitor spending (+1.7% to \$214 per person) compared to last year. Lodging and food and beverage expenses were higher, transportation expenses declined while shopping, and entertainment and recreation expenses were about the same as 2018.
- In December 2019, visitor spending increased 15.0 percent to \$489.3 million, supported by growth in visitor arrivals (+9.5% to 215,309) and higher daily visitor spending (+5.1% to \$218 per person).

CANADA

Table 5: Key Performance Indicators – Canada

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	98.9%	-3.2%	1,073.5	1,085.6
Daily Spend (\$pppd)	99.9%	0.6%	165.3	165.5
Visitor Days	99.0%	-3.7%	6,493,083	6,557,665
Arrivals	98.8%	-2.4%	535,267	541,572
Airlift (scheduled seats)	100.1%	-0.9%	484,613	483,945

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- In 2019, spending by Canadian visitors dropped 3.2 percent to \$1.07 billion. Visitor arrivals (-2.4% to 535,267) and visitor days (-3.7%) decreased while daily visitor spending (+0.6% to \$165 per person) was slightly higher compared to a year ago. Food and beverage and entertainment and recreation expenses increased, lodging expenses dropped slightly, while transportation and shopping expenses were similar to 2018.
- Visitor spending decreased in December 2019 (-5.8% to \$128.0 million) due to fewer visitor arrivals (-7.7% to 64,353) compared to December 2018. Daily visitor spending was higher at \$157 per person (+2.1%).
- Canada's economy will be supported by strong labor markets and modest growth in consumer spending. Real GDP is forecast to expand by 1.8 percent in 2020 and 1.9 percent in 2021, up slightly from 2019's 1.7 percent gain.
- The loonie has been fairly stable so far this year at 75.3 cents U.S., the year-to-date value is 3.0 percent lower than recorded throughout the same period in 2018. Economists are predicting the exchange rate to move to 77 U.S. cents by the end of 2020.
- The national consumer confidence rating fell significantly in December to reach its lowest point since January 2017. The current rating was 9.9-points below the previous month and 0.9 points lower than last December. Regionally, consumer confidence fell in every region except Quebec, with Ontario, Alberta and British Columbia registering their lowest levels of the year.
- With a population of over 36 million, Canadians made almost 17.5 million overnight trips to the U.S. throughout the first ten months of 2019, compared to 17.1 million last year. While some destinations in Arizona, Hawai'i and Louisiana recorded a decline in air activity so far this year, most of the tracked cities in Florida, California, Texas and Nevada saw an increase in direct arrivals.
- Air Canada and WestJet have extended their grounding of the MAX through April 2020, which has severely affected Air Canada's capacity on the West Coast. According to the airline, more than 20 percent of their flights out of Vancouver and Calgary are being affected, especially in mid-haul destinations like Hawai'i.

JAPAN

Table 6: Key Performance Indicators – Japan

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	99.1%	2.0%	2,187.2	2,208.0
Daily Spend (\$pppd)	101.1%	-0.6%	239.8	237.2
Visitor Days	98.0%	2.6%	9,121,996	9,309,479
Arrivals	97.3%	3.8%	1,545,806	1,589,452
Airlift (scheduled seats)	100.0%	-2.1%	1,999,204	1,998,585

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- In 2019, spending by Japanese visitors rose 2.0 percent to \$2.19 billion. Visitor arrivals (+3.8%) and visitor days (+2.6%) increased, but daily visitor spending (-0.6% to \$240 per person) was down slightly compared to 2018. Lodging, shopping and transportation expenses declined while spending on food and beverage, and entertainment and recreation increased.
- Visitor spending rose in December 2019 (+13.2% to \$210.1 million) compared to December 2018, supported by increases in visitor arrivals (+7.3% to 136,998) and daily visitor spending (+6.2% to \$258 per person).
- The exchange rate was at 109.12 JPY to USD in December 2019, maintaining relative stability through much of 2019. Economists forecast the Japanese Yen to moderately advance over the US Dollar. This may lead to greater perceived purchasing power amongst Japanese travelers.
- The consumption tax hike to 10 percent in October 2019 has increased pressures on the Japanese economy, with consumption declining by 5.1 percent. Despite the initial dip, the Bank of Japan maintained optimism, indicating that the negative effects were minimal when compared with the 2014 tax hike.
- The continued trade disputes between Japan and Korea are impacting travel between the two countries. Japanese outbound travels to Korea declined by 13.8 percent and inbound travels declined by 65.1 percent in November.
- Social unrest in Hong Kong may prompt Japanese visitors to alter travel itineraries to other destinations including Hawai'i from the traditionally popular destination. Japanese consumers show tendencies to be risk averse and avoid potentially dangerous situations. Japanese visitors to Hong Kong declined by 59.2 percent in November.
- ANA continues operation of their first and second Airbus A380 aircraft in the ANA Blue livery and Emerald Green livery, with frequency of the A380 at 10 flights per week. ANA has received their third A380 aircraft in the Sunset Orange livery, set for use from July 2020. This will allow for flight frequency of the A380 to be increased to 14 flights per week.
- Airlines with service to Honolulu has announced plans from the expansion of international flight slots at Haneda. Delta Air Lines will be shifting all air service from Narita to Haneda, including their Honolulu route; Hawaiian Airlines will be introducing a new daily service to be operated from Haneda to Honolulu; Japan Airlines will be shifting two flights from Narita to Honolulu to be from Haneda; All Nippon Airways has not expressed their allocation of additional slots to be used for Honolulu routes.

- Hawaiian Airlines launched direct flight service to Fukuoka on November 26th, departing Honolulu on Tuesdays, Fridays, Saturdays and Sundays. Additionally, Hawaiian Airlines also began sales for their third daily service from Haneda Airport set to launch on March 28.

OCEANIA

Table 7: Key Performance Indicators – Oceania

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	89.8%	-15.5%	883.4	984.1
Daily Spend (\$pppd)	97.5%	-0.5%	259.0	265.6
Visitor Days	92.0%	-15.0%	3,410,118	3,705,522
Arrivals	93.0%	-12.8%	362,360	389,577
Airlift (scheduled seats)	99.9%	-7.2%	494,582	494,961

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- In 2019, visitor arrivals from Australia decreased (-11.3% to 288,464) compared to last year. Daily visitor spending was slightly lower (-0.8% to \$265 per person) than in 2018. Lodging, shopping and transportation expenses declined while food and beverage, and entertainment and recreation expenses increased.
- In December 2019, visitor arrivals declined to 24,038 (-10.7%) compared to December 2018.
- The outlook for the Australian economy remains unchanged. GDP growth over the first half of 2019 was stronger than it was over the second half of last year and figures suggest that growth will continue at a moderate pace. The September quarter figures were released, showing the economy grew by just 0.4 percent, below expectations and slower than the previous two quarters. Mid-year tax cuts aimed at stimulating the economy have not had the desired impact with consumer spending remaining flat. During December, the Australian dollar remained consistent, trading at US\$0.68.
- There has been an increase in the number of flights available from Australia to U.S. destinations, resulting in very competitive fares and providing travelers with more choice on where to holiday in the USA.
- Visitor arrivals from New Zealand dropped (-18.5% to 73,896) in 2019, but increased (+7.1% to 6,279) in December 2019 year-over-year.
- The New Zealand economy has shown growth through 2019 (albeit slow) with the government also posting a surplus. The New Zealand dollar has experienced fluctuations through the year, and for the majority keeping above US\$0.65.
- Outbound travel from New Zealand continues to grow, exceeding 3 million trips in a calendar year.

EUROPE

Table 8: Key Performance Indicators – Europe

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	91.1%	-16.0%	274.1	301.1
Daily Spend (\$pppd)	91.8%	-10.7%	153.2	166.8
Visitor Days	99.2%	-5.9%	1,789,549	1,804,652
Arrivals	101.2%	-4.4%	138,550	136,941
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland declined in 2019 (-4.4% to 138,550) but increased (+3.1% to 10,694) in the month of December year-over-year.
- The general election in the UK has established political stability across Europe following a period of uncertainty. The situation has also led to a stronger Pound and Euro over the end of 2019. The Pound Sterling has continued to rise over December to \$1.31, whilst the Euro increased to \$1.12, as did the Swiss Franc, which rose to \$1.03.
- UK GDP grew by 0.3 percent during the third quarter. Unemployment rates are low at 3.8 percent in the UK.
- Overall, the German economy remains stable. Focus Economics Consensus Forecast panelists expect the German economy to increase 1.4 percent in 2020. The unemployment rate remains consistent at 3.2 percent. At the close of the year, business confidence rose in Germany from a revised 95.1 percent in November to 96.3 percent in December.
- The last quarter has seen the European market continue on relatively strongly, despite economic circumstances like Brexit. Combined with consumers' willingness to carry on spending and taking on holidays, despite economic uncertainty, points to travel between Europe and Hawai'i continuing on well in the long-term, despite a short-term decline.
- Strong peak sales have been predicted as the general election presents clarity on the political climate and Brexit, as well as the return of Thomas Cook customers to the market.

CHINA

Table 9: Key Performance Indicators – China

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	93.4%	-26.1%	244.3	261.5
Daily Spend (\$pppd)	94.3%	-6.9%	324.9	344.6
Visitor Days	99.1%	-20.6%	751,873	758,947
Arrivals	98.3%	-24.0%	93,703	95,312
Airlift (scheduled seats)	106.7%	-21.7%	124,399	116,539

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals declined in 2019 (-24.0% to 93,703). Daily visitor spending was lower (-6.9% to \$325 per person) compared to 2018 as a result of decreased lodging, shopping, food and beverage, transportation and entertainment and recreation expenses.

- In December 2019, visitor arrivals were down (-2.2% to 8005) versus December 2018.
- China remains the world's second-largest economy and tops the world in economic growth (+6.1% YOY) in 2019. Chinese Yuan depreciated to 7 CNY to 1 USD in December this year, a substantial drop of 8.4 percent from two years ago.
- China's outbound travel recorded 140 million trips in 2018 (an increase of 13.5% YOY) and is expected to exceed 166 million in 2019. For Spring Festival 2020, Chinese tourists have booked trips to 419 overseas cities in over 100 countries and regions during the seven-day holiday beginning January 24, 2020, both figures are new highs according to Trip.com.
- As of October 2019, a total of 2.53 million Chinese traveled to the U.S., a 5.5 percent drop YOY. As of November, non-immigrant visa issuance was down 16.63 percent YOY according to U.S. Bureau of Consular Affairs.
- The number of valid Chinese passports for international travel reached 130 million, which is around 10 percent of the total population, illustrating high potential for growth.
- Beijing Daxing International Airport (PKX), the second international airport in Beijing opened on September 29, 2019, providing an alternative option for travelers flying from North China to America.
- A total of 75 destinations, including countries along China's One Belt Road initiative, are offering visa waiver or visa-upon-arrival to entice the Chinese market. Competition continues to intensify as destinations are investing heavily to gain access to the Chinese travel market.
- With the new A380 "Flying Honu", ANA made a strategic decision to enter the China market for Hawai'i and has been working with HTC to target upscale Chinese travelers transiting via Tokyo.

KOREA

Table 10: Key Performance Indicators – Korea

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	111.0%	-3.8%	477.8	430.3
Daily Spend (\$pppd)	98.3%	-5.1%	277.4	282.2
Visitor Days	113.0%	1.4%	1,722,496	1,524,862
Arrivals	110.9%	-1.3%	225,479	203,405
Airlift (scheduled seats)	100.9%	-7.0%	326,398	323,352

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals were down (-1.3% to 225,479) compared to 2018. Daily visitor spending declined (-5.1% to \$277 per person), due to decreased spending on lodging, shopping, food and beverage, entertainment and recreation, and transportation.
- In December 2019, visitor arrivals increased (+20.3% to 21,521) compared to December 2018.
- The South Korean economy grew 0.4 percent in the third quarter of 2019. Korean government announced it was targeting 2.4 percent economic growth for 2020.
- The average USD/WON exchange rate in December was 1172.45 won, a slight increase from the previous rate of 1163.27 won in November. Fuel surcharges were imposed in December up to 69,600 won (\$59.77) for a round trip between Korea and the U.S.

- Korean Air is currently operating two regular flights for ICN-HNL routes with KE053 (daily) & KE051 (4-time weekly) and accommodating growing travel demands to Hawai'i during winter peak season.
- Asiana Airlines decided to extend its daily flight services on the ICN-HNL route to the end of October 2020.
- Korean Air-affiliated budget carrier 'Jin Air' is currently suspending its service for Hawai'i from August 27 until winter season following the decision of Korean to operate additional flights on the same routes.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners, tour operators, media and celebrities and influencers.

TAIWAN

Table 11: Key Performance Indicators – Taiwan

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	122.3%	48.5%	58.0	47.5
Daily Spend (\$pppd)	102.1%	3.5%	249.4	244.3
Visitor Days	119.8%	43.4%	232,692	194,260
Arrivals	122.9%	47.7%	25,885	21,068
Airlift (scheduled seats)	100.0%	25.0%	39,780	39,780

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals increased in 2019 (+47.7% to 25,885) and in the month of December (+2.2% to 1,691) versus the same periods last year.
- Taiwan's government revised its GDP forecast to 2.73 percent for 2019 from the previous 2.2 percent as the economic growth accelerated in the final quarter of 2019 due to stronger exports, private consumption and investment returning from China.
- Currency exchange rate fluctuations play an important role in Taiwanese consumers' decision-making in overseas travel destination and spending.
- From January to November 2019, Taiwan total outbound visitation is up 3.4 percent compared to the same period in 2018. Through November, visitation to the U.S. decreased 3.27 percent year-over-year.
- Short-haul competition from Southeast Asian destinations remains strong in November 2019: Vietnam (+32.2%), Myanmar (+27.1%) and Philippines (+26.3%) have seen greater growths because of their affordable pricing and proximity to Taiwan. On the other hand, Hong Kong has seen consistent declines over the past four months due to the ongoing protests and demonstrations.
- Long-haul competition from New Zealand continues to be strong with 63.3 percent visitation growth YOY (YTD November 2019) due to favorable currency exchange rates and the new direct flight between Taipei and Auckland.
- According to Expedia's latest report on the most popular overseas destinations for the Taiwanese in 2018, the top ten destinations are all located in Asia. Expedia indicated that the increasing popularity of low-cost carriers and New Southbound Policy by Taiwan's government contributed to the visitor traffic to these Asian destinations.

LATIN AMERICA

Table 122: Key Performance Indicators – Latin America

	% of Forecast	YOY Rate	Dec. YTD	Forecast
Visitor Spending (\$mil)*	86.5%	-16.8%	59.2	68.5
Daily Spend (\$pppd)	88.3%	-12.7%	210.1	237.8
Visitor Days	97.9%	-4.7%	281,864	288,001
Arrivals	97.9%	-6.6%	25,957	26,515
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 3 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina decreased in 2019 (-6.6% to 25,957) and in December 2019 (-13.0% to 2,751).

ISLAND VISITATION:

- **O'ahu** Visitor spending increased 2.8 percent to \$8.19 billion in 2019. Growth in arrivals (+5.6% to 6,193,027) and visitor days (+4.4%) offset lower daily visitor spending (-1.6% to \$194 per person) compared to 2018. The average daily census rose 4.4 percent to 115,811 visitors in 2019.

In December 2019, visitor spending (+6.3% to \$777.5 million), visitor arrivals (+6.9% to 558,985) and daily visitor spending (+1.9% to \$197 per person) grew compared to December 2018.

- **Maui:** In 2019, visitor spending rose 2.4 percent to \$5.12 billion. Visitor arrivals (+5.4% to 3,071,596) and visitor days (+3.0%) increased but daily visitor spending (-0.6% to \$211 per person) was slightly lower compared to 2018. The average daily census grew 3.0 percent to 66,414 visitors in 2019.

In December 2019, visitor spending (+15.4% to \$513.1 million), visitor arrivals (+8.5% to 275,959) and daily visitor spending (+9.7% to \$218 per person) increased compared to the same month last year.

- **Island of Hawai'i:** In 2019, visitor spending declined (-1.0% to \$2.33 billion) compared to a year ago. Visitor arrivals (+4.3% to 1,779,526) and visitor days (+1.9%) increased but daily visitor spending (-2.9% to \$179 per person) was lower compared to 2018. The average daily census rose 1.9 percent to 35,696 visitors in 2019.

In December 2019, visitor spending rose 16.1 percent to \$265.1 million, supported by increases in visitor arrivals (+15.7% to 179,435), visitor days (+12.6%) and daily visitor spending (+3.1% to \$182 per person) compared to last December.

- **Kaua'i:** In 2019, Visitor spending dropped 4.7 percent to \$1.90 billion. visitor arrivals (-1.0%) and visitor days (-2.5%) decreased and daily visitor spending (-2.2% to \$188 per person) was lower compared to 2018. The average daily census declined 2.5 percent to 27,744 visitors.

In December 2019, visitor spending (+7.2% to \$175.5 million), visitor arrivals (+4.0% to 124,486) and daily visitor spending (+5.6% to \$181 per person) increased from December 2018.

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **OVERALL**

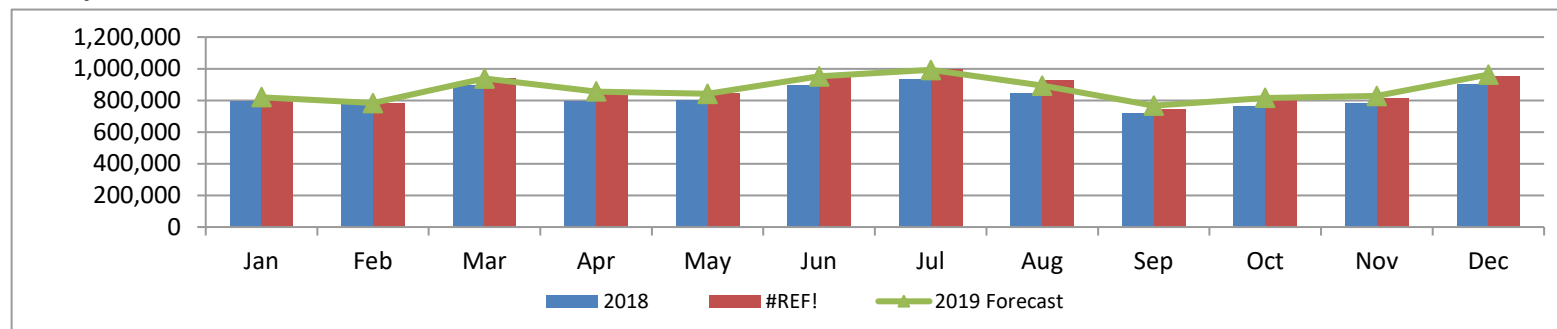
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	➔ 101.0%	1.4%	17,754.0	17,584.2	O'ahu	5.6%	6,193,027
Daily Spend (\$pppd)	➔ 99.3%	-1.5%	195.3	196.6	Maui	5.4%	3,071,596
Visitor Days	↗ 101.6%	3.0%	90,892,483	89,424,637	Moloka'i	10.5%	65,055
Arrivals	➔ 99.7%	5.4%	10,424,995	10,451,285	Lāna'i	16.7%	87,545
Airlift (scheduled seats)	➔ 100.1%	2.9%	13,524,164	13,510,318	Kaua'i	-1.0%	1,374,944
					Hawai'i Island	4.3%	1,779,526

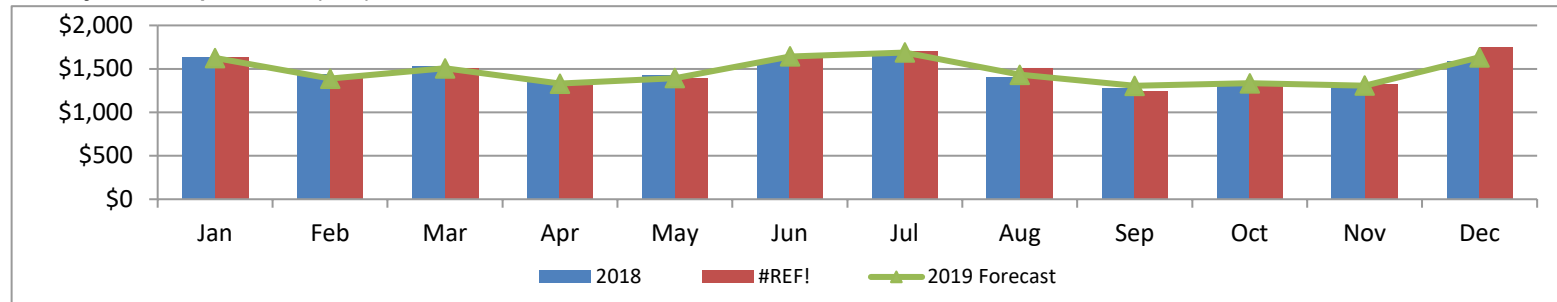
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

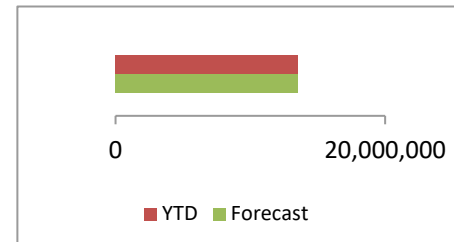
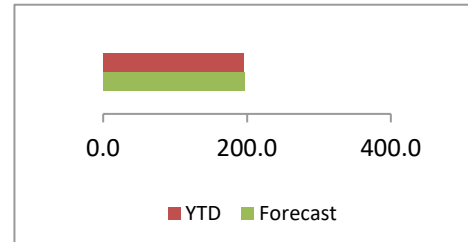
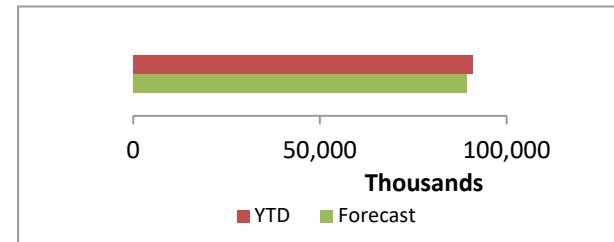


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days YTD Daily Spend (\$ per person per day) YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **U.S. TOTAL**

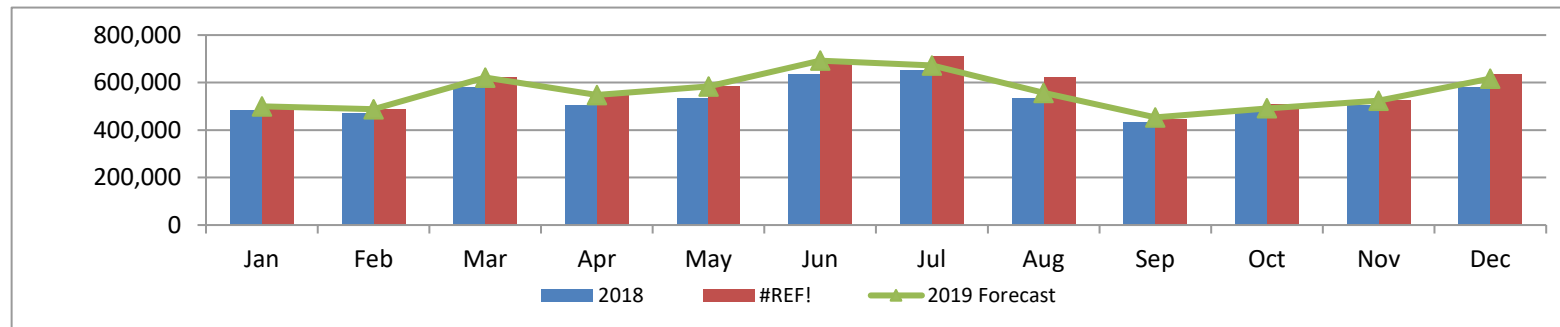
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↑ 102.4%	5.0%	11,669.9	11,393.3	O'ahu	9.6%	3,334,877
Daily Spend (\$pppd)	→ 100.3%	0.2%	188.7	188.2	Maui	7.5%	2,447,917
Visitor Days	↑ 102.2%	4.7%	61,830,056	60,525,018	Moloka'i	3.3%	42,528
Arrivals	↗ 101.9%	7.9%	6,879,214	6,747,782	Lāna'i	8.6%	60,283
Airlift (scheduled seats)	→ 100.1%	5.7%	9,746,790	9,735,980	Kaua'i	0.1%	1,135,983
					Hawai'i Island	5.8%	1,252,873

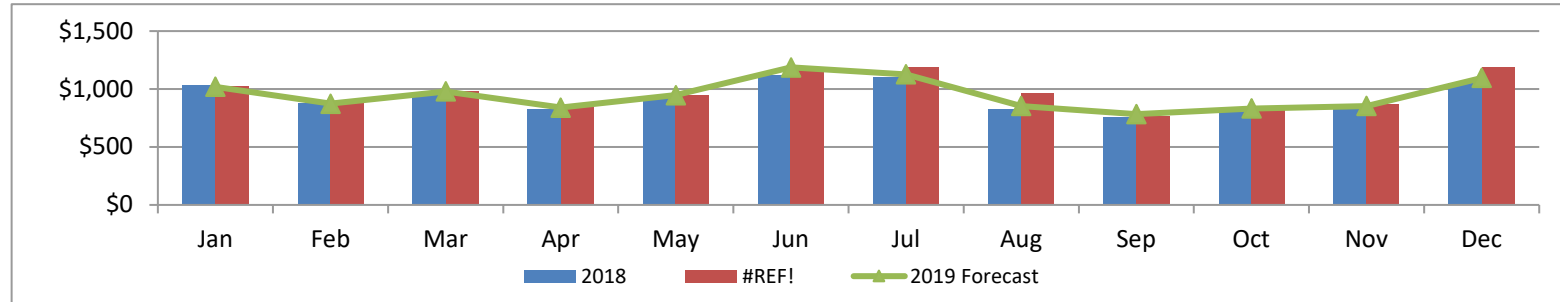
*DBEDT Forecast as of Q3 2019

Monthly Indicators

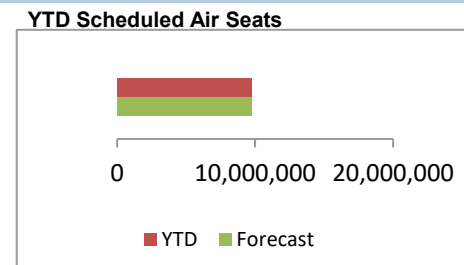
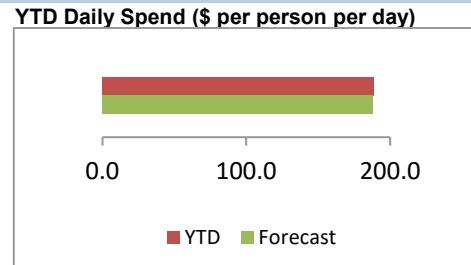
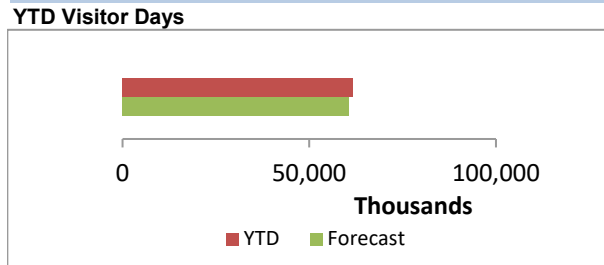
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q3 2019

