



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

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY**

***Po'ahā, lā 25 o 'Okakopa 2018, 9:30 a.m.***  
**Thursday, October 25, 2018 at 9:30 a.m.**

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

**Hawaii Convention Center  
Executive Board Room A  
1801 Kalākaua Avenue  
Honolulu, Hawaii 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 September 27, 2018 Board Meeting
3. *Hō'ike Lālā*  
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Hō'ike A Ka Luna Ho'okele No Ka Ho'okō Papahana HTA Ma Kepakemapa 2018*  
Report of the CEO Relating to Staff's Implementation of HTA's Programs During September 2018
5. *Nā'ana Hou I Ka 'Aha Ho'okipa Honua 2018*  
Recap of the 2018 Global Tourism Summit
6. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*  
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawaii Tourism Markets
7. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*  
Presentation, Discussion and Action on HTA's Financial Reports for September 2018

8. *Hō'ike No Ka Papahana Ho'oponopono*  
Update on the Status of the 2018 Audit Action Plan
9. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*  
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
10. *Kūkākūkā a Ho'oholo No Ka Hō'ike A Ke Kōmike No Ka Ho'olō'ihī 'Aelike AEG*  
Discussion and Action on the Report by the Convention Center Planning Investigative Committee to Extend the AEG Contract for One Year
11. *Hō'ike, Kūkākūkā A Noi Kālā No Nā Papahana I Hāpai 'Ia E Ke Kōmike Hokona Kūmau\*\*\**  
Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee\*\*\*
12. *Hō'ike No Ka 'Imi I Luna Ho'oponopono a Hope Pelekikena Hokona A Ho'omohala HTA*  
Update on the Search for HTA's Chief Administrative Officer and HTA VP of Marketing and Product Development
13. *Kūkākūkā a Ho'oholo I Ka Mana'o Hāpai A Ke Kōmike 'Imi Luna Ho'okele*  
Discussion and Action on the Recommendation of the CEO Search Committee, Reported to the Board at its September 27, 2018 Meeting, on the Selection of a New CEO for the Hawai'i Tourism Authority
14. *Ho'oku'u*  
Adjournment

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

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

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

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

# **Agenda Item**

## **2**

**Approval of Minutes of the  
September 27, 2018 Board  
Meeting**



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, September 27, 2018 at 9:30 a.m.**  
**Hawai'i Convention Center**  
**1801 Kalākaua Avenue, Honolulu Hawai'i 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Micah Alameda, Fred Atkins, David Arakawa, Sean P. Dee, George Kam, Kyoko Kimura, Sherry Menor-McNamara, Craig Nakamura, Kelly Sanders

**MEMBERS NOT PRESENT:**

Kumukahi Ku'uipo, Benjamin Rafter

**HTA STAFF PRESENT:**

George Szigeti, Marc Togashi, Charlene Chan, Kalani Ka'anā'anā, Jennifer Chun, Jadie Goo, Carole Hagihara, Caroline Anderson, Chris Sadayasu, Laci Goshi, Chika Miyauchi, Lawrence Liu, Minh-Chau Chun, Noriko Sloan, Adrian Hanner, Chael Kekona, Kehau Meyer, Laurie Tam, Maile Carvalho, Michele Shiwaki, Evita Cabrera, Vengie Talaro, Joseph Patoskie, Pua Sterling

**GUESTS:**

Mayor Kirk Caldwell, Gary Kurokawa, Mary Charles, Daniel Gluck, Representative Richard Onishi, Senator Glenn Wakai, Representative Mark Hashem, Teri Orton, Noelle Liew, Mari Tait, Lee Conching, Erin Kinoshita, Patrick Dugan, Nathan Kam, Pris Teixeira, Allison Schaefer, John Monahan

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Officer Rick Fried called the meeting to order at 9:30 a.m. Kalani Ka'anā'anā offered oli and shared that it was World Tourism Day.

## **2. Approval of the Minutes of the August 30, 2018 Board Meeting**

Chair Fried asked for a motion to approve the minutes of the Board meeting held on August 30, 2018. David Arakawa requested that the August 30 Board Meeting Minutes be amended on page 12, paragraph 3 to say that Mr. Arakawa understood Mr. Kinkley's comment but did not feel that deferring the matter was the functional equivalent of voting because if there were an election there might be other candidates. Chair Fried asked for a vote on approving the minutes with Mr. Arakawa's requested amendments. George Kam made the motion, and Kelly Sanders seconded the motion, which was unanimously approved by all the Board members present.