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **U.S. WEST**

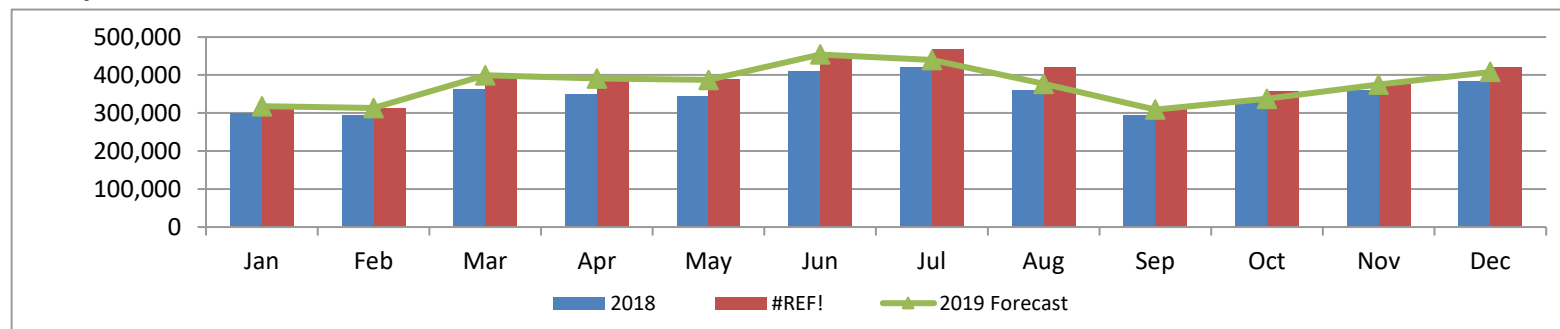
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↑ 102.1%	5.9%	6,975.5	6,831.5	O'ahu	12.7%	2,023,697
Daily Spend (\$pppd)	→ 99.6%	-0.5%	174.9	175.6	Maui	9.5%	1,617,933
Visitor Days	↑ 102.5%	6.4%	39,877,627	38,902,121	Moloka'i	7.6%	26,006
Arrivals	↑ 102.3%	9.8%	4,614,203	4,509,772	Lāna'i	14.3%	32,286
Airlift (scheduled seats)	→ 100.1%	5.5%	8,564,295	8,554,440	Kaua'i	1.7%	732,476
					Hawai'i Island	8.1%	788,667

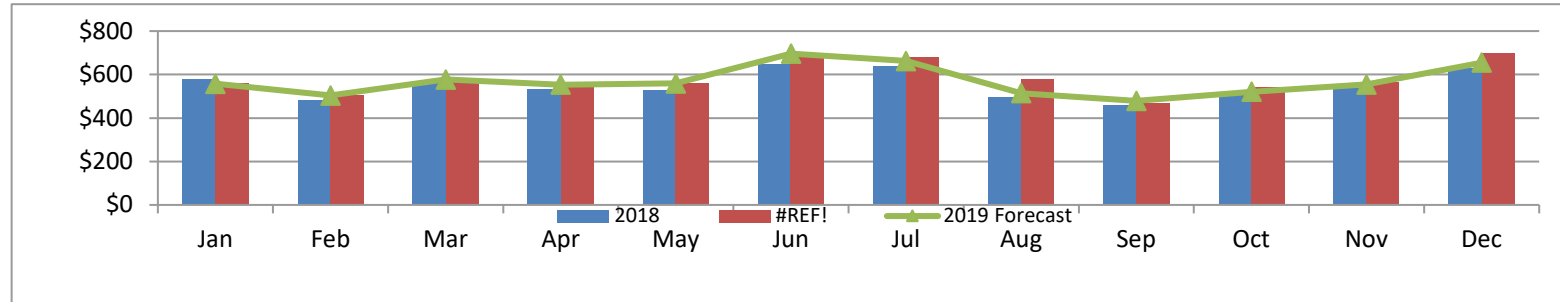
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

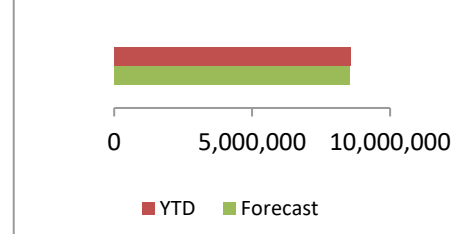
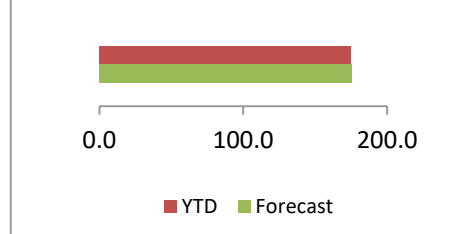
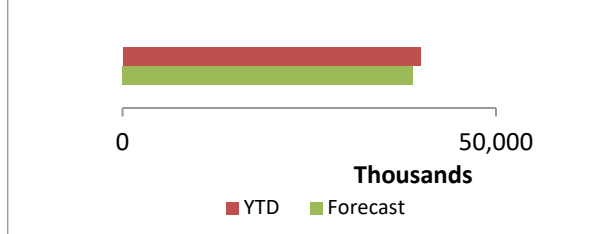


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days, YTD Daily Spend (\$ per person per day), YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **U.S. EAST**

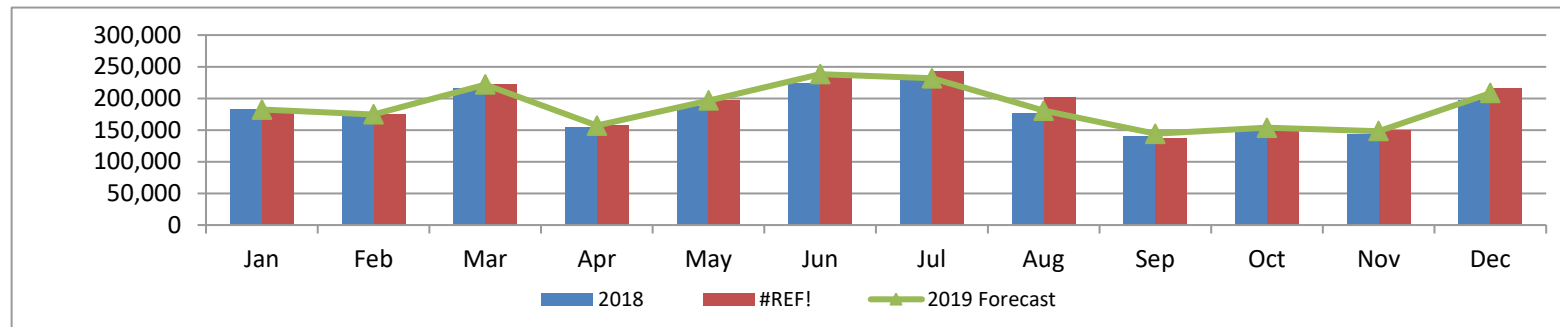
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↑ 102.9%	3.6%	4,694.4	4,561.8	O'ahu	5.0%	1,311,180
Daily Spend (\$pppd)	↔ 101.4%	1.7%	213.8	211.0	Maui	3.8%	829,984
Visitor Days	↔ 101.5%	1.9%	21,952,430	21,622,897	Moloka'i	-2.8%	16,522
Arrivals	↔ 101.2%	4.2%	2,265,012	2,238,010	Lāna'i	2.8%	27,997
Airlift (scheduled seats)	→ 100.1%	7.6%	1,182,495	1,181,540	Kaua'i	-2.6%	403,507
					Hawai'i Island	2.1%	464,205

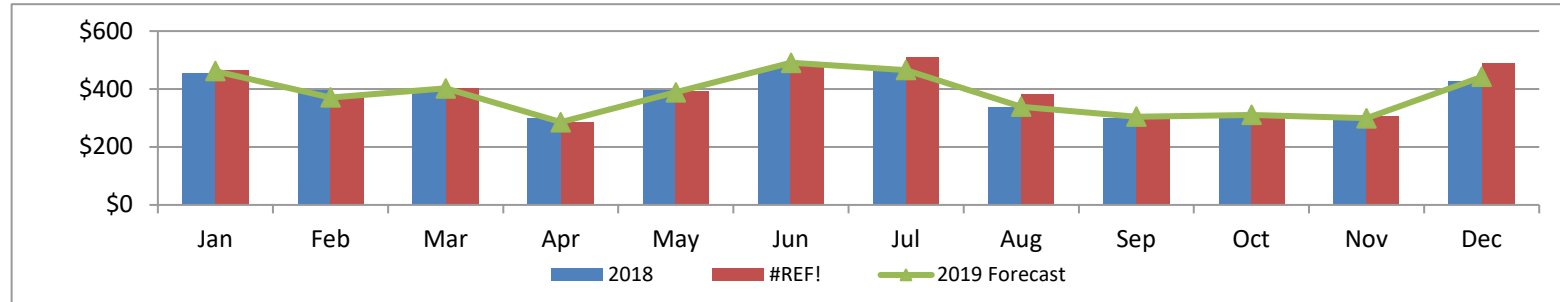
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

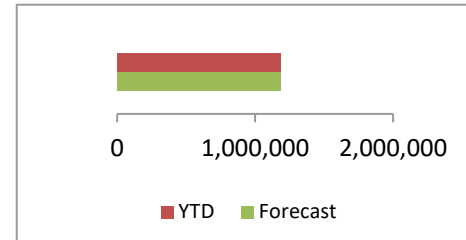
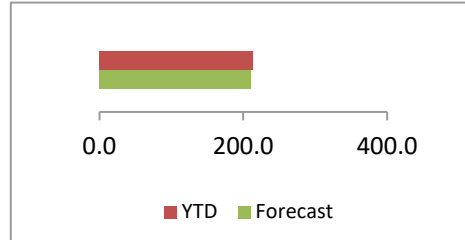
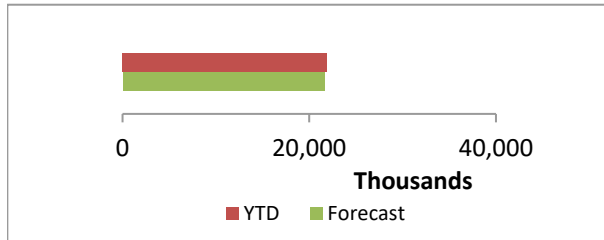


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days, YTD Daily Spend (\$ per person per day), YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **CANADA**

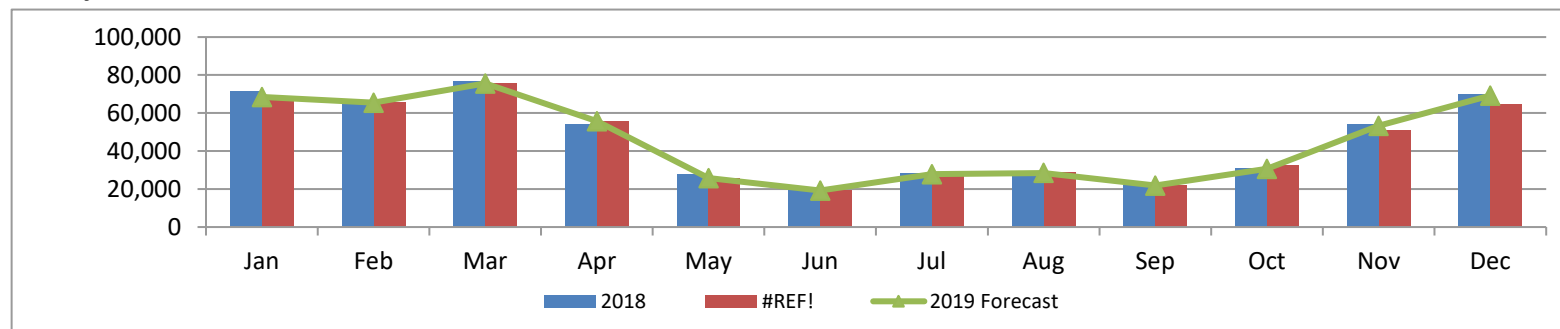
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	👇 98.9%	-3.2%	1,073.5	1,085.6	O'ahu	-4.5%	222,921
Daily Spend (\$pppd)	➡ 99.9%	0.6%	165.3	165.5	Maui	-1.4%	276,055
Visitor Days	➡ 99.0%	-3.7%	6,493,083	6,557,665	Moloka'i	22.0%	4,700
Arrivals	👇 98.8%	-2.4%	535,267	541,572	Lāna'i	-7.3%	5,567
Airlift (scheduled seats)	➡ 100.1%	-0.9%	484,613	483,945	Kaua'i	-13.8%	76,474
					Hawai'i Island	4.1%	97,265

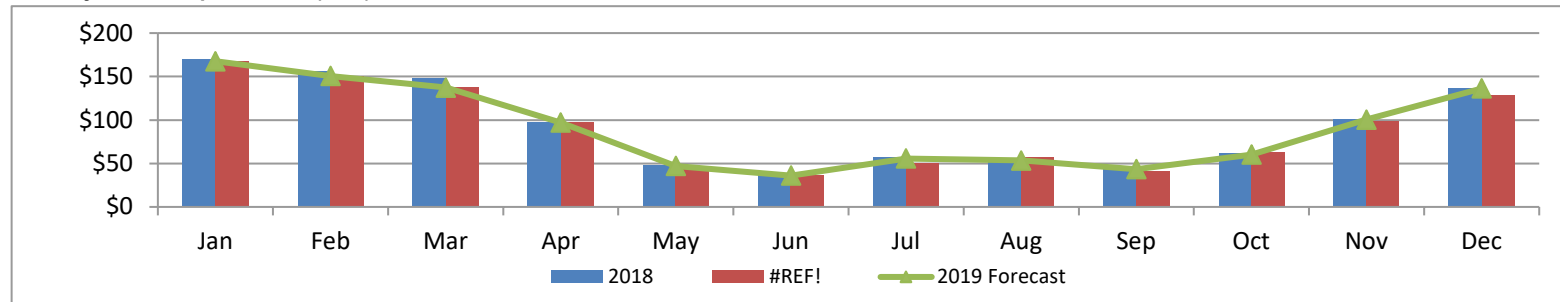
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

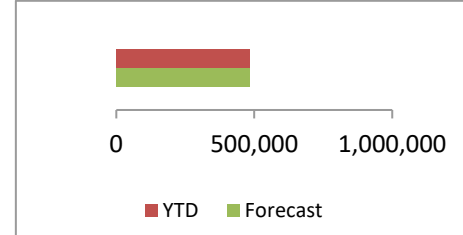
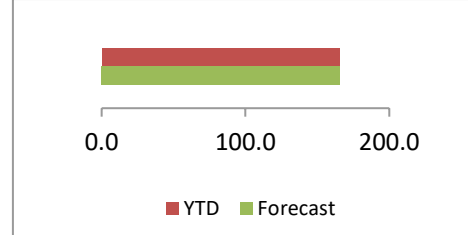
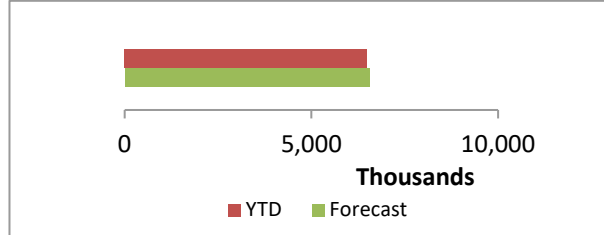


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days **YTD Daily Spend (\$ per person per day)** **YTD Scheduled Air Seats**



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **JAPAN**

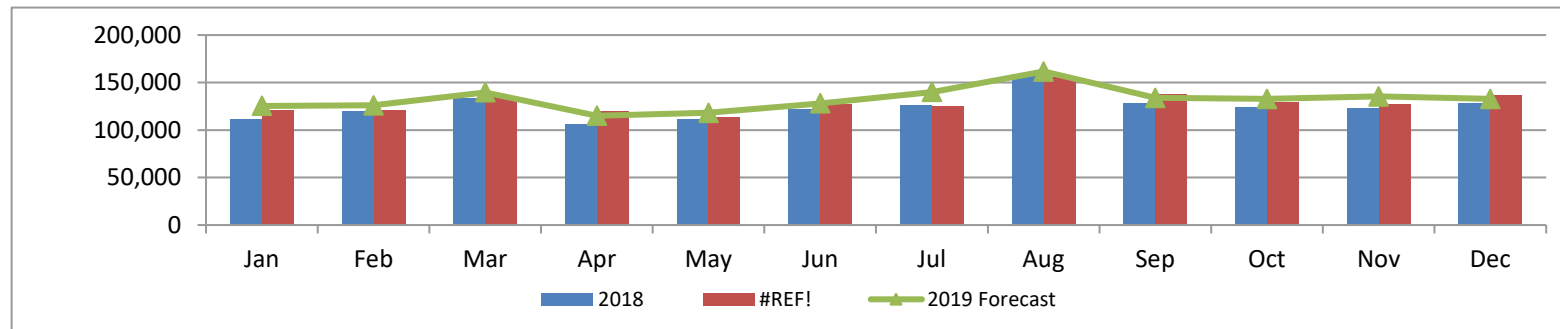
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	➔ 99.1%	2.0%	2,187.2	2,208.0	O'ahu	4.5%	1,462,696
Daily Spend (\$pppd)	➔ 101.1%	-0.6%	239.8	237.2	Maui	-5.2%	45,935
Visitor Days	⬇ 98.0%	2.6%	9,121,996	9,309,479	Moloka'i	60.5%	1,926
Arrivals	⬇ 97.3%	3.8%	1,545,806	1,589,452	Lāna'i	29.1%	2,276
Airlift (scheduled seats)	➔ 100.0%	-2.1%	1,999,204	1,998,585	Kaua'i	0.4%	24,915
					Hawai'i Island	-4.5%	168,640

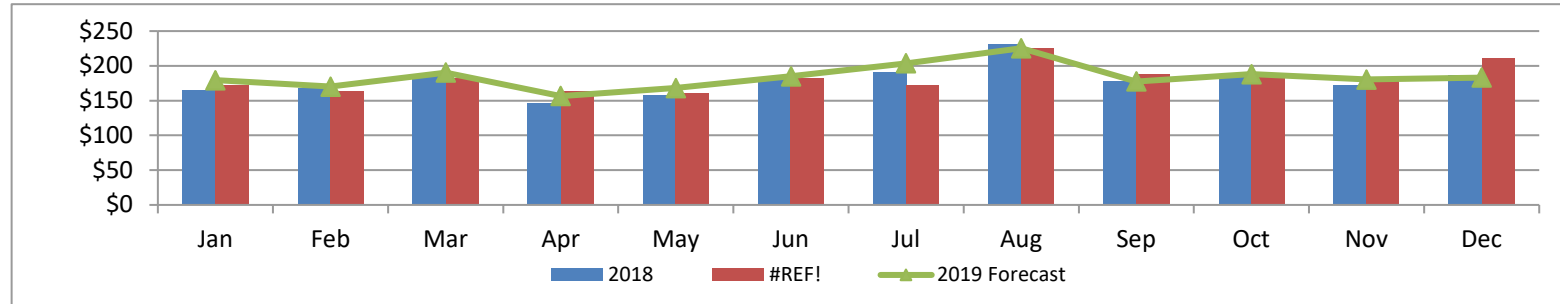
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

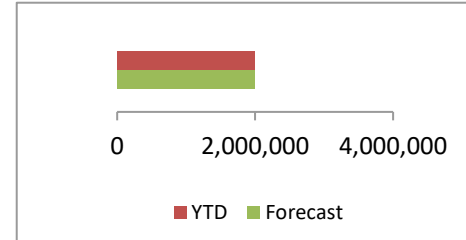
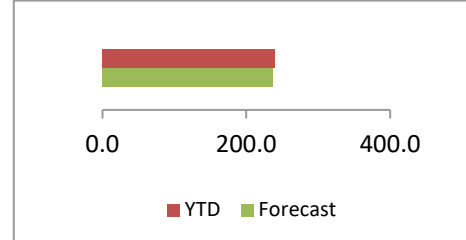
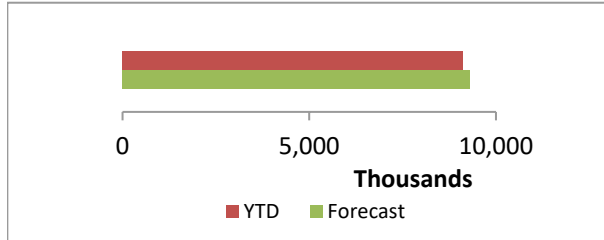


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days, YTD Daily Spend (\$ per person per day), YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **CHINA**

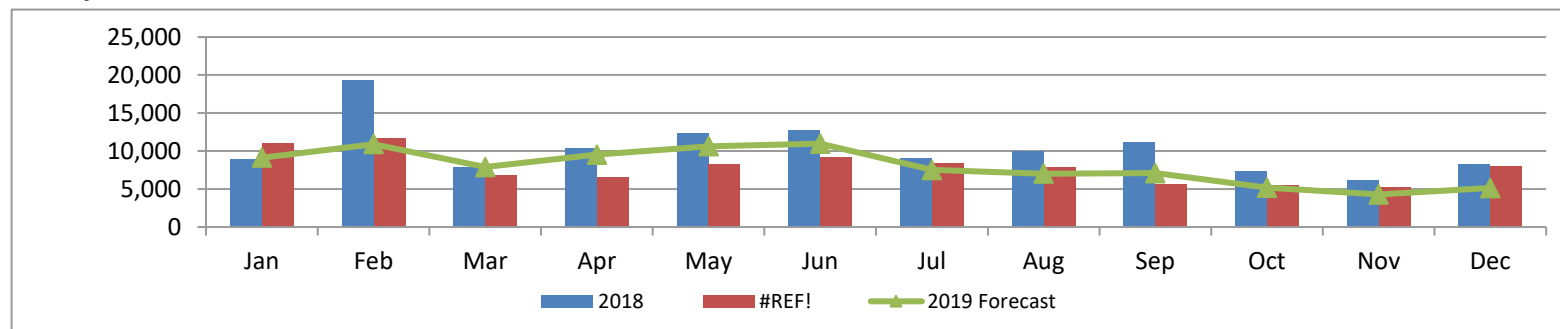
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 93.4%	-26.1%	244.3	261.5	O'ahu	-24.8%	90,147
Daily Spend (\$pppd)	↓ 94.3%	-6.9%	324.9	344.6	Maui	-26.1%	19,701
Visitor Days	→ 99.1%	-20.6%	751,873	758,947	Moloka'i	-38.4%	723
Arrivals	↘ 98.3%	-24.0%	93,703	95,312	Lāna'i	2.1%	853
Airlift (scheduled seats)	↑ 106.7%	-21.7%	124,399	116,539	Kaua'i	-3.0%	3,878
					Hawai'i Island	-14.2%	35,145

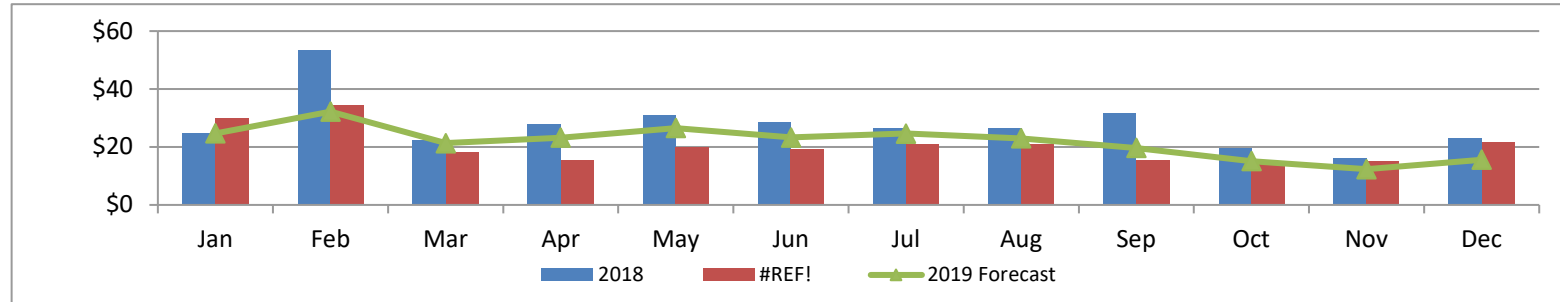
*DBEDT Forecast as of Q3 2019

Monthly Indicators

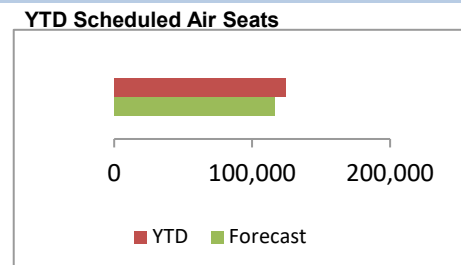
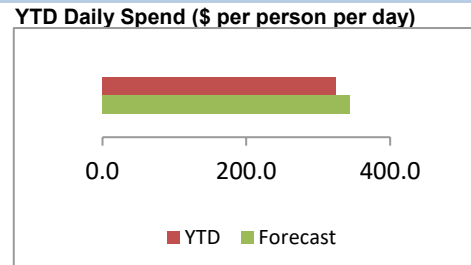
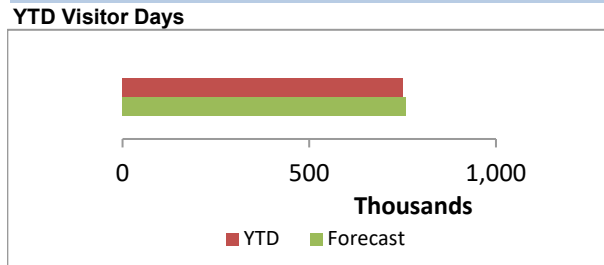
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **KOREA**

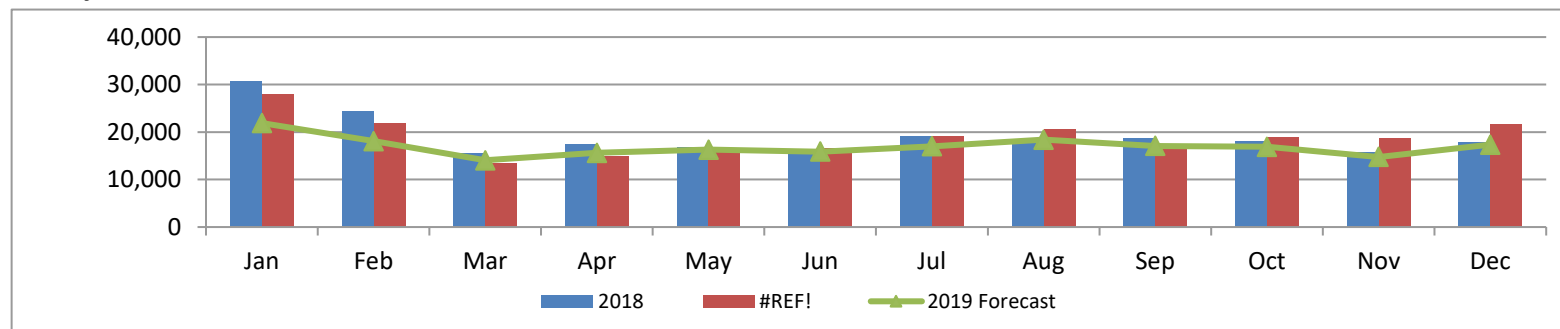
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↑ 111.0%	-3.8%	477.8	430.3	O'ahu	-0.4%	221,949
Daily Spend (\$pppd)	↔ 98.3%	-5.1%	277.4	282.2	Maui	-9.4%	28,766
Visitor Days	↑ 113.0%	1.4%	1,722,496	1,524,862	Moloka'i	4.1%	819
Arrivals	↑ 110.9%	-1.3%	225,479	203,405	Lāna'i	-25.5%	495
Airlift (scheduled seats)	→ 100.9%	-7.0%	326,398	323,352	Kaua'i	-22.9%	7,071
					Hawai'i Island	3.3%	25,074

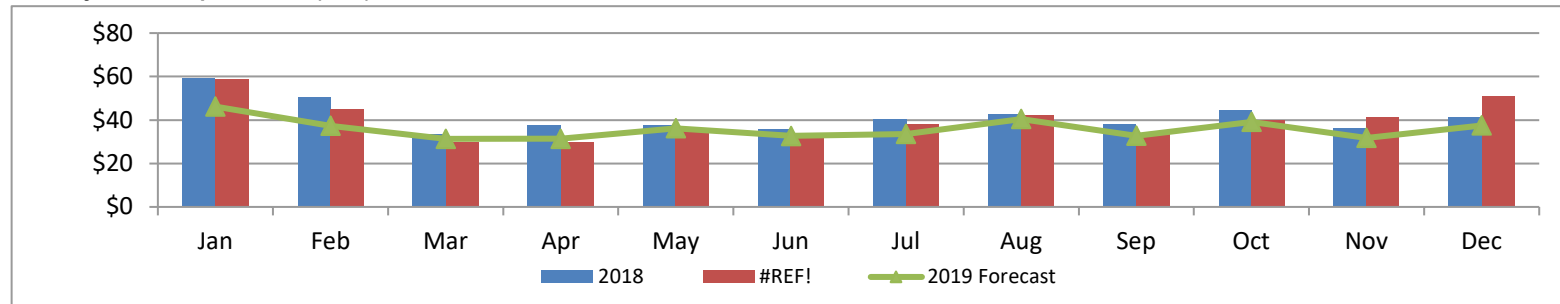
*DBEDT Forecast as of Q3 2019

Monthly Indicators

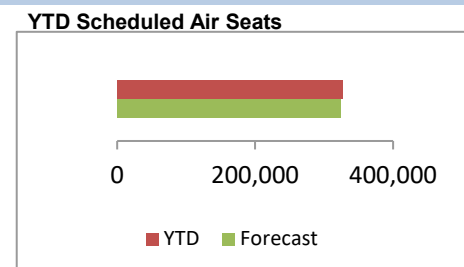
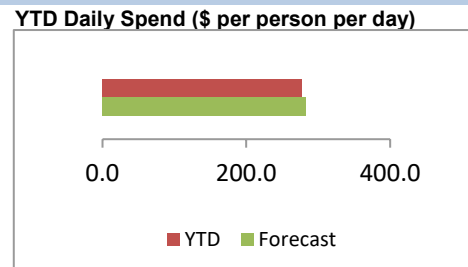
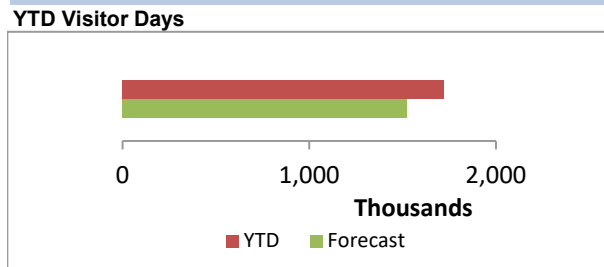
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **TAIWAN**

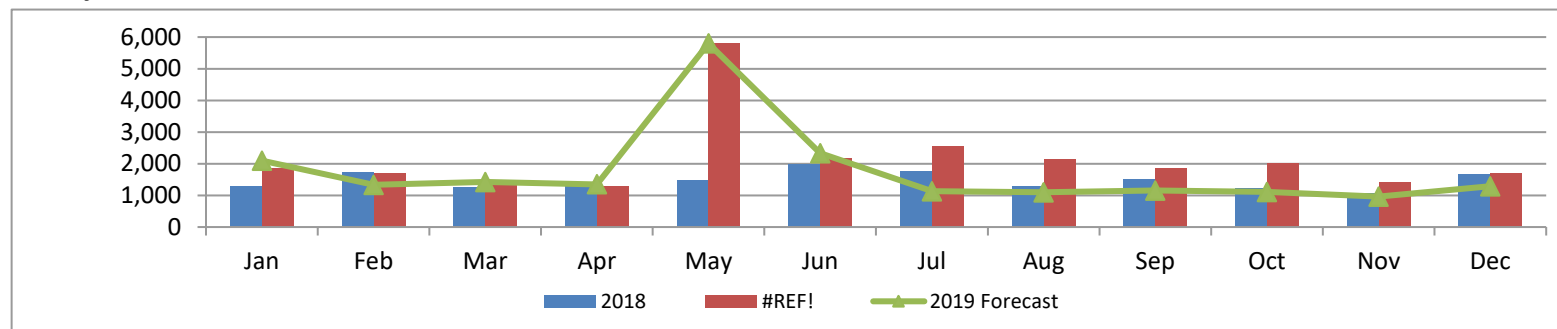
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↑ 122.3%	48.5%	58.0	47.5	O'ahu	50.1%	25,339
Daily Spend (\$pppd)	↑ 102.1%	3.5%	249.4	244.3	Maui	14.0%	4,107
Visitor Days	↑ 119.8%	43.4%	232,692	194,260	Moloka'i	-51.5%	55
Arrivals	↑ 122.9%	47.7%	25,885	21,068	Lāna'i	-50.7%	136
Airlift (scheduled seats)	→ 100.0%	25.0%	39,780	39,780	Kaua'i	48.8%	971
					Hawai'i Island	38.4%	6,489

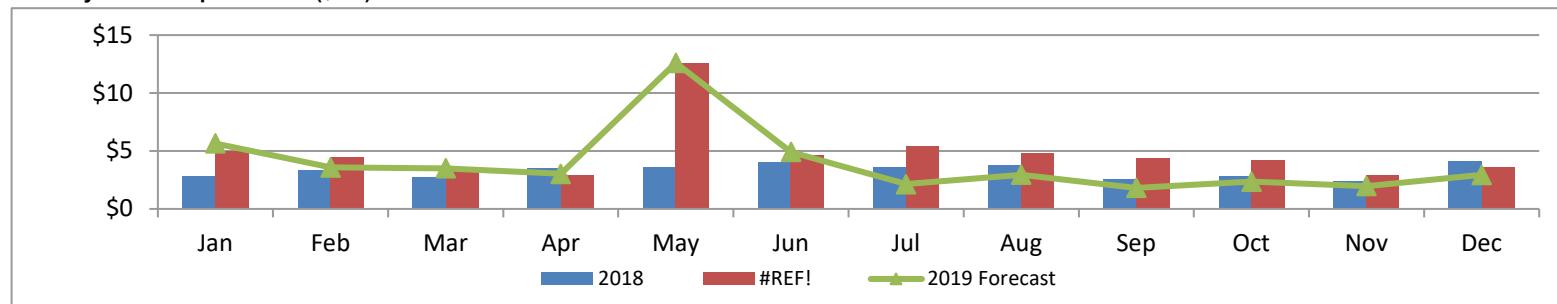
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

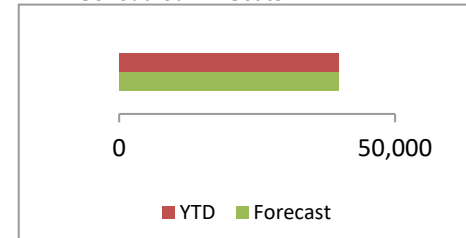
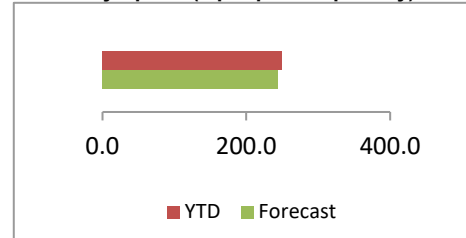
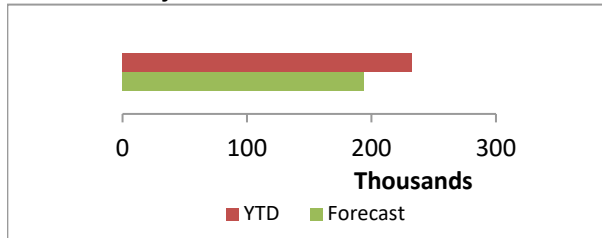


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days, YTD Daily Spend (\$ per person per day), YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **OCEANIA**

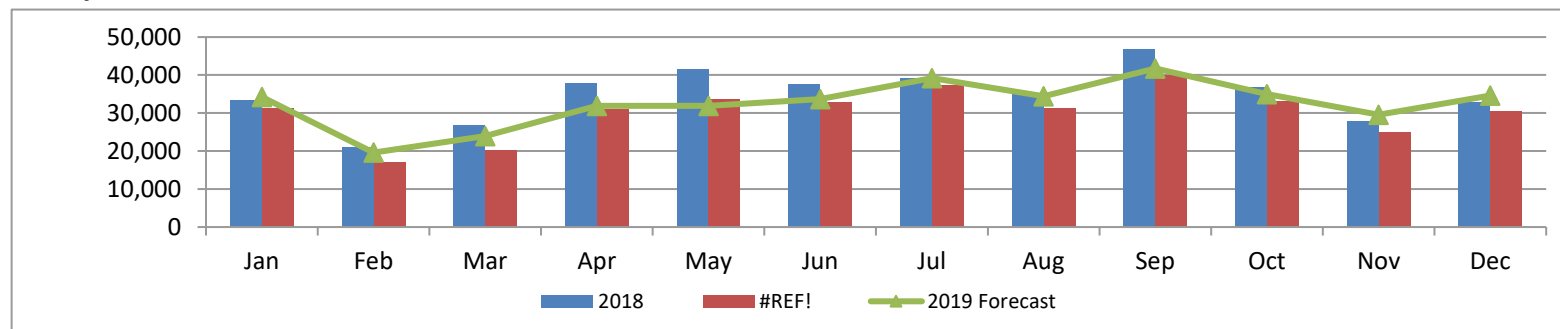
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 89.8%	-15.5%	883.4	984.1	O'ahu	-12.7%	355,112
Daily Spend (\$pppd)	↓ 97.5%	-0.5%	259.0	265.6	Maui	-13.6%	60,116
Visitor Days	↓ 92.0%	-15.0%	3,410,118	3,705,522	Moloka'i	16.2%	4,669
Arrivals	↓ 93.0%	-12.8%	362,360	389,577	Lāna'i	20.1%	6,104
Airlift (scheduled seats)	→ 99.9%	-7.2%	494,582	494,961	Kaua'i	-3.1%	31,999
					Hawai'i Island	-8.6%	47,129

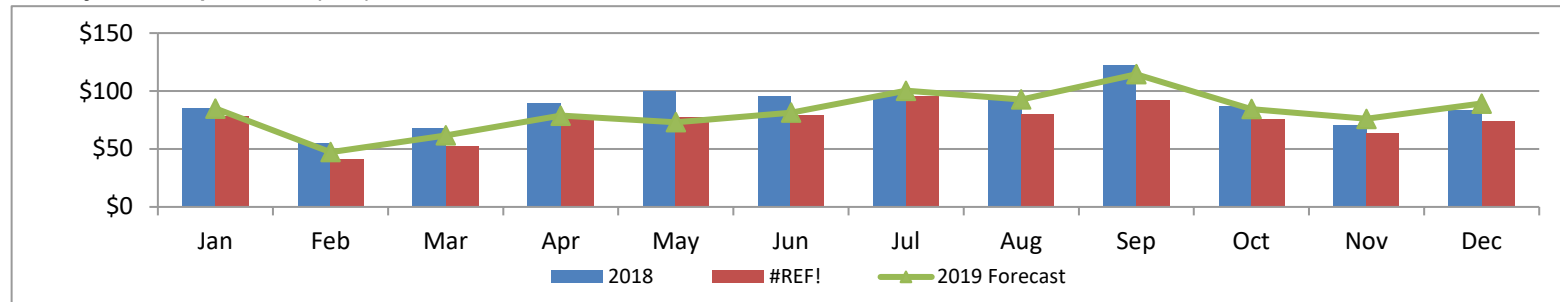
*DBEDT Forecast as of Q3 2019

Monthly Indicators

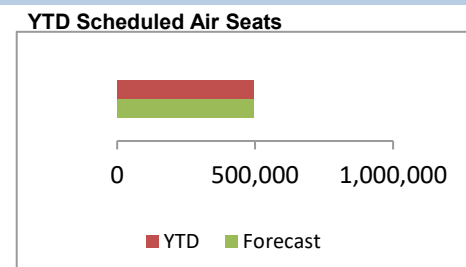
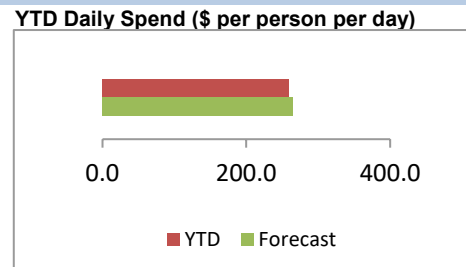
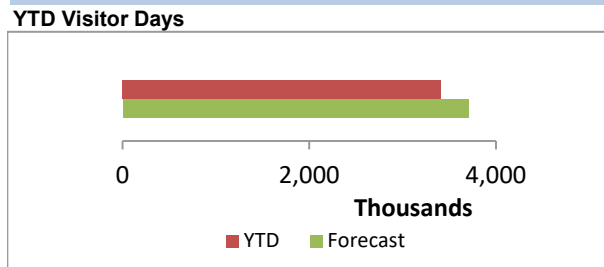
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q3 2019

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **EUROPE**

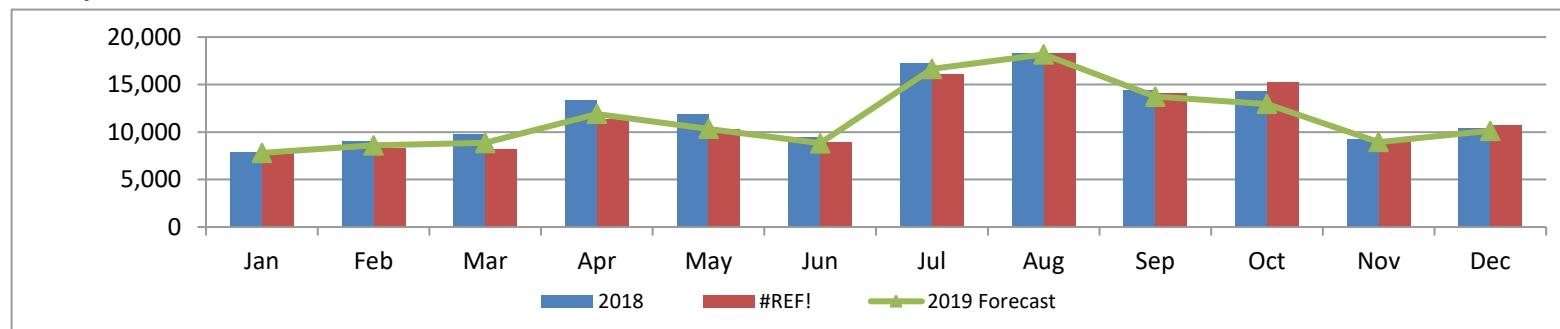
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 91.1%	-16.0%	274.1	301.1	O'ahu	-4.2%	102,887
Daily Spend (\$pppd)	↓ 91.8%	-10.7%	153.2	166.8	Maui	-2.3%	60,756
Visitor Days	→ 99.2%	-5.9%	1,789,549	1,804,652	Moloka'i	-37.5%	1,771
Arrivals	↗ 101.2%	-4.4%	138,550	136,941	Lāna'i	10.2%	1,620
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	-2.6%	36,044
					Hawai'i Island	-10.5%	43,753

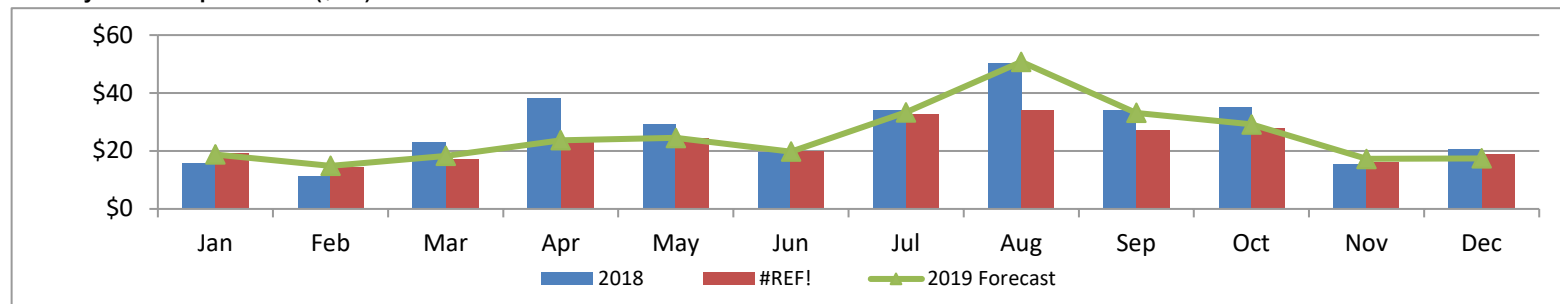
*DBEDT Forecast as of Q3 2019

Monthly Indicators

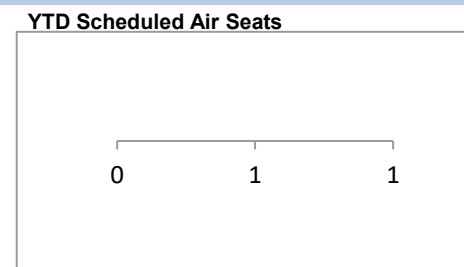
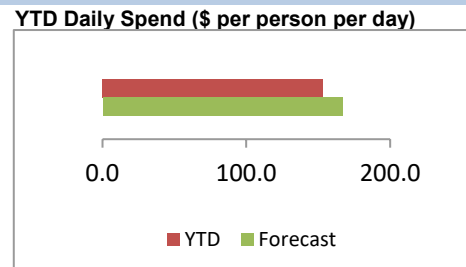
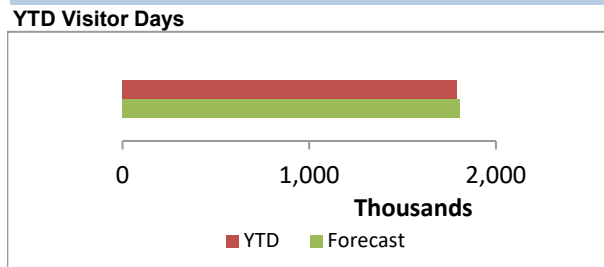
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

Hawai'i Tourism Authority Report Date: **Dec-19** *Preliminary*

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

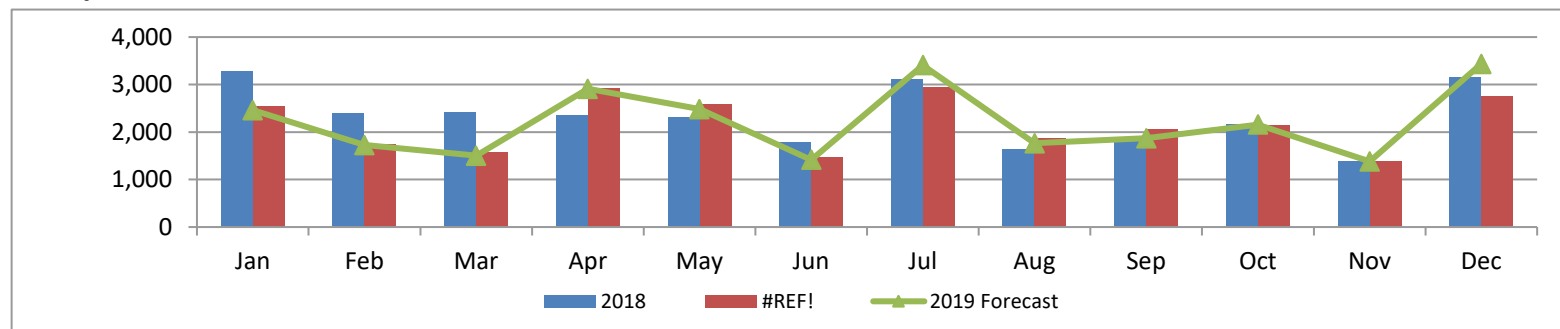
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	YOY Rate	YTD
Visitor Spending (\$mil)*	↓ 86.5%	-16.8%	59.2	68.5	O'ahu	-8.5%	19,659
Daily Spend (\$pppd)	↓ 88.3%	-12.7%	210.1	237.8	Maui	-3.0%	9,280
Visitor Days	↓ 97.9%	-4.7%	281,864	288,001	Moloka'i	87.2%	385
Arrivals	↓ 97.9%	-6.6%	25,957	26,515	Lāna'i	87.8%	446
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	-15.5%	3,283
					Hawai'i Island	-3.6%	5,845

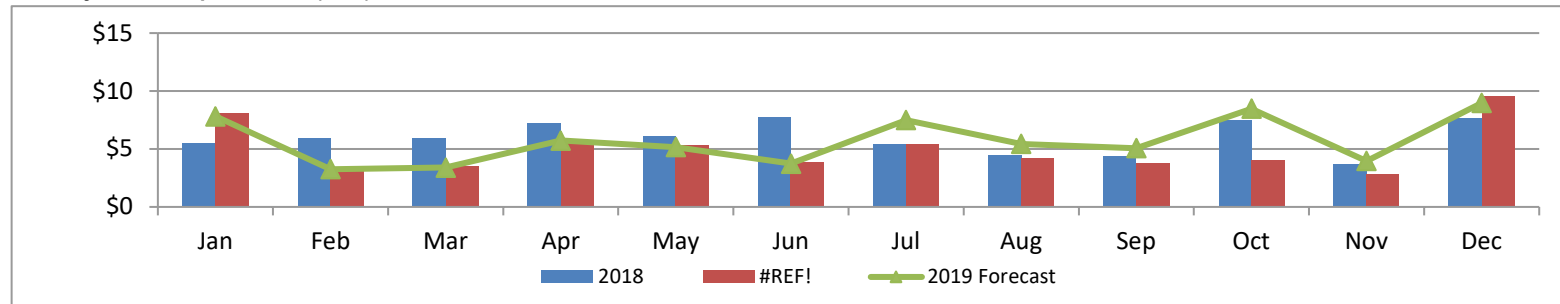
*DBEDT Forecast as of Q3 2019

Monthly Indicators

Monthly Arrivals

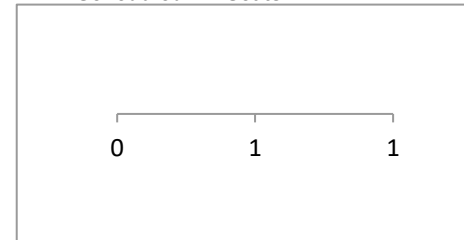
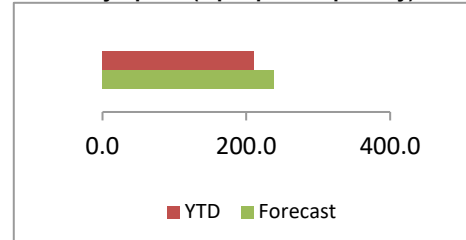
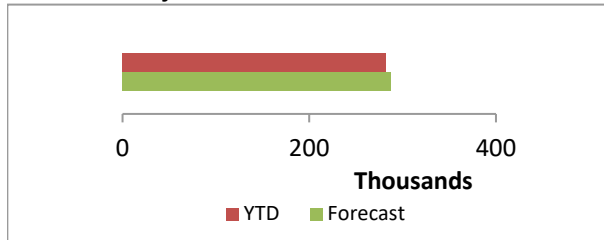