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

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

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

Chair Fried acknowledged George Szigeti, who gave his report on the HTA Staff's implementation of HTA's programs during August 2018. Mr. Szigeti thanked HTA Staff for their work, especially during Hurricane Olivia.

On September 15, Mr. Szigeti attended the one year anniversary of Japan Airlines' route between Kona and Tokyo, and stated that Japan Airlines was pleased with the support it has received from HTA. On September 14, Mr. Szigeti attended the 2018 AVP Hawai'i Invitational to give opening remarks. Mr. Szigeti said that it was an outstanding event, that coverage of the event aired on television, and that the owner of the AVP would like to continue to hold the event in Hawai'i. Mr. Szigeti also noted that the Los Angeles Clippers will be playing the Sydney Kings on Sunday, September 30, at the Stan Sheriff Center, which will have good exposure in the Australia market. He added that the Clippers have donated a computer lab and fitness room to William P. Jarrett Middle School in Palolo.

Mr. Szigeti reported the most up-to-date visitor statistics: In August, visitor spending is up 1.4% which is the lowest year over year increase since May 2016, visitor arrivals are up 3.2%, air seat capacity is up 6%. He stated that year-to-date, visitor spending is up 8.8%, arrivals are up 6.2% and air seat capacity tax revenue is up 8.8%.

## **5. Presentation by Honolulu Mayor Kirk Caldwell Regarding the 2019 U.S. Conference of Mayors in Honolulu, June 28 - July 1, 2019**

Chair Fried acknowledged Kirk Caldwell, Mayor of Honolulu, to give a presentation on the

upcoming U.S. Conference of Mayors, to be held in Honolulu in 2019. Mayor Caldwell opened his presentation by showing a news clip about President John F. Kennedy's visit to Hawai'i in 1963.

Mayor Caldwell requested that HTA contribute \$500,000 towards hosting evening events for the visiting mayors. He stated that attendance to this event typically draws mayors from major cities like New York City, Los Angeles, and Chicago, as well as the large west coast cities. Mayor Caldwell stated that he is also inviting mayors from cities in Asia like Honolulu's sister cities in Japan and Korea. In addition to mayors, Mayor Caldwell stated that he is working on getting major speakers to come to the event including the Obamas and Bruno Mars. Mayor Caldwell stated that approximately 350 mayors are expected to attend, along with approximately 1,500 family members and support staff.

Mayor Caldwell stated that the U.S. Conference of Mayors focuses on issues particularly, in the city that is hosting. In addition to the Conference of Mayors, Mayor Caldwell stated that there will be a mayor's climate conference at the University of Hawai'i East-West Center, which draws thought leaders from throughout the world. He stated there will be focus on what Hawai'i is doing on issues like climate change.

Fred Atkins stated that he appreciated Mayor Caldwell's support of HTA, and that the Board should take a serious look at Mayor Caldwell's proposal. He stated that the matter will be brought before HTA's Marketing Committee meeting and that Mayor Caldwell may get a response by the end of October. Mr. Szigeti also thanked the Mayor and added that the Mayor meets with HTA staff quarterly, bringing all his directors so that they can answer HTA's questions.

Mr. Arakawa asked Mr. Caldwell to include in his presentation to the Marketing Committee information about inviting Neighbor Island and international mayors to the U.S. Conference of Mayors. Mayor Caldwell thanked HTA and left.

At 10:10 a.m., Chair Fried requested a motion to enter Executive Session, pursuant to Hawai'i Revised Statutes 92-5(a)(2). Mr. Kam moved for an Executive Session and Mr. Arakawa seconded the motion, which was approved by all Board members present.