Monthly Visitor Expenditures (\$mil)



Annual Indicators

YTD Visitor Days, YTD Daily Spend (\$ per person per day), YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

10

Presentation, Discussion and Action on
HTA's Financial Reports for
December 2019

Category	Tourism Special Fund Fiscal Year 2020				Convention Center Enterprise Special Fund Fiscal Year 2020			
	Budget	YTD Amount of Budget Used	Balance	Activity for December 2019	Budget	YTD Amount of Budget Used	Balance	Activity for December 2019
Revenues								
TAT Revenue Allocation	79,000,000	39,500,000	39,500,000	6,583,333	16,500,000	8,250,000	8,250,000	1,375,000
Prior Year Carryover	7,790,788	-	7,790,788	-	-	-	-	-
Other	-	1,332,714	(1,332,714)	427,643	-	452,492	(452,492)	176,795
	<u>86,790,788</u>	<u>40,832,714</u>	<u>45,958,074</u>	<u>7,010,976</u>	<u>16,500,000</u>	<u>8,702,492</u>	<u>7,797,508</u>	<u>1,551,795</u>
Expenditures								
Perpetuating Hawaiian Culture								
Hawaiian Culture Programs	7,795,500	1,888,952	5,906,548	13,659	-	-	-	-
In-House Contracted Staff - Hawaiian Culture	34,969	34,121	848	34,121	-	-	-	-
State Employee Salaries - Hawaiian Culture	263,144	240,497	22,647	(21,856)	-	-	-	-
Subtotal	8,093,613	2,163,570	5,930,043	25,924	-	-	-	-
Natural Resources (Statute: \$1M minimum)								
Natural Resources Programs	3,980,000	2,081,000	1,899,000	-	-	-	-	-
In-House Contracted Staff - Natural Resources	-	-	-	-	-	-	-	-
State Employee Salaries - Natural Resources	66,950	66,950	-	-	-	-	-	-
Subtotal	4,046,950	2,147,950	1,899,000	-	-	-	-	-
Community								
Community Programs	5,804,752	3,261,491	2,543,261	482,022	-	-	-	-
In-House Contracted Staff - Community	32,000	31,058	942	31,058	-	-	-	-
State Employee Salaries - Community	190,000	178,472	11,528	(20,000)	-	-	-	-
Subtotal	6,026,752	3,471,021	2,555,731	493,080	-	-	-	-
Branding								
Branding Programs	51,022,000	48,273,940	2,748,060	4,929,506	-	-	-	-
In-House Contracted Staff - Branding	-	-	-	-	-	-	-	-
State Employee Salaries - Branding	539,050	526,589	12,461	-	72,100	72,100	-	72,100
Subtotal	51,561,050	48,800,529	2,760,521	4,929,506	72,100	72,100	-	72,100
Sports								
Sports Programs	7,200,000	2,611,364	4,588,636	100,000	-	-	-	-
Subtotal	7,200,000	2,611,364	4,588,636	100,000	-	-	-	-
Safety and Security (Statute: 0.5% minimum = \$395,000)								
Safety and Security Programs	2,150,000	404,400	1,745,600	-	-	-	-	-
Subtotal	2,150,000	404,400	1,745,600	-	-	-	-	-
Tourism Research								
Tourism Research Programs	3,600,394	1,726,882	1,873,512	-	-	-	-	-
In-House Contracted Staff - Tourism Research	-	-	-	-	-	-	-	-
State Employee Salaries - Tourism Research	393,000	392,322	678	-	-	-	-	-
Subtotal	3,993,394	2,119,204	1,874,190	-	-	-	-	-
Hawai'i Convention Center								
Sales & Marketing	-	-	-	-	6,414,097	5,900,426	513,671	5,900,426
Operations	-	-	-	-	3,282,883	2,638,564	644,319	5,419,699
Major Repair & Maintenance	-	-	-	-	4,753,020	-	4,753,020	-
Subtotal	-	-	-	-	14,450,000	8,538,990	5,911,010	11,320,125
Administrative (Statute: Cannot exceed 3.5% = \$2,765,000)								
Operations	801,700	342,792	458,908	26,671	-	-	-	-
In-House Contracted Staff - Admin	-	-	-	-	-	-	-	-
State Employee Salaries - Admin	1,075,000	1,047,630	27,370	-	250,511	250,511	-	250,511
Subtotal	1,876,700	1,390,422	486,278	26,671	250,511	250,511	-	250,511
Organizationwide Costs								
State Employee Fringe	1,456,029	1,456,028	1	(25,113)	187,389	187,386	3	187,386
Organization-Wide	240,000	-	240,000	-	340,000	250	339,750	-
Governance - Board/Others	146,300	82,964	63,336	39,677	-	-	-	-
Subtotal	1,842,329	1,538,992	303,337	14,564	527,389	187,636	339,753	187,386
Total Expenditures	<u>86,790,788</u>	<u>64,647,452</u>	<u>22,143,336</u>	<u>5,589,745</u>	<u>15,300,000</u>	<u>9,049,237</u>	<u>6,250,763</u>	<u>11,830,122</u>
Revenues vs Expenditures	-	(23,814,738)			1,200,000	(346,745)		
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	1,876,700	1,390,422	1.8%					
	888,300	1,374,578						

Hawaii Tourism Authority
Budget Statement
FY 2020 - As of December 31, 2019

Program Code	Program Title	Budget - FY20	YTD Encumbered (Budget Used)	Budget Remaining	December 2019 Activity
Perpetuating Hawaiian Culture					
200	Hawaiian Culture Programs - Unallocated	1,095,000.00	116.24	1,094,883.76	0.00
201	Kukulu Ola: Living Hawaiian Cultural Prog	1,585,000.00	1,563,179.14	21,820.86	0.00
202	Hawaiian Culture Initiative	500,000.00	282.31	499,717.69	0.00
203	Ma'ema'e HTA	300,000.00	13,166.43	286,833.57	0.00
204	Market Support	300,000.00	13,038.21	286,961.79	13,038.21
205	Aloha Festivals	250,000.00	0.00	250,000.00	0.00
206	Kahea Program - Harbor Greetings	250,000.00	1,036.00	248,964.00	0.00
207	Kahea Program - Airport Greetings	1,500,000.00	0.00	1,500,000.00	0.00
210	King Kamehameha Celebration	150,000.00	60,000.00	90,000.00	0.00
211	Prince Lot Hula Festival	75,000.00	75,000.00	0.00	0.00
212	Merrie Monarch Hula Festival	150,000.00	0.00	150,000.00	0.00
213	Prince Kuhio Celebration	75,000.00	0.00	75,000.00	0.00
215	Hawaiian Culture Opportunity Fund	200,000.00	46,959.57	153,040.43	0.00
216	Olelo Hawaii	500,000.00	0.00	500,000.00	0.00
297	Memberships and Dues - Hawaiian Culture	500.00	345.00	155.00	345.00
298	Travel - Hawaiian Culture	15,000.00	9,828.93	5,171.07	275.36
299	In-House Contracted Staff - Hawaiian Culture	34,969.00	34,121.21	847.79	34,121.21
373	Duke's OceanFest	50,000.00	0.00	50,000.00	0.00
374	Surfing	150,000.00	0.00	150,000.00	0.00
713	Mele Mei & Na Hoku Music Festival (formerly May Musi	150,000.00	50,000.00	100,000.00	0.00
715	Canoe Regatta	90,000.00	56,000.00	34,000.00	0.00
716	May Day	85,000.00	0.00	85,000.00	0.00
718	Resort Area Hawaiian Cultural Initiative	325,000.00	0.00	325,000.00	0.00
932	Salaries - Hawaiian Culture	263,144.00	240,497.00	22,647.00	(21,856.00)
Subtotal	Perpetuating Hawaiian Culture	8,093,613.00	2,163,570.04	5,930,042.96	25,923.78
Natural Resources					
400	Natural Resources Programs - Unallocated	0.00	0.00	0.00	0.00
402	Aloha Aina (formerly NR and Leg Prov NR)	2,081,000.00	2,081,000.00	0.00	0.00
406	Visitor Impact Program	1,649,000.00	0.00	1,649,000.00	0.00
407	Hawaii Eco Tourism Association	50,000.00	0.00	50,000.00	0.00
415	Natural Resources Opportunity Fund	200,000.00	0.00	200,000.00	0.00
936	State Employee Salaries - Natural Resources	66,950.00	66,950.00	0.00	0.00
Subtotal	Natural Resources	4,046,950.00	2,147,950.00	1,899,000.00	0.00
Community					
701	Community Enrichment Program	3,464,200.00	2,965,630.29	498,569.71	310,000.00
702	Community Training Workshops (formerly Capacity)	454,000.00	58,356.98	395,643.02	47,000.00
705	Community Programs - Unallocated	1,071,052.00	0.00	1,071,052.00	0.00
728	In-House Contracted Staff - Community (formerly Prog S	32,000.00	31,058.00	942.00	31,058.00
797	Memberships and Dues - Community	500.00	0.00	500.00	0.00
798	Travel - Community	15,000.00	8,491.96	6,508.04	10.42
802	Current Workforce Development (Industry Career Dev)	125,000.00	125,000.00	0.00	125,000.00
803	Future Workforce Development (LEI)	175,000.00	104,011.48	70,988.52	11.48
805	Scholarship Program	500,000.00	0.00	500,000.00	0.00
933	State Employee Salaries - Community	190,000.00	178,472.00	11,528.00	(20,000.00)
Subtotal	Community	6,026,752.00	3,471,020.71	2,555,731.29	493,079.90
Branding					
4	Cruise Infrastructure Improvements and Arrival Experier	250,000.00	75,545.03	174,454.97	200.00
102	Hawai'i Tourism Summit	300,000.00	2,256.54	297,743.46	2,256.54
306	Island-Based International Marketing	800,000.00	800,000.00	0.00	800,000.00
316	MICE Asia (formerly MCI Global - Management)	350,000.00	350,000.00	0.00	350,000.00
318	gohawaii.com (formerly Online Website Coordination)	350,000.00	300,000.00	50,000.00	300,000.00
320	Island Chapters Staffing and Admin	3,170,000.00	3,170,000.00	0.00	0.00
321	US (formerly North America)	22,525,000.00	22,525,000.00	0.00	0.00
322	Canada	800,000.00	800,000.00	0.00	0.00
323	Japan	10,000,000.00	10,000,000.00	0.00	0.00
324	Korea	1,400,000.00	1,400,000.00	0.00	0.00
325	Oceania	1,900,000.00	1,900,000.00	0.00	0.00
326	Europe	400,000.00	400,000.00	0.00	0.00
329	China	2,000,000.00	2,000,000.00	0.00	0.00
330	Taiwan	500,000.00	500,000.00	0.00	0.00
331	Meetings, Convention & Incentives	2,300,000.00	2,300,000.00	0.00	2,300,000.00
336	Southeast Asia	500,000.00	500,000.00	0.00	0.00
339	Global Digital Marketing Strategy (former Intl Online Str	500,000.00	380,500.00	119,500.00	380,500.00
350	Global Mkt Shared Resces (formerly Intellect Prop Data I	797,000.00	787,000.00	10,000.00	787,000.00
380	Marketing Opportunity Fund	2,000,000.00	8,820.46	1,991,179.54	8,820.46
397	Memberships and Dues - Branding	100,000.00	62,812.00	37,188.00	0.00
398	Travel - Branding	50,000.00	12,005.78	37,994.22	729.29

Hawaii Tourism Authority
Budget Statement
FY 2020 - As of December 31, 2019

Program Code	Program Title	Budget - FY20	YTD Encumbered (Budget Used)	Budget Remaining	December 2019 Activity
723	Hawaii Film Office Partnership	30,000.00	0.00	30,000.00	0.00
934	State Employee Salaries - Branding	539,050.00	526,589.00	12,461.00	0.00
Subtotal	Branding	51,561,050.00	48,800,528.81	2,760,521.19	4,929,506.29
Sports					
312	PGA Tour Contracts	2,206,364.00	2,206,364.00	0.00	50,000.00
347	Soccer	0.00	0.00	0.00	(50,000.00)
370	Tennis	425,000.00	225,000.00	200,000.00	0.00
377	Polynesian Football HoF	155,000.00	0.00	155,000.00	0.00
378	UH Athletics Branding Partnership	100,000.00	50,000.00	50,000.00	0.00
379	Sports Programs - Unallocated	4,183,636.00	0.00	4,183,636.00	0.00
382	Sports Community Outreach	30,000.00	30,000.00	0.00	0.00
383	Surf Marketing	100,000.00	100,000.00	0.00	100,000.00
Subtotal	Sports	7,200,000.00	2,611,364.00	4,588,636.00	100,000.00
Safety and Security					
601	Visitor Assistance Programs	650,000.00	0.00	650,000.00	0.00
602	Crisis Management	100,000.00	4,014.05	95,985.95	0.00
603	Lifeguard Program	700,000.00	0.00	700,000.00	0.00
604	Preventative Programs	400,000.00	394,386.12	5,613.88	0.00
606	Safety and Security Opportunity Fund	300,000.00	6,000.00	294,000.00	0.00
Subtotal	Safety and Security	2,150,000.00	404,400.17	1,745,599.83	0.00
Tourism Research					
501	Data Dissemination	54,000.00	0.00	54,000.00	0.00
505	Est of Visitor Arrivals by Country by Month	6,000.00	0.00	6,000.00	0.00
506	Infrastructure Research (Accomodations and Airseats)	556,330.00	234,500.00	321,830.00	0.00
512	Visitor Arrivals and Departure Surveys	1,314,540.00	1,014,381.68	300,158.32	0.00
513	Evaluation and Performance Studies	1,148,405.00	410,860.00	737,545.00	0.00
514	Marketing Research	498,797.00	60,976.20	437,820.80	0.00
597	Memberships and Dues - Research	7,322.00	1,839.38	5,482.62	0.00
598	Travel - Research	15,000.00	4,324.84	10,675.16	0.00
935	State Employee Salaries - Research	393,000.00	392,322.00	678.00	0.00
Subtotal	Tourism Research	3,993,394.00	2,119,204.10	1,874,189.90	0.00
Administrative					
101	Community-Industry Outreach & Public Relations Svcs	250,000.00	173,169.34	76,830.66	0.00
103	hawaiitourismauthority.org (formerly HTA web/Global S	100,000.00	0.00	100,000.00	0.00
901	General and Administrative	401,700.00	152,997.64	248,702.36	26,653.41
930	State Employee Salaries - Admin	1,075,000.00	1,047,630.00	27,370.00	0.00
998	Travel - Admin	50,000.00	16,625.30	33,374.70	18.00
Subtotal	Administrative	1,876,700.00	1,390,422.28	486,277.72	26,671.41
Governance and Organization-Wide					
915	Organization-Wide	240,000.00	0.00	240,000.00	0.00
919	Governance - Gen Board/Others	146,300.00	82,963.92	63,336.08	39,677.08
931	State Employees Fringe	1,456,029.00	1,456,028.00	1.00	(25,113.00)
Subtotal	Governance and Organization-Wide	1,842,329.00	1,538,991.92	303,337.08	14,564.08
Total	FY 2020 Funds	86,790,788.00	64,647,452.03	22,143,335.97	5,589,745.46
Convention Center Enterprise Special Fund					
934	State Employee Salaries - Branding	72,100.00	72,100.00	0.00	72,100.00
Subtotal	Branding	72,100.00	72,100.00	0.00	72,100.00
930	State Employee Salaries - Admin	250,511.00	250,511.00	0.00	250,511.00
Subtotal	Administrative	250,511.00	250,511.00	0.00	250,511.00
850	HCC Operating Expense	12,824,694.00	6,137,075.00	6,687,619.00	6,137,075.00
850	HCC Operating Expense	12,824,694.00	6,137,075.00	6,687,619.00	6,137,075.00
860	HCC Repair and Maintenance	4,753,020.00	0.00	4,753,020.00	0.00
860	HCC Repair and Maintenance	4,753,020.00	0.00	4,753,020.00	0.00
870	HCC Sales and Marketing / MFF	6,414,097.00	5,900,426.00	513,671.00	5,900,426.00
870	HCC Sales and Marketing / MFF	6,414,097.00	5,900,426.00	513,671.00	5,900,426.00
915	Organization-Wide	340,000.00	250.00	339,750.00	0.00
931	State Employees Fringe	187,389.00	187,386.00	3.00	187,386.00
Subtotal	Governance and Organization-Wide	527,389.00	187,636.00	339,753.00	187,386.00
Total	FY 2020 Funds	24,841,811.00	12,547,748.00	12,294,063.00	12,547,498.00

Budget Reallocation Summary
Through December 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
Perpetuating Hawaiian Culture				
<i>From:</i>				
Hawaiian Culture Programs - Unallocated	200	7,780,000	(6,685,000)	1,095,000
State Employees Salaries - Hawaiian Culture	932	285,000	(21,856)	263,144
			-	-
			-	-
			-	-
			-	-
			-	-
			(6,706,856)	
<i>To:</i>				
Kūkulu Ola: Living Hawaiian Cultural Program	201	-	1,585,000	1,585,000
Hawaiian Culture Initiative	202	-	500,000	500,000
Maemae HTA	203	-	300,000	300,000
Market Support	204	-	300,000	300,000
Aloha Festivals	205	-	250,000	250,000
Kahea Harbor Greetings	206	-	250,000	250,000
Kahea Airport Greetings	207	-	1,500,000	1,500,000
King Kamehameha Celebration	210	-	150,000	150,000
Prince Lot Hula Festival	211	-	75,000	75,000
Merrie Monarch Hula Festival	212	-	150,000	150,000
Prince Kūhiō Celebration	213	-	75,000	75,000
Hawaiian Culture Opportunity Fund	215	-	200,000	200,000
ʻōlelo Hawaiʻi	216	-	500,000	500,000
Duke's OceanFest	373	-	50,000	50,000
Surfing	374	-	150,000	150,000
Mele Mei & Na Hōkū Music Festival	713	-	150,000	150,000
Canoe Paddling	715	-	90,000	90,000
May Day	716	-	85,000	85,000
Resort Area Hawaiian Cultural Initiative	718	-	325,000	325,000
In-House Contracted Staff - Hawaiian Culture	299	-	34,969	34,969
			6,719,969	
Natural Resources				
<i>From:</i>				
Natural Resources Programs - Unallocated	400	3,980,000	(3,980,000)	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			(3,980,000)	

Budget Reallocation Summary
Through December 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
To:				
Aloha 'āina	402	-	2,081,000	2,081,000
Environmental Sustainability Fund	406	-	1,649,000	1,649,000
Hawai'i EcoTourism Association	407	-	50,000	50,000
Natural Resources Opportunity Fund	415	-	200,000	200,000
			-	-
			-	-
			-	-
			-	-
			-	-
			3,980,000	
<hr/>				
Community				
From:				
Community Programs - Unallocated	705	5,789,252	(4,718,200)	1,071,052
State Employees Salaries - Community	933	210,000	(20,000)	190,000
				-
			(4,738,200)	
To:				
Community Enrichment Program	701	-	3,464,200	3,464,200
Community Training Workshops	702	-	454,000	454,000
Current Workforce Development	802	-	125,000	125,000
Future Workforce Development	803	-	175,000	175,000
Scholarship Program	805	-	500,000	500,000
In-House Contracted Staff - Community	728	-	32,000	32,000
				-
			4,750,200	
<hr/>				
Branding				
From:				
None				-
				-
				-
			-	
To:				
				-
				-
				-
			-	

Budget Reallocation Summary
Through December 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
Sports				
<i>From:</i>				
Sports Programs - Unallocated	379	7,200,000	(3,016,364)	4,183,636
				-
				-
			(3,016,364)	
<i>To:</i>				
PGA Tour Contracts	312	-	2,206,364	2,206,364
Soccer	347	-	-	-
Tennis	370	-	425,000	425,000
Polynesian Football Hall of Fame	377	-	155,000	155,000
UH Athletics Branding Partnership	378	-	100,000	100,000
Sports Community Outreach	382	-	30,000	30,000
Surf Marketing	383	-	100,000	100,000
			3,016,364	
Safety and Security				
<i>From:</i>				
None				-
				-
				-
			-	
<i>To:</i>				
				-
				-
				-
				-
			-	
Tourism Research				
<i>From:</i>				
None				-
				-
				-
			-	

Budget Reallocation Summary
Through December 31, 2019

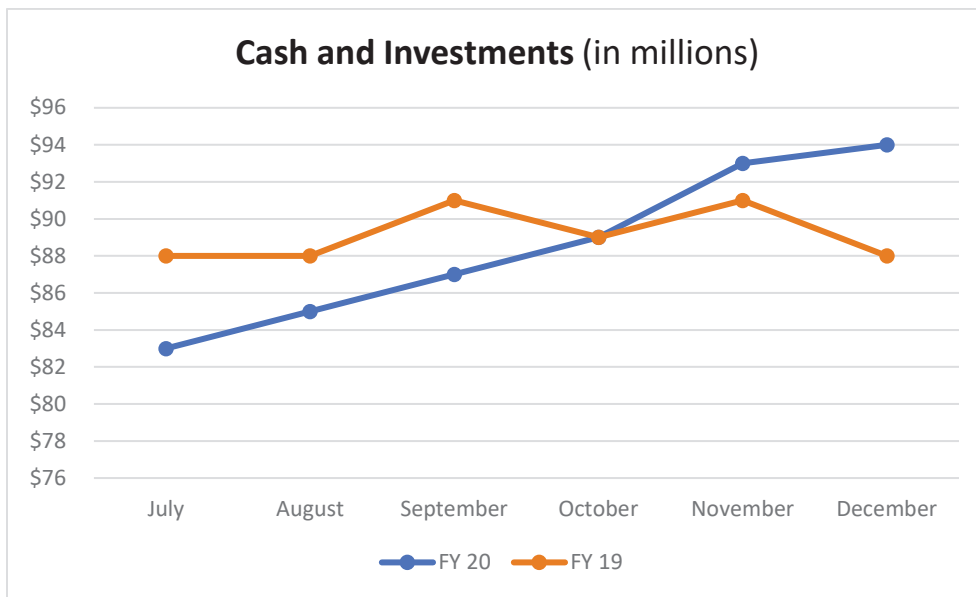
Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
To:				-
				-
				-
				-
			-	
<hr/>				
Administration and Organizationwide Costs				
From:				
None				-
				-
				-
				-
			-	
To:				
				-
				-
				-
			-	
<hr/>				
Governance and Organization-Wide				
From:				
State Employees Fringe	931	1,481,142	(25,113)	1,456,029
				-
				-
			(25,113)	
To:				
				-
				-
				-
			-	
<hr/>				
Board Allocations				
From:				
None				-
				-
				-
			-	
<hr/>				

HAWAII TOURISM AUTHORITY

Financial Statements – Executive Summary December 1, 2019 – December 31, 2019

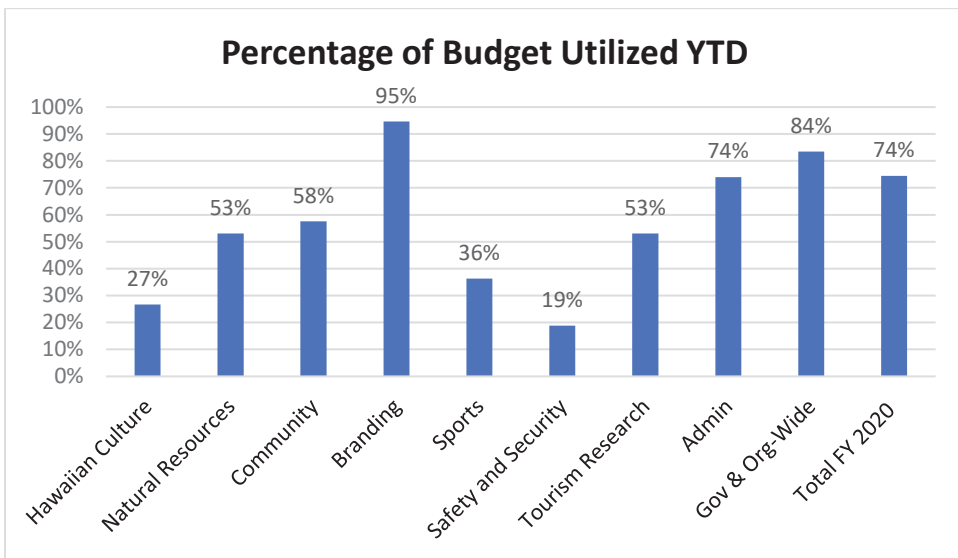
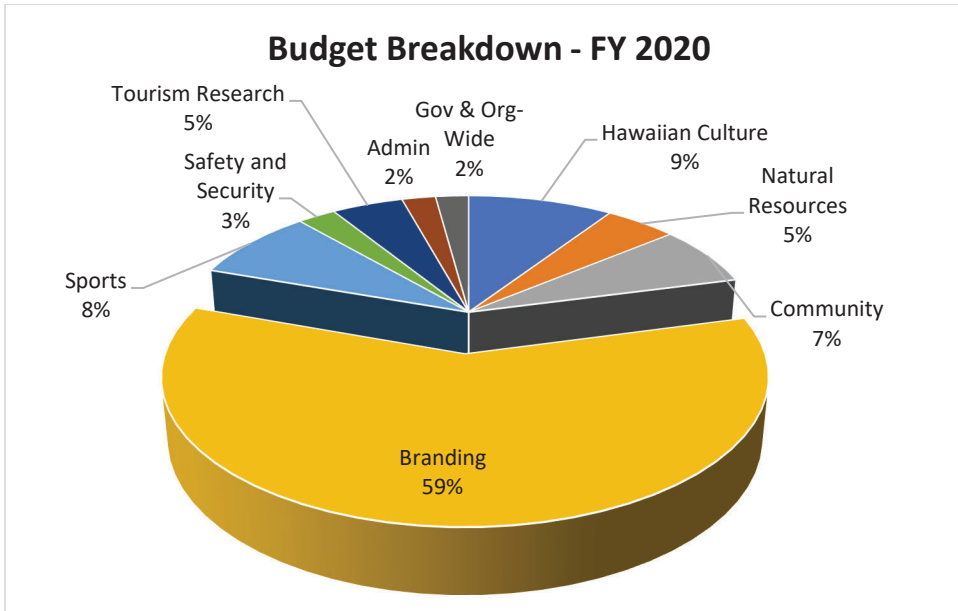
Tourism Special Fund:

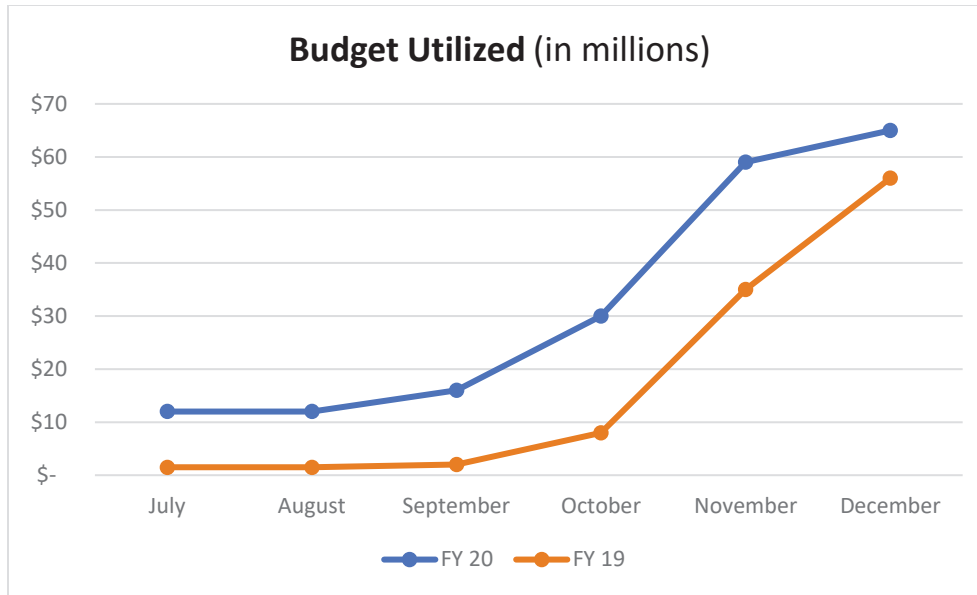
1. \$93.7M in cash and investments



- a. Includes \$5M in Emergency Fund held as investments.
- b. Increase from November of \$540K due to:
 - i. Recording \$6.6M in TAT revenue and \$428K in investment income. This was offset by \$6.5M in expenditures.
2. \$21.7M of prior year encumbrances being spent down.
3. \$22.3M reserved as Board allocations are projected for June 30, 2020. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$5.2M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.