**The meeting was recessed for an Executive Session at 10:10 a.m.**

**The Board moved out of Executive Session at 10:44 a.m.**

## **6. Presentation by the Hawai'i State Ethics Commission Regarding an Overview of the State Ethics Code for State Board Members**

Chair Fried acknowledged Dan Gluck, the Executive Director of the Hawai'i State Ethics Commission, to deliver a presentation on the State Ethics Code as applicable to HTA. Mr. Gluck's presentation was accompanied by a PowerPoint presentation and handouts outlining his major points. Mr. Gluck focused on seven subject areas: 1) confidential information, 2) gifts

and gift disclosures, 3) fair treatment, 4) financial disclosure statements, 5) conflicts of interest, 6) state contracts, and 7) post-employment restrictions.

In regards to gifts, Mr. Gluck advised that, when considering whether to accept a gift, one must consider how much the gift is worth, the recipient's relationship to the donor, and whether the gift benefits the state. Mr. Gluck stated that small "gifts of aloha" may be permissible but the Hawai'i State Ethics Commission generally advises against accepting gifts from anyone that your official action affects. He added that gifts should be reported if their value exceeds more than \$200, the donor has interests that might be affected by the employee's official action, and the gift is not exempt from reporting.

Under the fair treatment law, Mr. Gluck stated that anyone working for the state is prohibited from getting additional or double compensation for conducting state work. For example, he advised that if an employee receives a prize or benefit while on a state business trip, the employee should either decline the prize or pass it on to the State. In addition, Mr. Gluck stated that it is prohibited for an employee to engage in a financial transaction with a subordinate or to use state resources for private business activities.

Mr. Atkins asked if, because he was a volunteer Board member and was not being paid, whether it is permissible to upgrade a flight for an HTA-related trip. Mr. Gluck responded that HTA volunteer Board members are treated by the same standard under the law as paid government employees, but that it is permissible to use personal funds to upgrade or extend a trip. Mr. Gluck added that Board members may also accept free airline upgrades because the upgrades are due to the Board member's frequent flyer status and not their position on the Board. Ms. Menor-McNamara asked whether the same was true of frequent flyer miles that accrue from state-related travel. Mr. Gluck responded that if one is able to use the miles for state business, they should be used for state business.

Mr. Gluck stated that there are three main rules regarding conflicts of interest: 1) disqualify yourself when there is a financial conflict, 2) do not create new conflicts, and 3) do not represent or assist anyone on a matter before your agency or on a matter that you worked on. He noted that an employee's financial interests include the interests of his or her spouse, dependent children, or civil partner. Mr. Gluck then moved on to the topic of post-employment restrictions, and stated that the general rule is that there is a one year "cooling off period," during which a former employee may not be paid to represent another person or business in matters that the former employee participated in. Mr. Gluck stated that the exception is that the state may contract with former employees.

Mr. Arakawa asked Mr. Gluck the ethical implications of HTA's decisions in regards to affecting specific clients in the tourism industry. Mr. Gluck responded that there is an exception to the conflict of interest law for persons hired because of their expertise and such person is allowed to take action affecting the industry as a whole but not if it narrowly affects their organization.

**Chair Fried recessed the meeting at 11:26 a.m.**

**Meeting reconvened at 12:02 p.m.**

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

Chair Fried acknowledged Jennifer Chun to deliver a presentation and discussion of current market insights and conditions in key major Hawai'i tourism markets. Ms. Chun noted that in the second quarter, timeshare properties reported an average occupancy rate of 91.5%. Ms. Chun stated that through June 2018, the state collected \$554.9 million in Transient Accommodation Taxes, which represented an increase of 9.2%.

**8. Presentation, Discussion and Action on HTA's Financial Reports for April-June 2018 and July and August 2018**

Chair Fried acknowledged Marc Togashi to deliver a presentation, discussion, and action on HTA's Financial Reports for April 2018 through June 2018 and July 2018 through August 2018. Mr. Togashi directed the Board's attention to the Board packet which contained statements and executive summaries for April through June and July through August. He then asked for the Board's approval for both sets, because during the August Board meeting he had asked that approval of the April through June packet be deferred to the September Board meeting.

At 12:05 p.m., Craig Nakamura made a motion to approve the sets, and Mr. Arakawa seconded the motion. The motion was unanimously approved.