4. \$3.4M of unreserved funds available for the FY 2021 Budget or other emergency purposes.
5. \$64.6M of the \$86.8M FY 2020 budget utilized; contract paperwork currently being submitted for this year's expenditures.
 - a. A summary of year-to-date budget reallocations is included in these financial statements.





6. The following notable budget reallocations were made:
 - a. Allocated \$50K to both Current Workforce Development and Community Training Workshops programs.
 - b. Allocated \$100K to Surf Marketing program.
 - c. Allocated \$52K to convert funds previously dedicated for in-house contracted staff to funds for State employee payroll.
7. Operating Income:
 - a. Recorded \$6.6M in TAT for December 2019, and \$39.5M in TAT YTD. Recorded \$1.3M in investment income YTD.
 - b. Incurred \$6.5M of program and other expenditures for December 2019, and \$23.3M in expenditures YTD.

Convention Center Enterprise Special Fund:

8. \$35.7M in cash
 - a. Increase of \$2.3M from November due to recording \$1.4M in TAT, \$717K in HCC operations, and \$177K in investment income.
9. \$23.5M in cash with contractor or with DAGS, for R&M projects (as of October 2019).
 - a. Includes \$2M Emergency
 - b. These funds are encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.

- c. Reflects \$11.1M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
- 10. \$23.6M reserved as Board allocations are projected for June 30, 2020. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. This balance includes the \$1.2M the Board dedicated out of the FY 2020 budget toward increasing the Convention Center Major Repair & Maintenance Reserve.
- 11. \$1.0M of prior year encumbrances being spent down.
- 12. \$12.5M of the \$24.8M FY 2020 budget utilized; contract paperwork currently being submitted for remainder of the year expenditures.
- 13. Operating Income:
 - a. Recorded \$1.4M in TAT for December 2019 and \$8.3M in TAT YTD. Recorded \$453K in investment income YTD.
 - b. No convention center expenditures incurred for December 2019, and \$67K in expenditures YTD.
 - c. Convention Center operations:
 - i. \$683K operating loss YTD per HCC financial statements.

Hawaii Tourism Authority

Balance Sheet

Tourism Special Fund

As of 12/31/19

	<u>Current Year</u>
Assets	
Current Assets	
Checking	88,694,243.86
Petty Cash	5,000.00
Total Current Assets	<u>88,699,243.86</u>
Total Assets	<u><u>88,699,243.86</u></u>
Fund Balance	
Current year payables	
Accounts Payable	135,450.75
Credit Card Payable	636.24
Total Current year payables	<u>136,086.99</u>
Encumbered Funds	
FY 2013 Funds	15,212.64
FY 2014 Funds	6,101.00
FY 2015 Funds	136,504.00
FY 2016 Funds	383,973.52
FY 2017 Funds	1,139,678.05
FY 2018 Funds	1,763,864.93
FY 2019 Funds	18,272,907.19
FY 2020 Funds	62,095,077.35
Total Encumbered Funds	<u>83,813,318.68</u>
Unencumbered Funds	
Total Unencumbered Funds	4,749,838.19
Total Fund Balance	<u><u>88,699,243.86</u></u>

Hawaii Tourism Authority
Balance Sheet
Convention Center Enterprise Special Fund
As of 12/31/19

	<u>Current Year</u>
Assets	
Current Assets	
Checking	35,703,684.07
Total Current Assets	<u>35,703,684.07</u>
Total Assets	<u><u>35,703,684.07</u></u>
Fund Balance	
Encumbered Funds	
FY 2018 Funds	295,003.00
FY 2019 Funds	747,866.26
FY 2020 Funds	12,547,498.00
Total Encumbered Funds	<u>13,590,367.26</u>
Unencumbered Funds	
Total Unencumbered Funds	22,113,316.81
Total Fund Balance	<u><u>35,703,684.07</u></u>

Hawaii Tourism Authority

Balance Sheet

Emergency Trust Fund

As of 12/31/19

	<u>Current Year</u>
Assets	
Current Assets	
Investments	5,089,162.12
Total Current Assets	<u>5,089,162.12</u>
Total Assets	<u><u>5,089,162.12</u></u>
Fund Balance	
Current year net assets	
	48,278.03
Total Current year net assets	<u>48,278.03</u>
Prior years	
Total Prior years	5,040,884.09
Total Fund Balance	<u><u>5,089,162.12</u></u>

HTA Allocations
FY 2019 and FY 2020 (Projected)

HTA Allocations:

<p>Annual Budgets: -\$86.8M FY 2020 HTA Tourism Special Fund (\$79M TAT + \$7.8M carryover) -FY 2020 Convention Center Fund TBD</p>

-\$8M Emergency Funds	
\$5M Emergency Fund Reserve (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)	\$3.0M Mandated by Board (to be used in the event of a significant economic downturn upon Board approval)

	Tourism Special Fund Long-Term Obligations, Commitments and Allocations:		Convention Center Fund Long-Term Obligations, Commitments and Obligations:	
	6/30/2019	Projected 6/30/2020	6/30/2019	Projected 6/30/2020
Carryover of FY 2019 to FY 2020 Budget (Use in FY 20)	7,790,788	-	1,512,988	1,512,988
Carryover for FY 2021 Budget	3,424,735	3,424,735	20,117,074	21,317,074
Center for Hawaiian Music & Dance	5,198,568	5,198,568	750,000	750,000
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000		
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000		
Accrued Vacation Liability	383,849	383,849	80,000	80,000
Total Long-Term Obligations and Commitments	<u>25,527,940</u>	<u>17,737,152</u>	<u>22,460,062</u>	<u>23,660,062</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Fund
20 - FY 2020 Funds
From 12/1/2019 Through 12/31/2019

	Total Budget	Current Period Actual	Current Year Actual	Total Budget Variance
Revenue				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	39,499,999.98	(39,500,000.02)
Miscellaneous	0.00	87.00	7,571.29	7,571.29
Refunds	0.00	0.00	24,980.45	24,980.45
Total Revenue	<u>79,000,000.00</u>	<u>6,583,420.33</u>	<u>39,532,551.72</u>	<u>(39,467,448.28)</u>
Expense				
Perpetuating Hawaiian Culture	8,093,613.00	26,552.10	106,473.52	7,987,139.48
Natural Resources	4,046,950.00	0.00	0.00	4,046,950.00
Community	6,026,752.00	5,295.97	13,083.56	6,013,668.44
Branding	51,561,050.00	21,057.91	91,291.24	51,469,758.76
Sports	7,200,000.00	1,867,300.90	2,036,050.90	5,163,949.10
Safety and Security	2,150,000.00	65,730.30	179,357.16	1,970,642.84
Tourism Research	3,993,394.00	12,876.70	73,469.00	3,919,925.00
Administrative	1,861,700.00	5,875.85	19,741.03	1,841,958.97
Governance and Organization-Wide	1,842,329.00	4,876.17	31,386.62	1,810,942.38
Total Expense	<u>86,775,788.00</u>	<u>2,009,565.90</u>	<u>2,550,853.03</u>	<u>84,224,934.97</u>
Net Income	<u>(7,775,788.00)</u>	<u>4,573,854.43</u>	<u>36,981,698.69</u>	<u>44,757,486.69</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
20 - FY 2020 Funds
From 12/1/2019 Through 12/31/2019

	<u>Total Budget</u>	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	8,250,000.00	(8,250,000.00)
HCC Revenue	0.00	717,376.47	3,498,511.13	3,498,511.13
Total Revenue	<u>16,500,000.00</u>	<u>2,092,376.47</u>	<u>11,748,511.13</u>	<u>(4,751,488.87)</u>
Expense				
Branding	72,100.00	0.00	0.00	72,100.00
Administrative	250,511.00	0.00	0.00	250,511.00
HCC Operating Expense	12,824,694.00	0.00	0.00	12,824,694.00
HCC Repair and Maintenance	4,753,020.00	0.00	0.00	4,753,020.00
HCC Sales and Marketing / MFF	6,414,097.00	0.00	0.00	6,414,097.00
Governance and Organization-Wide	527,389.00	0.00	250.00	527,139.00
Total Expense	<u>24,841,811.00</u>	<u>0.00</u>	<u>250.00</u>	<u>24,841,561.00</u>
Net Income	<u>(8,341,811.00)</u>	<u>2,092,376.47</u>	<u>11,748,261.13</u>	<u>20,090,072.13</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Funds Prior Years
From 12/1/2019 Through 12/31/2019

	<u>Total Budget</u>	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>
Revenue				
Interest and Dividends	0.00	427,555.90	1,300,163.01	1,300,163.01
Total Revenue	<u>0.00</u>	<u>427,555.90</u>	<u>1,300,163.01</u>	<u>1,300,163.01</u>
Expense				
Perpetuating Hawaiian Culture	3,546,744.58	45,585.86	1,365,988.50	2,180,756.08
Natural Resources	1,196,578.00	0.00	200,400.00	996,178.00
Community	2,604,719.50	135,315.00	1,386,685.29	1,218,034.21
Branding	26,084,684.49	3,857,843.00	14,076,281.59	12,008,402.90
Sports	2,790,463.45	156,000.00	1,160,150.00	1,630,313.45
Safety and Security	1,341,713.01	105,958.98	788,327.90	553,385.11
Tourism Research	3,804,989.32	106,968.70	1,258,585.94	2,546,403.38
Administrative	1,058,266.82	59,784.74	472,850.24	585,416.58
Governance and Organization-Wide	35,144.49	0.00	4,252.45	30,892.04
Total Expense	<u>42,463,303.66</u>	<u>4,467,456.28</u>	<u>20,713,521.91</u>	<u>21,749,781.75</u>
Net Income	<u>(42,463,303.66)</u>	<u>(4,039,900.38)</u>	<u>(19,413,358.90)</u>	<u>23,049,944.76</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Special Enterprise Fund Prior Years
From 12/1/2019 Through 12/31/2019

	<u>Total Budget</u>	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>
Revenue				
Interest and Dividends	0.00	176,794.80	452,491.51	452,491.51
Total Revenue	<u>0.00</u>	<u>176,794.80</u>	<u>452,491.51</u>	<u>452,491.51</u>
Expense				
HCC Operating Expense	954,383.40	0.00	0.00	954,383.40
HCC Sales and Marketing / MFF	75,918.83	0.00	0.00	75,918.83
Governance and Organization-Wide	79,300.00	0.00	66,732.97	12,567.03
Total Expense	<u>1,109,602.23</u>	<u>0.00</u>	<u>66,732.97</u>	<u>1,042,869.26</u>
Net Income	<u>(1,109,602.23)</u>	<u>176,794.80</u>	<u>385,758.54</u>	<u>1,495,360.77</u>

**Hawaii Convention Center
Facility
Income Statement
From 12/1/2019 Through 12/31/2019
(In Whole Numbers)**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	172,401	201,589	(29,189)	281,615	2,692,054	2,994,300	(302,246)	2,689,423
Service Revenue	360,758	34,500	326,258	68,948	1,420,608	776,800	643,808	819,497
Total Direct Event Income	533,159	236,089	297,070	350,563	4,112,663	3,771,100	341,563	3,508,920
Direct Service Expenses	202,642	112,917	(89,725)	129,630	2,128,704	1,952,004	(176,700)	1,787,798
Net Direct Event Income	330,517	123,172	207,345	220,933	1,983,958	1,819,096	164,862	1,721,122
Ancillary Income								
Food and Beverage (Net)	512,427	309,178	203,249	192,174	6,153,777	6,700,100	(546,323)	4,805,770
Event Parking (Net)	41,351	43,800	(2,449)	47,159	841,876	782,100	59,776	758,199
Electrical Services	2,573	5,600	(3,028)	3,926	135,825	159,400	(23,575)	195,243
Audio Visual	22,679	6,420	16,259	12,046	274,229	282,600	(8,371)	357,626
Internet Services	3,764	0	3,764	2,293	26,220	0	26,220	22,742
Rigging Services	2,069	3,500	(1,431)	3,368	61,849	85,400	(23,551)	77,983
First Aid Commissions	0	235	(235)	206	0	4,200	(4,200)	3,363
Total Ancillary Income	584,863	368,733	216,130	261,172	7,493,776	8,013,800	(520,024)	6,220,926
Total Event Income	915,380	491,905	423,475	482,105	9,477,735	9,832,896	(355,161)	7,942,048
Other Operating Income								
Non-Event Parking	2,508	4,875	(2,368)	2,913	52,576	58,500	(5,925)	56,763
Other Income	19,356	3,163	16,203	11,429	183,116	38,000	145,116	104,403
Total Other Operating Income	21,874	8,038	13,836	14,341	235,692	96,500	139,192	161,166
Total Gross Income	937,253	499,943	437,310	496,447	9,713,426	9,929,396	(215,970)	8,103,214
Net Salaries & Benefits								
Salaries & Wages	487,449	552,824	65,375	476,551	4,881,791	5,297,300	415,509	4,509,295
Payroll Taxes & Benefits	121,130	163,621	42,491	141,296	1,310,945	1,262,400	(48,545)	1,206,224
Labor Allocations to Events	(65,778)	(26,805)	38,973	(41,292)	(677,910)	(461,401)	216,509	(501,122)
Total Net Salaries & Benefits	542,802	689,640	146,838	576,555	5,514,826	6,098,299	583,473	5,214,397
Other Indirect Expenses								
Net Contracted Services	16,386	50,144	33,758	31,786	290,693	401,996	111,303	315,234
Operations	12,126	39,349	27,223	4,760	144,437	208,800	64,363	157,769
Repair & Maintenance	53,081	74,924	21,843	126,602	695,786	899,000	203,214	651,788
Operational Supplies	34,629	61,123	26,494	24,510	569,908	705,200	135,292	537,106
Insurance	16,332	10,126	(6,206)	52,202	155,741	157,900	2,159	169,614
Utilities	245,035	212,385	(32,650)	213,187	2,491,862	2,368,799	(123,063)	2,379,218
Meetings & Conventions	2,689	10,532	7,843	3,159	34,789	34,900	111	22,215
Promotions & Communications	6,453	3,537	(2,916)	(16,458)	74,542	42,400	(32,142)	38,831
General & Administrative	18,800	50,715	31,915	62,894	277,623	359,500	81,877	271,716
Management Fees	143,000	169,400	26,400	133,920	264,000	290,400	26,400	252,720
Other	200	4,713	4,513	33,017	36,491	57,200	20,709	214,097
Total Other Indirect	548,731	686,948	138,217	669,580	5,035,872	5,526,095	490,223	5,010,307
Net Income (Loss) before CIP Funded Expenses	(154,280)	(876,645)	722,365	(749,688)	(837,272)	(1,694,998)	857,727	(2,121,490)
CIP Funded Expenses	0	0	0	0	2,766	0	2,766	76,411
Net Income (Loss) from Operations	(154,280)	(876,645)	722,365	(749,688)	(834,506)	(1,694,998)	860,492	(2,045,079)
Fixed Asset Purchases	0	25,000	25,000	15,545	47,068	300,000	252,932	124,122
Net Income (Loss) After Fixed Asset Purchases	(154,280)	(901,645)	747,365	(765,233)	(881,573)	(1,994,998)	1,113,425	(2,169,201)

Hawaii Convention Center
Facility
Income Statement
From 12/1/2019 Through 12/31/2019
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	950,238	476,355	473,883	373,426	11,058,969	10,406,100	652,869	8,817,347
Facility	638,208	306,782	331,426	441,990	5,807,887	5,266,200	541,687	5,174,270
Total Revenues	1,588,446	783,137	805,309	815,416	16,866,856	15,672,300	1,194,556	13,991,617
Expenses								
Food & Beverage	589,055	351,091	(237,964)	280,092	6,750,073	5,910,300	(839,773)	5,825,393
Facility	1,153,671	1,308,691	155,020	1,285,013	10,954,055	11,456,998	502,943	10,287,715
Total Expenses	1,742,725	1,659,782	(82,943)	1,565,105	17,704,128	17,367,298	(336,830)	16,113,108
Net Income (Loss) before CIP Funded Expenses	(154,280)	(876,645)	722,365	(749,688)	(837,272)	(1,694,998)	857,726	(2,121,491)
CIP Funded Expenses	0	0	0	0	2,766	0	2,766	76,411
Net Income (Loss) from Operations	(154,280)	(876,645)	722,365	(749,688)	(834,506)	(1,694,998)	860,492	(2,045,080)
Fixed Asset Purchases	0	25,000	25,000	15,545	47,068	300,000	252,932	124,122
Net Income (Loss) after Fixed Asset Purchases	(154,280)	(901,645)	747,365	(765,233)	(881,574)	(1,994,998)	1,113,425	(2,169,202)

Hawaii Convention Center
Sales and Marketing
Income Statement
From 12/1/2019 Through 12/31/2019
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Other Operating Income								
Other Income	75	0	75	15	1,303	0	1,303	211
Total Other Operating Income	75	0	75	15	1,303	0	1,303	211
Total Gross Income	75	0	75	15	1,303	0	1,303	211
Net Salaries & Benefits								
Salaries & Wages	176,992	326,200	149,208	243,671	1,475,682	1,851,900	376,218	1,432,098
Payroll Taxes & Benefits	46,393	74,000	27,607	26,039	329,318	372,100	42,782	270,762
Total Net Salaries & Benefits	223,385	400,200	176,815	269,710	1,805,000	2,224,000	419,000	1,702,860
Other Indirect Expenses								
Net Contracted Services	35,456	53,926	18,470	8,541	224,859	250,200	25,341	99,354
Repair & Maintenance	6,523	10,100	3,577	17,138	73,559	101,700	28,141	96,495
Utilities	512	1,000	488	542	7,048	12,000	4,952	6,345
Meetings & Conventions								
Mileage	0	200	200	249	800	2,400	1,600	1,151
Meals & Entertainment	456	1,000	544	963	7,112	12,000	4,888	12,714
Meetings & Conventions	6,725	21,950	15,225	14,225	556,643	1,028,100	471,457	1,061,439
Dues & Subscriptions	395	5,220	4,825	4,458	13,949	31,900	17,951	39,687
Total Meetings & Conventions	7,576	28,370	20,794	19,895	578,504	1,074,400	495,896	1,114,991
Promotions & Communications								
Site Visit	16,052	3,750	(12,302)	4,893	45,964	68,500	22,536	78,216
Photography	0	2,000	2,000	0	28,411	20,000	(8,411)	51,504
Advertising	14,592	29,000	14,408	5,275	306,890	348,000	41,110	306,924
Web Development & Maint	2,496	9,698	7,202	6,427	91,905	58,500	(33,405)	42,009
Market Research	0	0	0	0	19,652	19,200	(452)	19,200
Promotional	479,034	11,400	(467,634)	35,024	628,032	261,100	(366,932)	320,423
Attendance Promotion	(7,688)	5,000	12,688	(2,403)	54,444	72,500	18,056	52,874
Global Outreach	0	0	0	0	0	10,000	10,000	0
Total Promotions & Comm	504,486	60,848	(443,638)	49,216	1,175,298	857,800	(317,498)	871,150
Marketing Flexibility Fund	75,010	310,500	235,490	148,010	1,166,934	1,175,000	8,066	2,015,277
General & Administrative	6,632	10,575	3,943	7,963	63,235	59,300	(3,935)	68,191
Management Fees	50,600	116,600	66,000	82,080	106,800	237,600	130,800	200,880
Other	4,188	9,837	5,649	4,188	50,629	103,000	52,371	42,932
Total Other Indirect Expenses	690,983	601,756	(89,227)	337,573	3,446,866	3,871,000	424,134	4,515,615
Net Income (Loss) from Operations	(914,293)	(1,001,956)	87,663	(607,268)	(5,250,563)	(6,095,000)	844,437	(6,218,264)
Fixed Asset Purchases	0	0	0	0	0	0	0	0
Net Income (Loss) After Fixed Asset Purchases	(914,293)	(1,001,956)	87,663	(607,268)	(5,250,563)	(6,095,000)	844,437	(6,218,264)

Agenda Item

11

Update on the Status of the 2018
Audit Action Plan



Hawai'i Convention Center
 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiitourismauthority.org

David Y. Ige
 Governor

Chris Tatum
 President and Chief Executive Officer

Audit Action Plan Update

As of

August 31, 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. Procedures have been reviewed, updated, and approved.	100%	Complete
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%	Complete
3	Update internal policies and procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.	Policies updated and approved by board on 2/28/19. Procedures have been reviewed, updated, and approved. Assigned/responsible staff are outlined in each procedure.	100%	Complete
4	Enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best	a) Procedure 400-01.01 (Procurement Planning Worksheet Procedure) has been	100%	Complete

	<p>interests of the State and foster appropriate use of public funds, including:</p> <ul style="list-style-type: none"> a) Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost. b) Requiring proposals for each contract, contract amendment, and extension. c) Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution. d) Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives. e) Requiring contractors to provide regular progress reports. f) Evaluating contractor performance against performance criteria. g) Requiring written evaluation of contractor performance before amending, modifying, or extending any contract. 	<p>updated to include language that addresses this recommendation in the audit.</p> <ul style="list-style-type: none"> b) This item is complete. We require proposals for all contracts, contract amendments, and extensions. c) This item is complete. We require contractors to provide proof of a valid CVC prior to contract execution. 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. e) This item is complete. We require our contractors to provide us with regular progress reports. f) This item is complete. We are now evaluating contractor performance against performance criteria included in the contract. g) This item is complete. We require written evaluations of contractor performance prior to amending, modifying, or extending contracts. 		
5	<p>Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State's ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.</p>	<p>Recommendation implemented. Procurement implemented process to require waivers to be thoroughly documented, reviewed, and approved prior to execution.</p>	100%	Complete
6	<p>Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.</p>	<p>The CAO has developed a procedure to address the recommendation to regularly review and evaluate HTA management and staff in the performance of their respective</p>	100%	September 2019

		procurement and contract-related duties and responsibilities. Procedure 500-05.01 – Specialized Functions Awareness Evaluations Procedure is complete and in effect.		
7	Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, 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. We have required all staff with procurement and contract-related responsibilities to utilize the State Procurement Office’s new online/on-demand web-based training portal: https://spo.hawaii.gov/for-state-county-personnel/training/new-spo-training-portal/	100%	Complete
8	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
9	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
10	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
11	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
12	Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation	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%	Complete
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. Update: Final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. Subcontractor pre-approval, above a specified dollar amount, 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	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete

	interest, consider requiring the goods or services to be re-procured.			
18	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
19	Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically, about action required to remedy AEG’s failure to competitively procurement the concession services as required by law.	Consultation with Attorney General’s office regarding has been completed.	100%	Complete
20	Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c) (1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.	HTA received a guidance memo from the Attorney General’s office. HTA has had discussions with legislators as recommended. HTA has transmitted a letter to the State Attorney General requesting guidance on administrative expenses. This letter was transmitted on December 13, 2019.	75%	TBD
21	Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.	Guidance letter received from Attorney General’s office. HTA has transmitted a letter to the State Attorney General requesting guidance on administrative expenses. This letter was transmitted on December 13, 2019.	75%	TBD

Agenda Item

13

Presentation and Approval of the
Updated Emergency Operations Plan
Policy #500-01

Emergency Operations Plan Policy



Policy Purpose

The purpose of this policy is to establish standards for ensuring that appropriately detailed Emergency Operations Plan (EOP) is developed and updated periodically for the Authority's critical business functions.

Policy Provisions

- 1) An Emergency Operation Plan is fundamental to ensure against organizational risks to the Authority in the event of a catastrophe or crisis.
- 2) The Authority is to develop, exercise, test and maintain an EOP which shall serve as the guiding document during and following an activation. The development of the EOP should take into consideration best practices and input from the State of Hawai'i Emergency Management Agency (HI-EMA).
- 3) The Chief Administrative Officer is responsible for updating and maintaining the Authority's EOP on an annual basis and more frequently if warranted.
- 4) In the event of a business interruption, the President & CEO or subsequent authorized individual based on the bylaws of the Hawai'i Tourism Authority may take any action to supersede any Authority policy or procedure and immediately direct any action to appropriately manage the Authority's business operations in response to the ramifications or potential adverse consequences arising from the cause of the business interruption; provided that such actions shall be consistent with all applicable law or regulation.
- 5) In the event of a business interruption arising from a natural disaster, the Authority shall implement the policies and procedures provided in the Authority's EOP.
- 6) In the event of a business interruption, the authority to manage the staff and respond to accidents, disasters, emergencies or any other similar threats without any stoppage or hindrance to the staff's key operations shall be delegated to the following management officers in order of priority and/or succession:
 - a. President & CEO, and then,
 - b. Chief Administrative Officer, and then,
 - c. Vice President of Marketing and Product Development, and then,
 - d. Vice President of Finance
- 7) The Authority may rely and refer to any EOP adopted and/or being implemented by the Executive administration of the State of Hawai'i.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
President & CEO

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Agenda Item

14

Presentation, Discussion and
Approval of the Hawaii Tourism
Authority 5-Year Strategic Plan
2020-2025

Hawai'i Tourism Authority Strategic Plan 2020-2025

**[Logo at bottom?]

NOTE: Anything in red font is either a note or question to HTA, or tentative number/wording subject to review and change before finalization

DRAFT

[Inside Front Cover – Presume Melinda will do final]

TABLE OF CONTENTS

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FOREWORD

Since our creation in 1998, the Hawai'i Tourism Authority has been guided by strategic plans that reflected their times. With HTA now in our third decade, this plan responds to new levels of tourism shaped by new technologies with new opportunities and new challenges.

What remains unchanged is HTA's mission: "To strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs." This plan represents our recommitment to that mission and, significantly, shifts more emphasis to address tourism's impacts. This shift recognizes the need for tourism to provide both a quality visitor experience and enhanced quality of life for Hawai'i residents, which, taken together, are the necessary ingredients for long-term success.

The mission is our *kuleana*, but it is not ours alone. This plan incorporates dialogue and input from the many stakeholders who are responsible for or affected by tourism in Hawai'i. Working together with the many government agencies, organizations, and individuals who are passionate about these islands, we are confident that tourism can continue to provide benefits far into the future.

DRAFT

STRATEGIC PLAN OVERVIEW

HTA's Evolving Set of Purposes

Act 156, SLH 1998 created the Hawai'i Tourism Authority. The law specifies a number of purposes and mandates, including:

- Strategic planning. This is a plan for HTA's own actions through 2025 – reflecting our legal powers, constraints, budget, and planning framework. Tourism will also be affected by many other private and public organizations that we cannot directly control, but the plan suggests ways we can coordinate and partner with these stakeholders.
- Hawaiian culture. The law requires us to perpetuate the uniqueness of the Native Hawaiian culture and community in the visitor industry experience.
- Marketing and brand management. This has traditionally been HTA's primary focus and will continue to be an area of emphasis.

The law also encourages HTA to develop programs that attract visitors, improve life for residents and heed both resident and visitor concerns over unintended tourism impacts.

As visitor numbers have grown more rapidly than visitor spending and as resident support for tourism has weakened in recent years, we have increased our focus on what is now commonly called **destination management**. This is the first strategic plan developed while HTA is rebalancing our attention from mainly marketing to greater emphasis on destination management.

Much of our new emphasis involves more time and funding to support Hawaiian culture, community and multicultural programs, and natural resources – as well as efforts to educate visitors about safety and responsible travel.

HTA is also legally empowered “to monitor, investigate, and respond to complaints about [tourism-related] problems ...”¹ We have historically responded to concerns about community impacts on an informal basis. Going forward this plan calls for a more systematic approach when invited by legislators and supported by affected communities.

Strategic Directions and Accountability

HTA has been reorganized around four interacting “Pillars” supported by research and other administrative functions. This plan establishes a general goal for each Pillar.

Natural Resources: *Respect for our natural and cultural resources.* Dedicate resources to programs that enhance and support Hawai'i's natural resources and cultural sites to improve the quality of life for all of Hawai'i's residents and to enhance the visitor experience.

Hawaiian Culture: *Support Native Hawaiian culture/community.* *Ho'oulu* (grow) the uniqueness and integrity of the Native Hawaiian culture and community, and their significance in differentiating the destination, through genuine experiences for both visitors and residents.

Community: *Ensure tourism and communities enrich each other.* Work to make sure residents and local communities benefit from tourism by supporting programs valued by the community and aligned with the destination's brand and image; informing both residents and visitors of these programs and events; strengthening relations between residents and visitors; and forming partnerships to build a resilient tourism workforce and community.

Brand Marketing: *Strengthen tourism's contributions.* Take the lead in protecting and enhancing Hawai'i's globally competitive brand in a way that is coordinated, authentic, and market-appropriate; is focused on Hawai'i's unique cultures, diverse communities, and natural environment; and supports Hawai'i's economy.

Under the goal for each Pillar, this plan establishes several objectives and specific milestones or measures for tracking success.

¹ Hawai'i Revised Statutes (HRS) §201B-3(a)(23)

The Pillars are intended to support an integrated destination management system, with four overall Key Performance Indicators (KPIs), representing the most important ways HTA will be accountable to our stakeholders:

- Resident Satisfaction
- Visitor Satisfaction
- Average Daily Visitor Spending
- Total Visitor Spending

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Worldwide Perspective: “The good news is that tourism is growing, creating jobs and economic activity. The challenge is that this growth can put pressure on destinations.”

*(World Travel & Tourism Council, McKinsey & Company,
“Coping with Success: Managing Overcrowding in Tourism Destinations,” Dec. 2017)*

1.0 INTRODUCTION

Hawai'i tourism is at a point that requires a rebalancing of priorities. The continuous drive to increase visitor numbers has taken its toll on our natural environment and people, the very reason visitors travel to our islands. For this reason, **destination management** has become a major HTA focus and is at the heart of this 2020-2025 Strategic Plan update.

Our previous strategic plans have included attention to community benefits, Hawaiian culture, workforce training, and other destination concerns. What is different now is the greater emphasis and additional resources being directed to them.

At the same time, HTA is enabled by law² to “Have a permanent, strong focus on Hawai'i brand management”, primarily **marketing**. However, marketing can only do so much if we neglect the very resources that draw visitors to Hawai'i – our *āina*, our culture, our communities. By reinvesting in them, we strengthen the destination and better position ourselves to endure economic downturns.

1.1 Nature and Formation of This Strategic Plan

As noted in previous strategic plans, this update is envisioned to be the guiding document for HTA to carry out its legal mandate over the next five years.

The process for developing this plan began in June 2019 with stakeholder workshops on every island to discuss our new emphasis on destination management.

HTA staff then developed initial draft goals, objectives, and strategic choices for review and revision by the HTA Board's Strategic Plan Investigative Committee. This next version was reviewed by about 50 community, industry, and government stakeholders statewide. Their comments resulted in further review by staff and the Board's Committee, resulting in the final “Strategic Plan Contents” contained in Section 3.0 – the heart of the new plan.

HTA is investigating various tools to help measure progress on these issues, such as Aloha+ Challenge, annual Resident Sentiment surveys, and destination assessments .

1.2 Relationship of the Strategic Plan to the State Planning Act

The Hawai'i State Planning Act (HRS §226) of 1978 contains economic, social, and land-use objectives and policies, including broad policy guidelines to promote the economic health and quality of the visitor industry (HRS §226-103). The language in §226 relating to the “visitor industry” has been only lightly amended over the past 40 years.

Every State agency is charged with carrying out the policies in the State Planning Act. As such, the State Planning Act plays the role of a “State Plan,” and HTA understands and accepts our responsibility to ensure that our plans comply through implementation of our own strategic plan.

Figure 1 illustrates the alignment of the State Planning Act to HTA plans and reports.

² HRS 201B-3(15)



Figure 1: HTA Plans and Reports

HTA strategic plans present goals, guiding principles, strategic choices, objectives, evaluation measurement criteria, and programmatic actions as guides for allocating HTA resources and efforts.

Using the Tourism Strategic Plan as a foundation, HTA’s annual operating plan (included in the “Tourism Marketing Plan” in Figure 2), organizes HTA for success. Additional short-term specific actions may be added in each “Marketing Plan.”

HTA accounts for our activities via our *Annual Report to the Hawai’i State Legislature*. The report reviews HTA expenditures and programs for the calendar year, including evaluations based on success measures in both the HTA Tourism Strategic Plan and the Tourism Marketing Plan.

Relationship to the State’s Achievement of the United Nations Sustainable Development Goals.

HTA supports the United Nations 17 Sustainable Development Goals (SDGs), and the UN 2030 Agenda for Sustainable Development. HTA will promote visitor industry alignment with the Aloha+ Challenge, Hawai’i’s recognized framework to achieve the UN SDGs, especially for energy, local food production and consumption, and water:

- ALOHA+ CLEAN ENERGY TRANSFORMATION: Business sector energy efficiency
- ALOHA+ LOCAL FOOD PRODUCTION AND CONSUMPTION: Local food production and consumption
- ALOHA+ NATURAL RESOURCE MANAGEMENT: Watershed forest area and native species

HTA Mission

To strategically manage Hawai'i Tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs.

HTA Vision

By 2025, tourism in Hawai'i will:

- *Ho'oulu* (Grow) the uniqueness and integrity of the Native Hawaiian culture and community;
- Provide a unique, memorable and enriching visitor experience;
- Generate clear community benefits and responsibly manage tourism-related impacts and issues;
- Support a vital and sustainable economy.

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2.0 HAWAII TOURISM SITUATION ANALYSIS

The situation facing HTA, the visitor industry, and Hawai'i's communities has changed significantly since the 2016 HTA Strategic Plan was adopted.

Overall Trends. Visitor arrivals have set records each year since the 2016 plan, and the state is poised to reach the 10-million-annual-visitors milestone in 2019. While arrivals have been the traditional measure for tourism success, the “successful” increase in visitor numbers has created pressure on residential areas and visitor sites, threatening Hawai'i's quality of life and the visitor experience.

Tourism Forecasts. The United Nations World Tourism Organization (UNWTO) reported that 2018 global tourism arrivals totaled 1.4 billion (+5.4% over 2017), with receipts reaching \$1.45 trillion (+4.4%). UNWTO forecasts global tourism arrivals to continue to increase at about 3% annually.

The State Department of Business, Economic Development, and Tourism (DBEDT) forecasts that Hawai'i's visitor census (the number of visitors in the state on an average day) will increase to about 253,500 by 2025 and then continue growing by about 1% annually. For the first time, DBEDT also forecasts real daily spending to continue to decline in the future.

Hawai'i's Strong Brand. The Hawai'i brand remains strong and competitive, and it has been a source for growth since the last HTA strategic plan.

A strong commitment from Hawai'i's airline partners has resulted in a consistent increase in air seats to the state over the last nine years.

Hotels in Hawai'i enjoy some of the strongest performance results in the U.S. Hotel occupancy, revenue per available room, and average daily rates have all been strong, at least partially offsetting high operating costs in Hawai'i.

Along with the strength of Hawai'i's brand, high visitor satisfaction has also been a key reason for tourism growth. Roughly 90% of visitors from the U.S. and Canada rate their Hawai'i vacation experience “excellent” overall. About three-quarters of visitors from Japan rate their experience excellent. In surveys measuring perceptions of prospective visitors to Hawai'i, our islands have a very favorable image overall. Hawai'i also rates highly for important considerations such as safety, authenticity, and uniqueness.

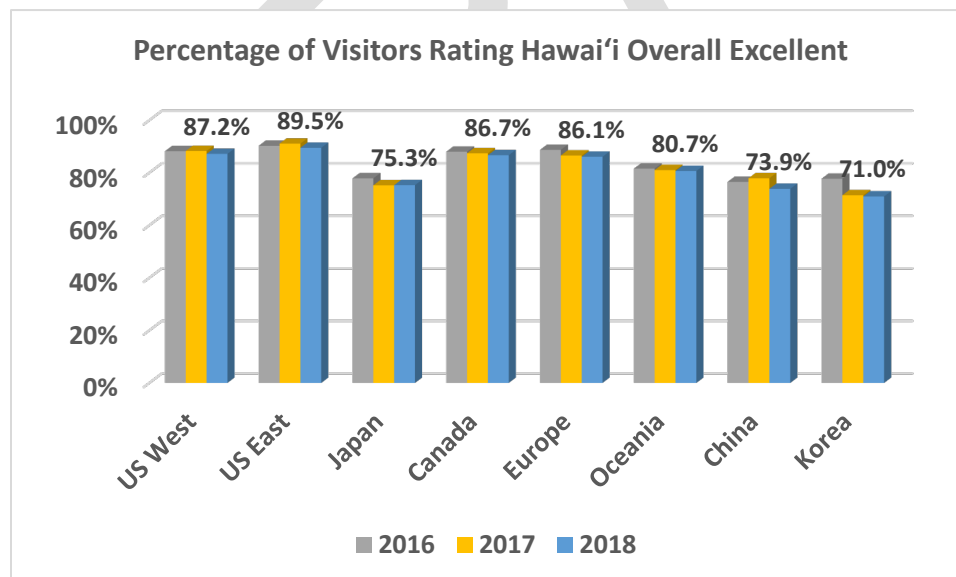


Figure 2: Visitor Satisfaction Scores by Major Markets

However, visitors find Hawai'i's value for the money to be a weak point, suggesting the need to continue to focus on creating and communicating high-quality experiences that justify Hawai'i's generally higher prices.

Economic Contributions. While Hawai'i's strong brand has been driving record numbers of visitors, tourism's percentage of Hawaii's GDP has declined. Tourism now accounts for about 17% of the state's gross domestic product (GDP) compared to about 25% two decades ago.

In eight of the last nine years, the average number of visitors in the state (the visitor census) has grown significantly faster than the rate of visitor daily spending. Inflation-adjusted visitor spending (per-person per-day) and total spending have both generally declined since mid-year 2018.

Changes in Visitor Behavior. Social media, global positioning technology, apps, peer review sites, and other advancements in technology provide visitors with much more control over their Hawai'i experience than ever before. Places that were once unknown to visitors are now often a challenge to manage. Many of these sites are culturally sensitive, on private land, or pose dangers to visitors.

Booking websites enable visitors to seek out lower-cost accommodations, including vacation rentals, many of which have been operating illegally. In 2018, about 1.3 million visitors stayed in bed and breakfasts, vacation rentals, or in shared accommodations.

Two-thirds of all visitors to the state are now repeat visitors. For the U.S. West, Hawai'i's most developed market, repeat visitors are 81% of arrivals. Repeat visitors often have different spending patterns than first timers. For example, they are less likely to stay in full-service hotels or visit commercial attractions.

Some higher-spending visitor segments (bridal/honeymoon, golf, meetings, and others) have declined as a percentage of total arrivals or stagnated since the last strategic plan.

Resident Support for Tourism. In 2018, there were nearly 243,000 visitors in the state on an average day, or about 14% of the total number of people present. In visitor-heavy Maui and Kaua'i counties, almost 30% of the people on island were visitors on an average day. Using new technologies, large numbers of these visitors are now going to sites that do not have the capacity to handle large crowds. The result has affected the experience of both visitors and residents, as traffic congestion and crowds change the character of popular sites and neighborhoods.

The increasing pressure caused by growth coincides with reduced resident support for tourism. HTA's resident sentiment surveys show the percentage of residents who feel that "tourism provides more benefits than problems" has declined from about 80% in 2010 to about 59% in 2018.

Statistical analysis of data in HTA's resident surveys indicates that having a voice in tourism development, presenting Native Hawaiian culture authentically, and preserving Native Hawaiian culture are the keys to improving resident sentiment. Support for tourism is weakest on the Neighbor Islands, especially Maui and Kaua'i counties, where tourism is increasingly blamed for traffic congestion.

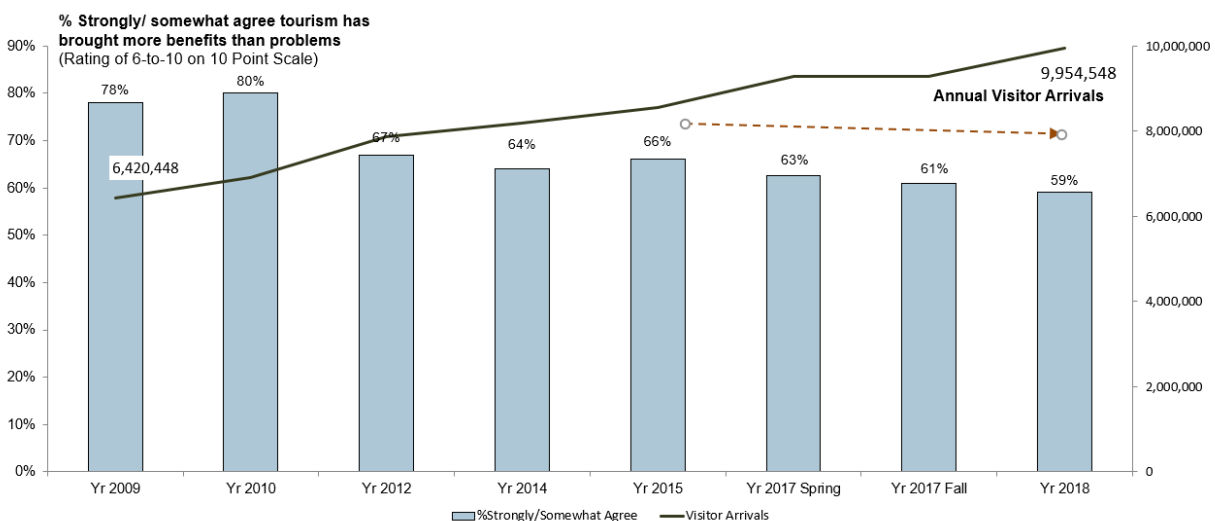


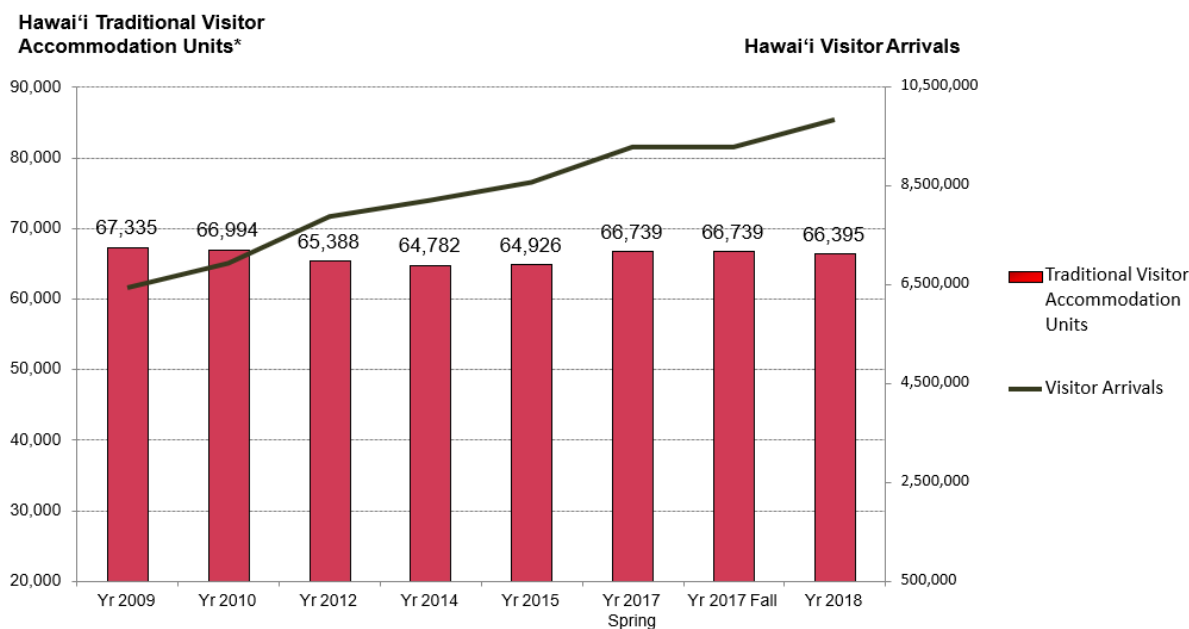
Figure 3: Resident Sentiment: "Tourism has brought more benefits than problems"

Tourism Impacts and Destination Management. Community concerns about tourism have appeared in numerous local articles about “overtourism,” highlighting overcrowding, traffic congestion, deteriorating conditions at parks and trails, and visitor encroachment in Hawai‘i neighborhoods.

Hawai‘i is not alone in dealing with the impacts of tourism growth. Tourism management plans have been developed in many destinations around the world to respond to growing concerns about tourism impacts. Tourism centers like Amsterdam, Barcelona, Rome, and Venice – as well as U.S. destinations such as Breckenridge in Colorado and the Columbia River Gorge in Oregon – have taken steps to control the effects of high-volume tourism.

Emerging Technologies. While technology has contributed to many of the negative issues related to visitor spending and visitor crowding, emerging technologies may also provide new tools for tourism management. Virtual and augmented reality, “big data,” advances in data analytics, 5G (the next generation of wireless), and other new technologies potentially enable destinations to more precisely target higher-spending visitors. They can also contribute to the management of visitor flows and safety.

Accommodations. The growth in arrivals over the past 10 years has primarily been driven by visitors staying in vacation rentals and other non-traditional accommodations, many of which were operating illegally, without a permit. While visitor arrivals have grown 53% since 2009, the number of accommodations traditionally located in resort areas (hotels, timeshare units, and condo hotels) declined by slightly less than 1%.



Source: Hawai‘i Tourism Authority

*Note: Traditional units include hotel, condo hotel and timeshare units

Figure 4: Growth in Visitor Arrivals Compared to Growth in Traditional Accommodations

Hawai‘i’s counties have begun to implement stricter controls on illegal short-term vacation rentals following years of unregulated activity. Enforcement of limits will take many accommodation units off the market. While these changes respond to resident concerns about the encroachment of tourism into residential neighborhoods, stricter regulation may also affect the total number of visitors and the number of air seats to the state.

Hoteliers have invested in programs to expand, refresh, and diversify many hotel properties. Office buildings have been “repurposed” as hotels; older properties have been refurbished; and small properties have been upgraded as “boutique” hotels. While much of Hawai‘i’s hotel infrastructure is aging, these new initiatives are helping to keep Hawai‘i competitive with other destinations.

Improvements in Meetings Management. A recent change in the law allows marketing for both large meetings (those using multiple hotels or the convention center) and also smaller hotel-based meetings to be managed by the same contractor. HTA has conducted a search for a single organization to handle all of these aspects of marketing for meetings. The reorganized marketing effort will be better aligned with customer needs and is expected to improve the development of the higher-spending meetings market.

Initial Tourism Management Initiatives. Recognizing the increasing impact of high-volume tourism on attractions, sites, and residential neighborhoods, HTA has begun rebalancing our budgets to provide additional support for Hawaiian culture, community activities and visitor safety. HTA’s fiscal 2020 budget increased spending for Hawaiian culture, natural resources, and community programs by \$7.5 million compared to the previous year’s budget.

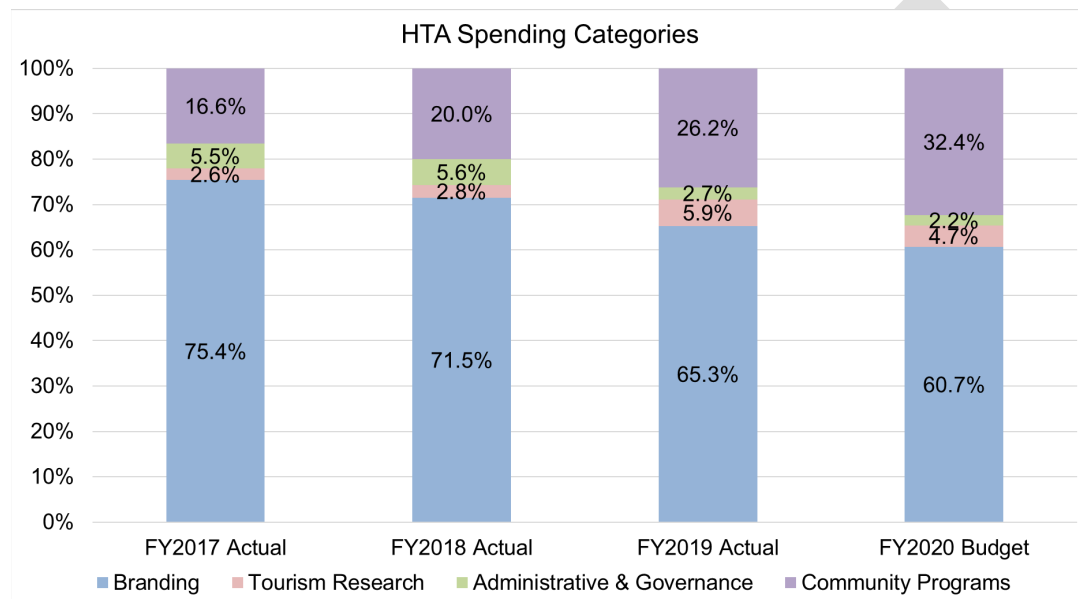


Figure 5: HTA Spending Categories

In order to respond to issues at specific sites that are managed by other agencies, HTA is collaborating with and providing funding for other agencies’ efforts to respond to tourism concerns at sites identified by elected officials and supported by the community.