**9. Update on the Status of the 2018 Audit Action Plan**

Chair Fried acknowledged Mr. Szigeti to provide an update on the status of the 2018 Audit Action Plan. Mr. Szigeti stated the 2018 Audit Action Plan was sent to Board members and that during August, HTA was able to move the status of two items from 'in progress' to 'completed.' He stated that HTA Staff's focus, now that the budget has been passed, is to review HTA's internal policies and procedures. Mr. Szigeti stated that during September, the Hawai'i Convention Center Investigative Committee convened to discuss the agreement between AEG and Levy. The Committee confirmed that it had consulted with the Attorney General's office and were advised that no further action was required by statute regarding AEG's contract with Levy's services.

Mr. Szigeti stated that they are currently in the process of hiring another contract specialist in the contracts department to address the auditor's concern regarding the increased number of HTA contracts. He added that HTA staff will increase their focus on updating HTA's policies and procedures.

Mr. Dee noted that many of the items on the 2018 Audit Action Plan are assigned to the Chief Administrative Officer (CAO), and asked whether the timeline for the Audit Action Plan can be updated to give the CAO an opportunity to meet due dates. Mr. Togashi stated that the dates

on the Plan will be updated to reflect a new CAO. Mr. Togashi added that the staff continues to work on the objectives of the Audit Action Plan but that the timeline will need to be updated. Chair Fried asked for an update on which items will need a revised due date. Mr. Togashi responded the CAO's input will be needed to review updates to HTA's policies and procedures, and the Quality Assurance Action Plan. Chair Fried asked that a list of items requiring CAO input be included in next month's Board meeting packet.

Mr. Arakawa asked for clarification as to whether "Q3 2018" on page five of the Audit Action plan means the third quarter of the fiscal or calendar year. Mr. Togashi responded that it means the third quarter of the calendar year.

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

Chair Fried acknowledged Teri Orton from AEG to deliver an update of the Hawai'i Convention Center's recent operational activities and sales initiatives. Ms. Orton stated that she would be presenting for the months of June and July.

Ms. Orton stated that the Convention Center held 11 events in the month of August, several of which were repeat international groups including Daito, which generated more than \$16 million in visitor spending and \$1.6 million in state tax revenue. Ms. Orton noted that revenue for August was less than what had been budgeted, resulting in a net loss. She explained that the August financials were impacted by Hurricane Lane, which prompted the cancellation of three events. Ms. Orton stated that one of the events, the Amazing Comic Con which brings in 15,000-20,000 delegates, has been rescheduled for 2019.

Turning to the reforecast, Ms. Orton stated that the numbers are now closer to what was originally budgeted. She added that a portion of the loss was based on food and beverage forecasts that were on the books from previous years but that did not actually spend as much as the Convention Center had forecast, like the American Dental Association, which moved its closing event to the Hilton Hawaiian Village.

Shifting to food and beverage, Ms. Orton pointed out that the revenue in the reforecast is \$1.7 million, which severely impacts cash flow. Last year closed at 50% cash flow but this year will be closer to 35% cash flow, in part because last year there was more corporate business which on average spends more on food and beverage. Ms. Orton stated that, taking into account the Convention Center's revenue and the state and tax revenue generated, there is an approximate return of \$18.17 to the state for every dollar spent by the Convention Center.

Ms. Orton discussed the Okinawan Festival, which was held at the Convention Center for the first time in August. She stated that she received a positive response from the organizers and that they are seriously considering continuing to hold the event at the Convention Center next year.

Ms. Orton stated that the sales team converted 4,785 room nights in August, bringing the year-to-date total through August 2018 to 73,597. She stated that there are multiple groups currently on the books that they are trying to convert, but that most associations do not sign contracts until December.

Chair Fried asked about the outlook for next year, and Ms. Orton responded that 2019 and 2020 look good but that for 2021 and onward, the Convention Center is trying to incentivize associations to book here. Chair Fried asked whether she anticipated that 2019 and 2020 will be better than 2018, and Ms. Orton responded that that is what she anticipated based on what is on the books going into the next year. Ms. Orton discussed finding the “sweet spot” in terms of what size organizations to target, based on room inventory and competitive rates. Chair Fried asked whether large groups that planned more than five years out eliminated some of the problems related to reserving hotel rooms. Ms. Orton responded that there was still a challenge in finding rooms for large groups like American Dental Association. Chair Fried asked whether rate was also a problem and Ms. Orton responded that it was.