Potential Threats. Tourism is often described as a fragile industry easily affected by weather or other events and crises, economic downturns, terrorism, and adverse publicity, beach erosion, or other unforeseen events. The Kīlauea volcano eruption on Hawai’i Island and the record rains on Kaua’i in 2018 are two recent examples of events that have impacted tourism.

International markets are especially sensitive to changes in currency values and political uncertainties. The most recent year-to-date arrivals from Oceania and what HTA calls “Other Asia” (China, Korea, Taiwan, Singapore, and Hong Kong) are down by more than 10%.

In preparation for future disasters, HTA has increased the resources we devote to safety and security, and we have established a close working relationship with the Hawai’i Emergency Management Agency (HI-EMA) to improve our ability to respond to potential future natural disasters and improve visitor safety.

Along with catastrophic threats like hurricanes and tsunamis, the Hawaiian Islands are vulnerable to global challenges like climate change and sea-level rise. HTA’s relationship with HI-EMA and other state planning agencies provides an important link to ensure tourism considerations are included in response plans.

The U.S. economy has experienced a record expansion since the 2008 economic crisis. The expansion will inevitably end, and a recession is always a possibility, though forecasting economic downturns is not a science. While currently there is no real downturn, visitor expenditures have been softening from mid-2018 through September 2019.

With the potential disruptions that can be caused by unforeseen events, HTA programs and contracts are designed to allow shifts in budgets and programs to respond to changing circumstances.

Amount, Source, and Uses of Funds for HTA. HTA operates with a fixed budget set by the State Legislature with funds from the Transient Accommodations Tax (TAT). The amount of TAT revenues provided to HTA’s Tourism Special Fund was capped in Fiscal Year (FY) 2014, and the cap was set at \$79 million in FY 2019.

A budget of \$79 million is a sizeable amount, but for perspective, it represented less than 0.5% of the total Hawai‘i State executive budget (\$17.3 billion) for FY 2019.

Tourism’s Economic Benefits. Tourism supports a large portion of the state’s economy. The impacts can be described in many ways. However, the most common ways to describe tourism’s contribution are overall visitor spending and jobs. In 2018, visitor spending totaled \$17.6 billion, and the industry supported about 213,000 jobs.

In addition to the direct benefits of visitor spending, there are also indirect benefits, as employment and services not directly tied to tourism are also supported by the “ripple effects” of visitor spending.

The State government directly benefits from taxes collected from visitors – a total of \$1.33 billion in FY 2018 from all tax sources (the largest of which were general excise taxes and the TAT). The TAT was implemented in 1987 as a 5% tax collected from hotels and other accommodations. Since then, the tax has been increased periodically. The rate is now 10.25% (effective January 1, 2018) and generates over half a billion tax dollars (\$600.4 million in FY 2019).

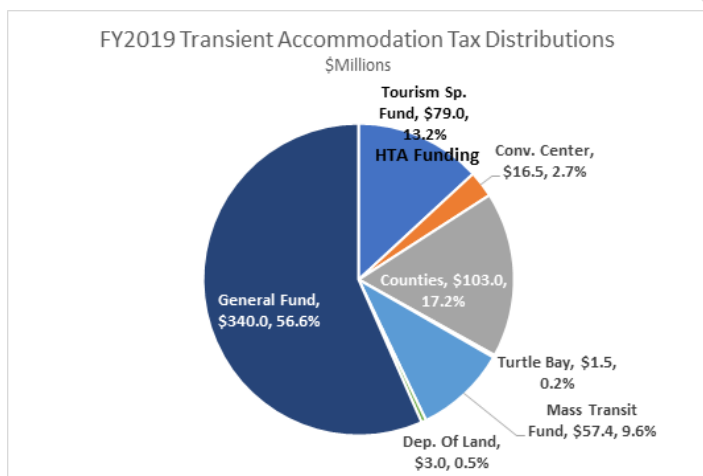


Figure 6: TAT Amounts Allocated to HTA and Other Purposes

Besides this Special Fund, other TAT revenues have been designated for additional purposes, including the Hawai‘i Convention Center, assistance to the Department of Land and Natural Resources, and a Turtle Bay special fund to support a land management initiative on O‘ahu’s North Shore. In FY 2019, the counties were allocated \$103 million of which City & County of Honolulu received \$45.4 million (or 44.1% of the counties’ allocation), County of Maui received \$23.4 million (22.8%), County of Hawai‘i received \$19.2 million (18.6%), and County of Kaua‘i received \$14.9 million (14.5%). The most recent change to the TAT was a 1% increase in 2018 to help fund the Honolulu Area Rapid Transit project (4% of receipts or \$23.6 million).

In addition to the direct tax visitors pay on accommodations, they also significantly contribute to the economy through other State taxes. In FY 2018, visitors generated \$716 million in general excise taxes, which go directly into the State’s general fund and support resident services ranging from education to highways. Resorts also support the counties’ tax bases, paying about \$135 million in property taxes.³

³ FY 2018 tax data courtesy of Dr. Seth Colby, Tax Research and Planning Officer, Hawai‘i State Dept. of Taxation

SITUATION ANALYSIS SUMMARY

<p style="text-align: center;">Strengths</p> <p>Hawai'i enjoys ...</p> <ul style="list-style-type: none"> • Strong brand awareness • An intangible but real spirit of <i>aloha</i> and a distinct and vibrant Hawaiian host culture • Natural advantages for tourism including climate, natural beauty and environment • Unique characteristics that set it apart from other destinations including its history and heritage • A variety of experiences across six islands • A wide variety of accommodations and activities • A multiethnic resident population • A distinctive regional cuisine • A perception of relative safety • Strong levels of visitor satisfaction • Strong hotel occupancy and financials • Strong relationships with tour operators and airlines • Diversity in its source markets 	<p style="text-align: center;">Opportunities</p> <p>Hawai'i can potentially take advantage of ...</p> <ul style="list-style-type: none"> • Increasing the percentage of higher-spending visitors in its visitor mix • Smoothing seasonality • Growing interest in “voluntourism” • Communications programs fostering responsible and respectful tourism • Emerging technologies to manage tourism patterns and impacts • Improved abilities to sell business travel resulting from the reorganization of the sales process • Development of new international or long-haul markets resulting from extended air routes • Visa waivers and initiatives to streamline the visa application process • Island chapter presence in each county providing an on-the-ground resource to connect with local communities and issues
<p style="text-align: center;">Weaknesses</p> <p>Hawai'i faces ...</p> <ul style="list-style-type: none"> • A relatively weak “value for the money” perception • Declining average daily visitor spending • Competition from destinations requiring shorter travel times and offering lower prices • Limited capacity for international flights to the Neighbor Islands • An aging visitor infrastructure • Overstressed and poorly maintained visitor sites and attractions; traffic congestion; airport inefficiencies • An increasing “visitor load” (average number of visitors as a percent of total population) causing stress, especially on Neighbor Islands • Eroding resident support for tourism • Limited financial resources • A perception that its strong leisure brand makes it an inappropriate business destination • Labor shortage 	<p style="text-align: center;">Threats</p> <p>Hawai'i can be affected by ...</p> <ul style="list-style-type: none"> • Natural disasters, hazards, crimes, and violence • Climate change • Beach erosion • Economic downturns • Lower visitor counts and total spending if recently enacted regulations on short-term vacation rentals significantly impact travel • Volatile international currencies, political events, and uncertainty • Increasing restrictions on visas • Adverse publicity generated by safety issues, unrest, or labor disputes • Health-related incidents and epidemics • Disruptions in air service • Reductions in air seats • Increased competition

2.1 Conclusions About HTA's Evolving Role in Marketing Hawai'i

Since our beginning, marketing has been a core part of HTA's mission. The role of marketing, though, has evolved as conditions have changed over time.

With roughly 10 million visitor arrivals, the focus of marketing is no longer set on driving volume.

With flat or declining per-person per-day visitor spending, strategic targeting to attract higher-spending visitors is more important than ever.

With visitors finding their way to residential, culturally sensitive, or unsafe sites, marketing has an expanded role in promoting safe and respectful traveling, and marketing programs now include initiatives to influence visitors after they arrive.

2.2 Conclusions About HTA's Emerging Role in Destination Management

In 1902, the Hawai'i Promotion Committee was formed with a \$15,000 budget and a mission aptly reflected in its name: To promote travel to Hawai'i and grow the number of visitors here. That focus remained constant through the years.

However, within the last few years, the need to expand that focus became clear as visitor pressure on popular sites and residential areas grew, and the number of tourist arrivals approached 10 million annually.

Community leaders and government representatives have identified tourism issues and specific sites where tourism has affected the quality of life for residents and the quality of experience for visitors. Media coverage provides regular accounts of resident frustrations. Clearly, Hawai'i has reached a point where the impacts of tourism need to be actively managed.

In this environment, HTA has defined our role as a convener, collaborator, and supporter, working with other agencies and organizations that have direct authority or jurisdiction to manage Hawai'i's tourism challenges.

To ensure that management efforts are closely connected to community needs, HTA now relies on elected officials and community leaders to identify and prioritize issues and take the lead in working collaboratively for solutions.

To ensure that resources are available to address management issues, HTA is supporting other agencies within our ability and resources.

To ensure good stewardship of limited resources, all HTA projects are being linked to goals in the four "Pillars" of this plan: Natural Resources, Hawaiian Culture, Community, and Brand Marketing.

To maintain Hawai'i's position as a premier, world-class destination that delights its visitors and supports its residents' lifestyle and values, HTA has expanded its role in supporting destination management.

3.0 STRATEGIC PLAN CONTENTS

As noted in the Introduction, this plan is for HTA as an agency – focusing primarily on what HTA can do on its own, and secondarily, what it hopes to do in partnership with other public and private organizations.

The “destination management” side of Hawai'i tourism has many needs that HTA alone cannot usually meet. These include improvements to infrastructure (airports, roads, trails, etc.), clean bathrooms at parks, resort property upgrades, additional ocean-safety and environmental enforcement personnel, and other projects.

Addressing all of these would benefit residents as well as visitors. However, many of these are the legal or practical responsibility of other agencies (e.g., the State Department of Land and Natural Resources, State Department of Transportation, county governments, and elected officials).

HTA's strategic plan focuses on:

- Marketing and brand management aimed at bringing more high-spending, low-impact visitors;
- HTA-initiated contributions to community, cultural, and natural resource assets benefitting residents and visitors alike; and
- Reaching out to partner organizations, elected officials, and community groups to see if, when, and how we can work together to achieve destination management outcomes.

Organization of HTA and of This Plan. As currently organized, HTA has four “Pillars:”

- Natural Resources;
- Hawaiian Culture;
- Community (including community enrichment, workforce development, sports, safety and security); and
- Brand Management and Marketing (abbreviated here as Brand Marketing).

This plan is primarily organized by “Pillar.” However, there is substantial overlap and exchange among the “Pillars,” and together – along with support services and impact mitigation – they reinforce overall HTA operations. (See *Figure 7.*)

3.1 Definitions and Explanations of Terms Used in This Plan

Elements of the Plan. As used in this plan, the various parts, or elements, are defined as follows:

Goal: A broad overall end result, expressed in general language. Goals may be ongoing and usually lack measures of success. They are typically followed by one or more Objectives, which are more definite and measurable.

Objective: A more specific aspect of achieving a Goal. Objectives are expressed in ways suited to determining whether or not (or to what extent) they have been reached through Measures or Milestones.

Measure of Success: A quantitative (numerical) way of expressing whether (or to what extent) an Objective has been reached. A “measure” involves some change in dollars, percentages, or other number in explicitly or implicitly desirable ways.

Milestone for Success: A qualitative way of determining progress toward an Objective (e.g. accomplishing a specific defined action). This is typically a new thing (e.g. starting a new program, or acquiring a capacity that is currently lacking, etc.) needed to reach the Objective. A “milestone” describes an intended action that either gets done as intended (success) or not (lack of success).

Guiding Principle: A value statement about how to accomplish Goals and/or Objectives. (In the following Section 3.2, these are expressed as “Responsibilities” or *Kuleana*.)

Strategic Choice: An important overall or “high-level” decision about how to work toward Goals and/or Objectives. Most of the Strategic Choices on the following pages reflect different approaches being implemented from 2020 onward. However, a few are longstanding HTA choices of which the public is not always aware.

Other Terms Used in This Plan

Responsible Tourism: *Ua Mau ke Ea o ka ‘Āina i ka Pono (The life of the land is perpetuated in righteousness)*

Responsible Tourism has been defined as “making better places for people to live in and better places for people to visit.”⁴ More specifically, Responsible Tourism is described as tourism that:

- “minimizes negative economic, environmental and social impacts;
- “generates greater economic benefits for local people and enhances the well-being of host communities, improves working conditions and access to the industry;
- “involves local people in decisions that affect their lives and life changes;
- “makes positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world’s diversity;
- “provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;
- “provides access for people with disabilities and the disadvantaged;
- “is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.”

Hawai‘i Brand: As defined in Hawai‘i Revised Statutes §201B-6(a), “... the programs that collectively differentiate the Hawai‘i experience from other destinations.” A brand is the sum total of the physical, intangible, and perceived aspects of a product or service that distinguish it from alternatives.

Globally Aligned or Globally Coordinated: Hawai‘i tourism is marketed in nine major market areas (MMAs) that together include selected target markets around the world. To effectively communicate the

⁴ Responsible Tourism was defined in Cape Town in 2002 during the World Summit on Sustainable Development. This definition, the Cape Town Declaration, is now widely accepted and was adopted by the World Travel Market in 2007 for World Responsible Tourism Day.

essence of Hawai'i's brand, the core message must be consistent and aligned across markets. Within this core message, marketing contractors can adjust the message to reflect local market styles and preferences.

Destination Management: As defined in this plan, this includes attracting and educating responsible visitors; advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors.

Envisioned Impact Planning Component. On a long-term basis, this means moving toward a more organized approach to minimizing negative tourism impacts – both in responding to existing concerns and planning in order to prevent future ones. It also involves thinking more broadly about developing the necessary framework to achieve this end (inclusive of budgetary, staffing, legal authority, and inter-agency coordination).

The inclusion of such an “Envisioned Planning Component” in the following Figure 7 represents a commitment by HTA to explore these issues. There may be other steps needed beyond those listed in Figure 7. However, the steps shown – such as possibly adding a staff position for planning and community facilitation – currently seem the most likely for further exploration.

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3.2 HTA's Guiding Principles and Strategic Choices

HTA's Responsibilities (Our *Kuleana*)

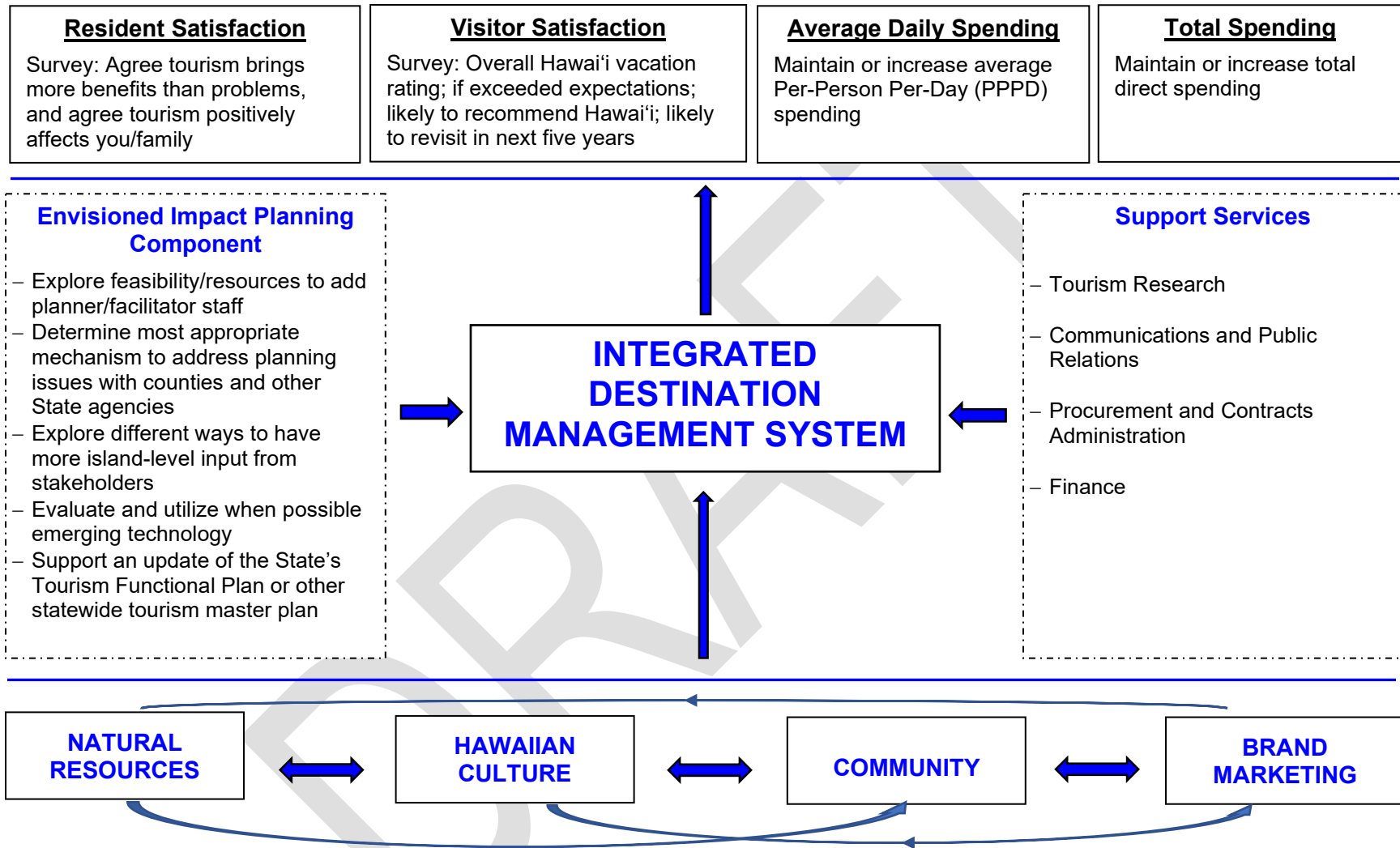
Above and beyond HTA's legal responsibilities, our *kuleana* is to:

- Actively address broad tourism issues by shifting more of HTA's resources into destination management, attracting and educating visitors, and working with other agencies to strengthen natural and cultural assets valued by both Hawai'i residents and visitors.
- Lead the visitor industry in supporting a strong Hawai'i economy. Even as we focus more on tourism management, it is also our *kuleana* to communicate tourism's economic benefits, such as providing jobs and tax revenues.
- Protect and market the Hawai'i "brand" while managing the destination. We understand this balance point will be a moving target over time.
- Place resident interests and benefits first. It is our responsibility to listen to tourism-related resident concerns, and to collaborate with industry, community, and government to work toward solutions.

Strategic Choices for the Next Five Years: Clarifying and Increasing Destination Management

HTA, like any organization, must make strategic choices about how to best use our limited resources. Hawai'i's economy depends on tourism, and we will continue to focus primarily on marketing the Hawai'i brand. However, as we put more emphasis on destination management, we will move forward with the following strategies:

- HTA is now spending proportionately more time and money on programs that strengthen what makes Hawai'i unique in the world and benefit the community. Our marketing efforts have more emphasis on educating visitors to travel responsibly and attracting visitors who create greater social and economic benefits.
- We are emphasizing growth in the social and economic benefits of tourism and reducing its impacts to our natural and cultural resources. We will focus on higher-spending visitors rather than growth in visitor numbers, and we will pay greater attention to impact management.
- We will continue to respond to specific tourism-related issues and contribute to solutions on a case-by-case basis – when invited by elected officials and supported by the community.
- We will explore ways to become more involved in destination planning and management at the county and state levels through collaboration with public and private sector partners. (See Figure 7 – “Envisioned Impact Planning Component”)
- We are focusing on destination management as an integrated system. This will include ongoing efforts to bring together county, state, federal, and private agencies to address specific tourism-related issues at overcrowded sites; offering timely responses to other community concerns; airport and harbor issues; visitor education; marketing to higher-spending, lower-impact visitors; and supporting organizations that strengthen social, cultural, and environmental activities for residents and visitors.
- HTA's integrated destination management system rests upon four “Pillars” of (1) Natural Resources; (2) Hawaiian Culture; (3) Community (including sports and safety); and (4) Brand Marketing. (See Figure 7.)



The Four Pillars of HTA's Investments in Assets Benefiting Both Residents and Visitors

Figure 7: HTA Destination Management Based on Four Pillars

3.3 Natural Resources Pillar

He ali'i ka 'āina, he kauwā ke kanaka.
The land is chief, and man is its servant.⁵

The reciprocal nature of our relationship to land is that we care for our natural resources and in return the land will care for us. In this symbiotic relationship, as people dedicate time and resources to the well-being of the land, the residents and visitors of this land will thrive.

Goal: *Respect for our natural and cultural resources*

Dedicate resources to programs that enhance and support Hawai'i's natural resources and cultural sites to improve the quality of life for all of Hawai'i's residents and to enhance the visitor experience.

Guiding Principles:

- Support, nurture, and amplify conservation and natural resource management by communities, nonprofits, and county, state, and federal agencies.
- Engage and encourage active education and management strategies of natural resources in areas frequented by visitors.

Strategic Choices:

- Over the next five years, we are increasing our attention to improving and enhancing visitor-impacted infrastructure and natural resources, such as forests, parks, trails, cultural sites, beaches, and reefs.
- As we invest in the uniqueness and biodiversity of our islands, we are supporting sustainable management, responsible tourism, and educational outreach in areas with high visitor traffic.
- Recognizing the impacts of climate change and sea level rise, we will coordinate and collaborate with relevant organizations to make the tourism industry more resilient.

Objectives and Associated Measures:

Objective 1: Encourage and support sustainable and responsible tourism.

- **Milestone(s)/Measure(s)** for Obj. 1:
 - (a) Increasing number of training sessions provided for visitor industry partners.
 - (b) Increasing number of management level trainings.

Objective 2: Engage and encourage active natural and cultural resource management strategies in areas frequented by visitors.

- **Milestone(s)/Measure(s)** for Obj. 2:
 - (a) Maintained or increased funding by HTA to other agencies for improving and managing tourism-impacted natural and cultural sites in proportion to overall budget.
 - (b) **Identification of high impact areas by mobile location data tracking.**

Objective 3: Promote visitor industry alignment with the Aloha+ Challenge, Hawai'i's recognized model to achieve the United Nations Sustainable Development Goals, especially for energy and water.

- **Milestone(s)/Measure(s)** for Obj. 3:
 - (a) Increased number of partners/organizations joining the Hawai'i Green Business (HGB) Program.
 - (b) **Initiation of efforts to track sustainable efforts of the visitor industry, possibly in these key areas:**
 - Increased number of kilowatt hours saved;
 - Reduced amount of water consumed;
 - Increased number of renewable energy installations;
 - Reduced amount of petroleum used;
 - Reduced amount of plastic waste.

⁵ 'Ōlelo No'eaue – Hawaiian Proverbs & Poetical Sayings by Mary Kawena Pukui, Number 531

Programmatic Actions:

- Provide funding through requests for proposals (RFPs) to organizations whose projects manage, protect, and improve Hawai'i's natural resources.
- Support efforts that encourage the visitor industry to purchase local products and locally grown food whenever appropriate to reduce dependence on imports and increase local economic activity.
- Contract to provide sustainable tourism certification and industry training modules to partners.
- Assist and recognize visitor industry businesses that operate in an environmentally and socially responsible manner, including local food purchasing and products, waste reduction, and reducing petroleum-based energy, and water usage.
- Conduct a collaborative environmental sustainability program with natural resource partners to mitigate visitor impacts and support responsible tourism initiatives.
- Collaborate with other government agencies, business/property owners and senior management to protect and enhance recognition of Hawai'i as a green destination and to meet or exceed the state's climate change and sustainability goals through the Aloha+ Challenge.

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3.4 Hawaiian Culture Pillar

‘O ke aloha ke kuleana o kāhi malihini.
Love is the host in strange lands. Every guest is treated as family.⁶

Ho‘okahi nō lā o ka malihini.
A guest for only a day.⁷

Feelings of affection, compassion, mercy, sympathy, kindness, grace, charity, and so much more are appropriate translations of *aloha*. Through *aloha*, visitors are no longer guests after a day. They are contributing members of the family having the same *kuleana* as we do to protect all that is Hawai‘i.

Goal: Support Native Hawaiian Culture/Community

Ho‘oulu (grow) the uniqueness and integrity of the Native Hawaiian culture and community, and their significance in differentiating the destination, through genuine experiences for both visitors and residents.

Guiding Principles:

- Strengthen the relationship between the visitor industry and the Hawaiian community.
- Strive to nurture the Hawaiian culture by creating visitor experiences, activities, and marketing programs that are respectful and accurate.
- Support Hawaiian programs and cultural practitioners, craftsmen, musicians, linguists, and other artists to help preserve and perpetuate Hawaiian culture.

Strategic Choices:

- We are giving increased emphasis to the Hawaiian language by preserving language resources past and present, and by encouraging appropriate use of the language.
- We are strengthening the interaction of the HTA with other Native Hawaiian-serving organizations in alignment with our goals and objectives.

Objectives and Associated Measures:

Objective 1: Support the everyday use of the Hawaiian language.

- **Milestone(s)/Measure(s)** for Obj. 1:
 - (a) Maintained or increased proportion of total budget for HTA cultural programs each year, specifically those focused on *‘ōlelo* preservation or education.
 - (b) Increased annual number of visits and unique visitors to the *Ma‘ema‘e* toolkit on the HTA website.

Objective 2: Ensure the accurate portrayal of Hawaiian culture by HTA’s marketing contractors.

- **Milestone(s)/Measure(s)** for Obj. 2:
 - (a) Establishment of criteria for cultural content of marketing materials.
 - (b) Assurance, through annual marketing contractor performance review of marketing and promotional materials and activities, that these materials and activities meet the standards of the cultural and language content criteria.

Objective 3: Encourage accurate portrayal of Hawaiian culture in visitor industry marketing and experiences for visitors.

- **Milestone(s)/Measure(s)** for Obj. 3:
 - (a) Sponsorship or co-sponsorship of a statewide conference bringing together industry decision makers, cultural practitioners active in the industry, and various Native Hawaiian cultural groups to review best practices in marketing and visitor experiences.
 - (b) Publication of recommendations from the conference, along with participants’ comments about the feasibility of carrying out the recommendations.

⁶ *‘Ōlelo No‘eau – Hawaiian Proverbs & Poetical Sayings* by Mary Kawena Pukui, Number 2453

⁷ *‘Ōlelo No‘eau – Hawaiian Proverbs & Poetical Sayings* by Mary Kawena Pukui, Number 1078

Objective 4: Increase understanding and respect for cultural practitioners, cultural sites, and cultural resources.

- Milestone(s)/Measure(s) for Obj. 4:
 - (a) Establishment of a system for measuring and reporting the number of lodging industry entities with on-site cultural practice programs and practitioners, results to be tracked/reported annually.
 - (b) Numerical results of a survey (at least once during the next five years) of HTA's cultural training program graduates to determine extent of their activities.
 - (c) Development of a partnership with recognized Hawaiian cultural organizations to identify sites that are being used appropriately or inappropriately for touristic purposes.

Objective 5: Provide the visitor industry with opportunities for Native Hawaiian cultural education and training for its workforce.

- Milestone(s)/Measure(s) for Obj. 5:
 - (a) Establishment of a requirement in workforce cultural training contracts to assess and report on program effectiveness.
 - (b) Annual reporting data that indicate increased numbers of organizations offering products and services certified as meeting HTA standards.

Programmatic Actions:

- Provide funding for Native Hawaiian festivals and events that perpetuate the Hawaiian culture and community and create unique and memorable experiences for residents and visitors.
- Provide the visitor industry, including senior level management and business owners with access to comprehensive Hawaiian cultural training, curriculum and program.
- Work with contractors to enhance the visitor experience with programs that create and nurture a Hawaiian sense of place.
- Support Hawaiian cultural practitioners by creating opportunities in the visitor industry while enhancing the visitor experience.
- Fund programs that help to revitalize and normalize 'ōlelo Hawai'i (Hawaiian language).
- Enhance programs to provide meeting planners with an introduction to Hawaiian history and culture.
- Work with the University of Hawai'i to require that all HTA funded scholarships include coursework in Hawaiian Studies and Hawaiian Language.
- Elevate the position of Hawaiian cultural experts within the visitor industry to develop standards and practices.

3.5 Community Pillar

‘A‘ohe hana nui ke alu ‘ia.

No task is too big when done together by all.⁸

What’s good for the community is good for tourism. Effective communication with local residents about tourism, its contributions, and how it affects their community is important. When opportunities to collaborate and support community projects present themselves, we can all, collectively, help diversify the visitor experience.

Goal: *Ensure Tourism and Communities Enrich Each Other*

Work to make sure residents and local communities benefit from tourism by supporting projects valued by the community and aligned with the destination’s brand and image; informing both residents and visitors of these projects and events; strengthening relations between residents and visitors; and forming partnerships to build a resilient tourism workforce and community.

Guiding Principles:

- Work from the premise that “What’s good for the community is good for tourism.”
- Enhance the quality of life for residents and overall experience for visitors.
- Invest in programs that support community activities valued by residents and visitors for the social, economic, and environmental benefits they bring.

Strategic Choices:

- Our communications leadership position is now focusing on communications with local residents about tourism’s contributions to our communities.
- We are now requiring HTA-sponsored sports events to have clear and measurable community benefits and a strong nexus to tourism.
- We are expanding resources and support for safety-related programs that impact residents and visitors.
- As part of the new destination management emphasis, we are exploring how to create a stronger and more systematic approach to managing tourism impacts.

Objectives and Associated Measures:

Objective 1 (community enrichment): Generate and/or invest in initiatives and projects that provide for positive resident-visitor interaction, celebrate Hawai‘i’s multicultural heritage, and support better relations between communities and the tourism industry.

- **Milestone(s)/Measure(s) for Obj. 1:**
 - (a) Targeted attendee satisfaction is at least 85%.
 - (b) Targeted percentages of attendees/participants are at least 25% residents and at least 25% visitors.
 - (c) Number of new or improved projects funded.
 - (d) Improved Resident Sentiment Survey measure on “Tourism is good for me and my family.”

Objective 2 (workforce development): Help build a globally competitive visitor industry workforce with programs for residents starting from school age, to college students, and to those already in the visitor industry.

- **Milestone(s)/Measure(s) for Obj. 2:**
 - (a) Successful initiation of a schedule bringing together industry and education partners in a workforce committee to meet at least twice a year, beginning in the second half of 2020.
 - (b) HTA invest in at least three new programs as a result of the workforce committee.

⁸ *‘Ōlelo No‘eau – Hawaiian Proverbs & Poetical Sayings* by Mary Kawena Pukui, Number 142

Objective 3 (communications): Generate effective messages to enhance residents' understanding of how Hawai'i tourism helps perpetuate Hawaiian culture, preserve the environment, and support communities.

- **Milestone(s)/Measure(s)** for Obj. 3:
 - (a) Growing reach and engagement on all HTA social media platforms.
 - (b) Increased numbers of news stories about HTA-sponsored events and programs.

Objective 4 (safety and security): Support education and prevention programs to improve safety among visitors and residents and to maintain Hawai'i's reputation as a safe destination.

- **Milestone(s)/Measure(s)** for Obj. 4:
 - (a) Improved visitor awareness of ocean and hiking safety information, as measured by increase in the percentage of surveyed visitors that recall seeing or hearing a safety-related video or message.
 - (b) Annual Marketing Effectiveness Study (MES) results for selecting Hawai'i as "It is a safe and secure place" and reason to return to Hawai'i as "It is safe."
 - (c) Annual Visitor Satisfaction Survey (VSAT) results for item "Based on your most recent trip to Hawai'i, how would you rate the state of Hawai'i on being a safe and secure destination?"

Objective 5 (safety and security): Actively participate in Hawai'i Emergency Management Agency's (HI-EMA's) preparedness exercises and serve as a communications link to assist Hawai'i's visitor industry and visitors during times of crisis.

- **Milestone(s)/Measure(s)** for Obj. 5:
 - (a) Number of channels/tools available (and if needed, used) to inform and educate visitor industry businesses and visitors about various foreseeable types of emergencies.
 - (b) Maintained or improved exercise measurements as established by HI-EMA.

Objective 6 (mitigation): Identify, mitigate, and address key issues threatening community support for tourism and the integrity of Hawai'i's tourism industry by working with public agencies and private organizations.

- **Milestone(s)/Measure(s)** for Obj. 6:
 - (a) Number of issues identified by island.
 - (b) Number of issues addressed via stakeholder meetings by island.

Objective 7 (sports): Support sports programs that create community engagement, have marketing value, provide economic benefits, support Hawai'i's youth, and are aligned with Hawai'i's brand.

- **Milestone(s)/Measure(s)** for Obj. 7:
 - (a) Economic impact from high-profile sporting events.
 - (b) Number of communities reached/served through the sports programs.
 - (c) Number of youth participation through the sports programs.

Programmatic Actions:

- Provide funding through requests for proposals (RFPs) to support community projects that help diversify the visitor experience and align with our guiding principles.
- Provide development and training opportunities to build community organizations' effectiveness.
- Increase awareness of HTA-funded community programs.
- Expand programs that build a strong, globally competitive workforce for Hawai'i's visitor industry, providing quality employment opportunities for residents. Create a taskforce to determine how to meet employer and employee needs.
- Conduct communications outreach and a social media campaign to educate residents and local media about the breadth and depth of tourism's statewide benefits.
- Invest in safety promotion and injury prevention programs, such as ocean and hiking safety videos, to educate and inform visitors and residents.
- Support security programs to enhance safety and curtail criminal activity.
- Support statewide water safety programs to increase safety awareness at Hawai'i's beaches.
- Support visitor assistance programs such as the Visitor Aloha Society of Hawai'i (VASH) and its counterparts in each county.
- Actively participate in HI-EMA exercises and training that enhance HTA's ability to respond to crises.
- Convene community, government, and industry networks to support destination management and increase collaboration in responding to negative tourism impacts on Hawai'i's communities.
- Support sporting events that provide community benefits, as well as marketing and economic benefits.

3.6 Brand Marketing Pillar

Pā i ka leo.

Touched by the voice.⁹

Lei Mahiki i ka ua kōkō'ula.

Mahiki wears a *lei* of rainbow-hued rain.¹⁰

Hawai'i is adorned with its unique culture and natural landscapes. The warm voice that calls out to visitors is inviting and welcoming. This voice also instructs us to *nihī ka hele*, to tread lightly, so that our travel activities are low-impact, coordinated, authentic, and market-appropriate. In the eyes of the beholder, Hawai'i is a destination paradise. It is important to educate residents and visitors on how to respect these voices of care and value.

Goal: *Strengthen Tourism's Contributions*

Take the lead in protecting and enhancing Hawai'i's globally competitive brand in a way that is coordinated, authentic, and market-appropriate; is focused on Hawai'i's unique culture and natural environment; and supports Hawai'i's economy by effectively attracting higher-spending, lower-impact travelers.

Guiding Principles:

- Develop effective marketing plans for each of HTA's designated major market areas (MMAs) with a common brand message, communicated in a way that is market appropriate.
- Differentiate Hawai'i from its competition by focusing on our unique Hawaiian culture, authentic activities, natural environment, and attractions, by engaging Native Hawaiian organizations.
- Focus marketing on higher-spending, lower-impact prospects by developing data-driven plans based on a deep understanding of current visitors and the visitor of the future.
- Nurture partnerships with industry partners – especially airlines, wholesalers, hoteliers, cruise lines, and others in the travel distribution system.
- Align marketing programs with the responsible development of tourism, including appropriate elements of the Aloha+ Challenge.
- Use advances in technology to enhance marketing efficiency and effectiveness, reach intended audiences, and promote responsible tourism.

Strategic Choices:

- We are managing marketing programs by implementing a review system tied to measurable results, closely linking contractor performance to HTA marketing principles and objectives.
- We are focusing more on Responsible Tourism within our marketing plans, including post-arrival programs to promote visitor safety and responsible travel.
- We will be contracting with a centralized MCI (Meetings, Conventions, Incentives) sales and marketing organization to manage convention center, large multi-property, and single-property meetings; provide centralized global coordination; and improve credibility.
- We are collaborating with our contractors to coordinate the development of marketing materials for regions around the world with a common brand platform while allowing for market-specific nuances.

Objectives and Associated Measures:

Objective 1: Ensure that Hawai'i's brand image is globally aligned and consistent with marketing principles of authenticity, uniqueness, and Responsible Tourism.

⁹ *‘Ōlelo No‘eau – Hawaiian Proverbs & Poetical Sayings* by Mary Kawena Pukui, Number 2575

¹⁰ *‘Ōlelo No‘eau – Hawaiian Proverbs & Poetical Sayings* by Mary Kawena Pukui, Number 1972

- **Milestone(s)/Measures for Objective 1:**
 - (a) Prospective visitors surveyed in the Marketing Effectiveness Survey (MES) who were aware of Hawai'i marketing materials but had never been to Hawai'i scoring statistically higher in perceptions of uniqueness of the destination than those who were unaware.
 - (b) Assurance, through annual contractor performance review and HTA oversight checklists, that marketing materials in each major market area have consistent branding, are aligned with core values, and are appropriately adapted for nuances in each market.

Objective 2: Ensure marketing is focused on higher-spending, lower-impact market segments in each market area.

- **Milestone(s)/Measures for Objective 2:**
 - (a) Development of an expanded target list of higher-spending, lower-impact market segments by each Global Marketing Contractor.
 - (b) Increased percentages of the marketing budget devoted to high-spending market segments, along with increased MCI arrivals.
 - (c) Annual results of a new Visitor Satisfaction survey question asking if visitors recall hearing or seeing information about safe and responsible travel.

Objective 3: Maintain or improve the strength of Hawai'i's brand relative to its competitors.

- **Milestone(s)/Measures for Objective 3:**
 - (a) Improved Hawai'i's ratings in the MES for "value" and "unique experiences."

Programmatic Actions:

- Contract for marketing in designated market areas and manage their programs in order to attract visitors to Hawai'i consistent with HTA's goals and guiding principles.
- Implement a Responsible Tourism marketing communications program to educate visitors both pre- and post-arrival with specific information about safe and respectful travel.
- Work with island-based organizations representing all six islands to maintain appropriate branding for each island, coordinate with all market contractors, and collaborate with island-based stakeholders.
- Work with subject matter experts to optimize the use of technology to take advantage of emerging applications and opportunities.

ACKNOWLEDGMENTS

The Hawai'i Tourism Authority extends our sincere appreciation to all of the people below, who each contributed their time and kōkua to this Strategic Plan. Mahalo!

HTA Board of Directors

Italics indicate participation on Strategic Plan Investigative Committee (SPICOM)

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Nā Leo TV*

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Director of Tourism Research

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Development (from Dec. 1, 2019)

Karen Hughes
Vice President, Marketing & Product
Development (through Oct. 4, 2019)

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Sen. Glenn Wakai
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Dean of Business, Legal,
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Kapi'olani Community College

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[May Be Inside Back Cover]
The Aloha+ *Mālama* Mandate

*On April 19, 2019, Hawai'i's island leaders signed the Aloha+ *Mālama* Mandate in honor of Global Goals on Local Action Day. This marked Hawai'i's designation as a United Nations Local2030 Hub – the first hub in the Pacific and Island hub worldwide. The Hawai'i Tourism Authority recognizes the importance of supporting the *Mālama* Mandate for the future Hawai'i, our residents, and as a premier visitor destination.*

The Hawai'i Tourism Authority commits to the *Mālama* Mandate as a Call to Action through 2025. Inspired by our love for Hawai'i, our collective ancestors and descendants, and our commitment to navigating towards a better future for Island Earth, we will:

- Perpetuate *mālama* values and the spirit of aloha within my personal life, my *'ohana*, my community, and with visitors, as well as through my work and the respective institutions we serve;
- Take action to advance the Aloha+ Challenge, Hawai'i's local framework to achieve the United Nations Sustainable Development Goals, through a *mālama 'āina* approach;
- Honor the legacy of the Native Hawaiian culture and knowledge, which are embodied in the legacy of *Mālama Hawai'i* and the message of *Mālama Honua* carried across the world's oceans by the *Hōkūle'a*;
- Build a global culture of sustainability for future generations, grounded in key values of *mālama*, *'ohana*, *kuleana*, and *aloha*.
- Acting together, Hawai'i can be the starlight that helps others find the balance and share an island worldview with the rest of the world.

[Followed by signatures of all HTA Staff]

[** OUTSIDE BACK COVER: If like last year, just HTA contact info minor text over graphic]

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Agenda Item

16

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

December 2019

HTA Board of Directors Update
January 2020 Report



Agenda

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

2019 Financial Update

	2019 December Actual	2019 Actual	2019 Budget	Variance	2018 Actual
Facility Occupancy	43%	32%	31%	1%	29%
Facility Number of Events	12	238	200	38	206
Facility Gross Revenue	\$1,588,500	\$16,866,900	\$15,672,300	\$1,194,600	\$13,991,600
Facility Gross Expenses	\$1,742,800	\$17,748,400	\$17,667,300	(\$81,100)	\$16,160,800
Facility Net Loss	(\$154,300)	(\$881,500)	(\$1,995,000)	\$1,113,500	(\$2,169,200)
S&M Net Expenses	(\$914,300)	(\$5,250,600)	(\$6,095,000)	\$844,400	(\$6,221,100)
HCC Net Loss	(\$1,068,600)	(\$6,132,100)	(\$8,090,000)	\$1,957,900	(\$8,390,300)

2019 Food & Beverage Update

Food & Beverage	2019 December Actual	2019 Actual	2019 Budget	Variance	2018 Actual
F&B Revenue	\$950,200	\$11,059,000	\$10,406,100	\$652,900	\$8,817,300
F&B Expenses	\$589,100	\$6,750,100	\$5,910,300	(\$839,800)	\$5,825,400
Net Income	\$361,100	\$4,308,900	\$4,495,800	(\$186,900)	\$2,991,900
% of flow through	38%	39%	43%	(4%)	34%

2019 ROI

HCC Revenue + State Revenue + Tax Revenue
= \$396.9M

HCC Expense \$22.9M

***ROI = For every dollar spent by HCC we returned
\$17.26 to the State***

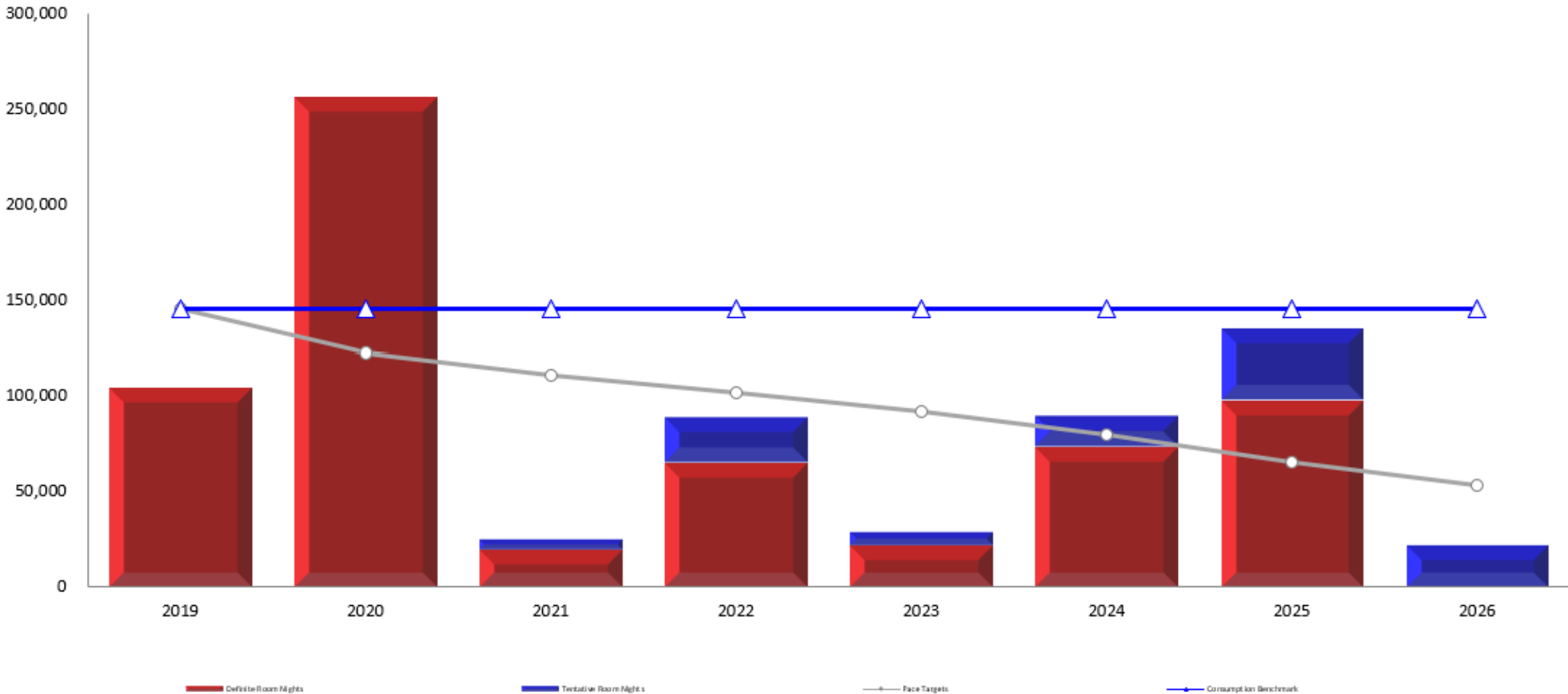
CIP Update

- Boiler Replacement – Construction started Jan 2020
- Cooling Tower Replacement – Project started Jan 2020
- Ala Wai Waterfall Repair - Construction to start Feb 2020
- Facility Equipment – In process of receiving new furniture
- Camera, NVR and Access Control – Issued NTP Jan 2020
- Trellis Renovation – Awarded, finalizing contract
- #320 Roof Repair – Project started Jan 2020
- House Sound Audio System – Proposals received Jan 2020
- Parking Equipment Upgrade – Working with consultant for full parking analysis
- LED lighting retrofit – Working on theatre lighting conversion
- FB China and Equipment Upgrade – To issue RFP Feb 2020
- Exterior Building Painting – Completing scope of work, target issue RFP Feb 2020

HCC Sales Update

- 22,709 room nights closed in December bringing YTD total to 88,537 room nights closed.
- Tentative pipeline December YTD total = 237,017 room nights

Hawai'i Convention Center Pace Report



Sales Initiatives

Participation at the following Trade Fair

- Expo Expo IAEE's (Intl Association for Exhibitions and Events) Annual Meeting & Exhibition. December 3-5 in Las Vegas, NV.

This is the premier show for the owners, executives, and managers of companies and associations that organize large exhibition events. Over 60% are association show organizers and 89.3% require a convention center facility. 87% of attendees are manager level or higher and 89% of attendees have roles in the final decision-making. Attending this convention provided additional visibility for HCC to be promoted as a top-level destination for exhibition events. The HCC representative also participated in an ASM pre-trade fair sales meeting. This was the first time the HCC participated in this trade fair. Although a good educational event, it was determined the customer base attending this trade fair only utilizes centers on the mainland to accommodate drive-in traffic participation.

Sales Initiatives

The following is a brief listing of other sales related activities.

- Continued fine-tuning of reports and processes working in concert with the HVCB to help ensure a seamless transition of sales to the HVCB which will occur January 1, 2020.
- Continued focus on securing License Agreements for select bookings with Letters of Commitments. Although on-going, our goal will be to have all accounts with a LOC to Execute a License Agreement by January 31, 2020.
- Continued implementation of new updates/processes in concert with the HVCB for the utilizing of the Ungerboeck USI software in concert with SimpleView for the transition to take effect January 1, 2020.
- Preparations for participation at the PCMA Convening Leaders conference in San Francisco, January 5-8, 2020.

Advertising and PR

PR Coverage for December:



Continued promotion of
Winter Wishes

A Holiday Festival in Honolulu
Magazine and Oahu Concierge

 AMERICAN ASTRONOMICAL SOCIETY

Promotion of the American
Astronomical Society conference
with Hawaii Public Radio “The
Conversation” interview

Advertising and PR

Sports Advertising

- Full Page ad + advertorial on SportsEvents Magazine (Annual Planners Guide to Sports Commissions and CVBs)
- Digital ads on SportsTravel magazine December e-newsletter.

Local Advertising

- Winter Wishes ads (radio, TV, social media and print)

An advertisement for the Hawaii Convention Center. The top half shows two photos: a basketball game and a volleyball player. The bottom half is a dark green banner with white text and icons. The text reads: "MEET A SPORTING VENUE WHERE THERE ARE *NO* LOSERS." Below this are three columns of statistics: "204k sq. ft. Of Modular Competition Space", "98% Visitor Satisfaction Rate", and "100+ Ways to Celebrate Victory". The Hawaii Convention Center logo and the ASM logo are also present. At the bottom, it says "TO LEARN MORE, VISIT sports.hawaii-convention.com OR EMAIL cdauidson@bccasm.com".

HAPPY NEW YEAR!





**HCC/HVCB
CONVENTION SALES
AND MARKETING
TRANSITION**



BACKGROUND

HTA determined it would be most productive to engage a **single** contractor responsible for global citywide and single property bookings for all islands

After an RFI process, HTA engaged HVCB to oversee the above areas beginning 1/1/2020



CITYWIDE STRATEGIC PLAN DEVELOPMENT

HVCB contracted with foremost industry experts to assist with developing a Citywide Sales Strategic Plan. The strategy development process included:

- An assessment of the HCC future, current and past business
- Understanding of current customer perspectives and buyer insights
- A local industry survey seeking recommendations for sales processes and procedures
- Sales staffing survey and recommendations



CITYWIDE SALES STRATEGIC DEVELOPMENT

With further assistance from these experts, HVCB conducted workshops with key hotel personnel to collaboratively:

- Understand expectations
- Define what success looks like
- Establish a clearly defined sales strategy/roadmap
- Align on sales goals for HCC
- Establish ongoing process

NEW CITYWIDE SALES STRATEGY

- The end result:
 - Creation of a complete citywide sales strategy developed collaboratively with the hotel community
 - The Citywide Sales Strategy document is nearly complete and will soon be ready for deployment and execution. The major missing piece was the Sales Leader to help us confirm and execute the strategy

SALES LEADERSHIP

- HVCB has hired John Reyes to oversee as the SVP, Chief of MCI Sales:
 - John's responsibilities include oversight of all sales functions in the MCI area including citywide and single property bookings and events.
 - John brings a wealth of knowledge in the MCI Sales arena but also in overall CVB operations. In addition to his 7 years as Chief Sales Officer and Executive Vice President at San Francisco Travel where he oversaw the sales and marketing of the Moscone Center, he has also held CEO positions at the CVB's in Jacksonville, Florida and Monterey County, California.
 - He began his employment this past Monday, 1/27/20.



STAFFING

- In order to create a seamless transition from AEG to HVCB sales and marketing and maintain continuity of our customer sales process, HVCB has employed the past AEG Citywide staff. They became HVCB employees on 1/1/2020.
- This week the entire MCI team, both Citywide and Single Property is here in Honolulu going thru on-boarding and sales strategy training.



MAHALO