Mr. Arakawa asked what the attendance was for the Okinawan Festival. Ms. Orton stated that there was not yet a firm number, but that attendees stayed longer than in previous years when it had been held at Kapiolani Park. Mr. Arakawa requested that Ms. Orton provide the number of attendees and the number of meals prepared at the next Board meeting. Noelle Liew stated that the unofficial number of attendees was approximately 50,000. Ms. Orton added that other local festivals have expressed interest in moving to the Convention Center.

Kyoko Kimura asked whether the Convention Center was getting leads from other international marketers, for example with Daito. Ms. Orton stated that the Daito lead came directly from JTB but they work with both HTJ and JTB.

#### **11. Update on the Search for HTA’s President and CEO, HTA Chief Administrative Officer and HTA VP of Marketing and Product Development**

Chair Fried noted that HTA’s CEO selection had been introduced to the Board during Executive Session. He stated that the CEO selection had expressed his/her thoughts on his/her involvement in the selection for the other two positions, CAO and VP of Marketing and Product Development. Mr. Dee stated that there were meetings scheduled that day to fill those two positions, and interviews would be held the following week.

#### **12. Report of the Convention Center Planning Investigative Committee, with the Committee’s Advisory to the Board on Repair and Maintenance Projects at the Hawai’i Convention Center, and the Long-Term Strategic Vision for the Hawai’i Convention Center**

Chair Fried acknowledged Mr. Nakamura for discussion of the Convention Center Planning and Investigative Committee and repair and maintenance projects. Mr. Nakamura passed out a high level summary spreadsheet of the projects. Chair Fried asked how the costs for the projects were estimated. Ms. Orton stated that the summary listed projects in order of their

priority. She noted that the first project in the spreadsheet is the Kalakaua kitchen sewer line, which was an emergency repair and has been completed. Ms. Orton directed the Board to the second item which is the legal retainer, because the existing amount has been exhausted and the Convention Center wishes to add an additional \$35,000 to pull from when needed. Ms. Orton stated that the third priority is hiring a CIP project manager and construction project manager. She explained that a construction project manager, Cummings Construction, has already been hired, and the cost estimates on the summary are from the bids submitted. She added that the estimates are based on the RFP which did not include a lot of detail, so the costs may go up or down as the projects begin. Ms. Orton explained that total project costs for each of the projects listed in the summary could be calculated by adding the anticipated total project cost to the project budget. Ms. Orton stated that the fourth highest priority project is the Fourth Floor Stairwell Rehabilitation project, explaining that when it rains, the Convention Center's roof directs water towards that stairwell. She further explained that the overall roof repair project, which is anticipated to cost \$27 million, does not include the \$3.6 million to fix the stairwell. Ms. Orton recommended that the overall roof repair and the fourth floor stairwell project should be done simultaneously to avoid redundant work being done.

Chair Fried asked whether the \$26 million bottom line number was about half of what was needed including the roof repair. Ms. Orton replied that it was.

Ms. Orton then stated that the next priority is the boiler replacement project. Mr. Nakamura stated that if there were further questions, they can be handled on the committee level. Ms. Orton noted that she can send a more detailed cash flow and time line. She stated that Mr. Togashi has informed her next year funding from HTA will be approximately \$5 million. Mr. Togashi added that the projects will be funded from funds currently available and those anticipated over the next few years.

Ms. Orton stated that they would also like to start on non-construction projects, for example updating the sound systems, furniture, and china. Mr. Togashi stated that they are in the midst of an \$8 million project addressing the gutter trough and meeting rooftop area. Chair Fried asked whether that project is on the spreadsheet and Marc replied that it is not and those funds are in the process of being spent. Chair Fried asked when that project would be completed. Mari Tait stated the gutter project is near completion in the next few months, and a roof repair project was completed but that, due to a change order, is now expected to be completed in the fall of 2019. Chair Fried noted that these repairs are a quarter of the original cost of the Convention Center, and asked how everything would get done with the money currently available. Mr. Togashi stated that was something that would have to be addressed with the committee. He added that there is a reserve fund for Convention Center repair and maintenance, and they will be discussing that with the committee.

Mr. Szigeti noted that the fourth floor stairwell issue is dangerous and may be creating a structural issue. He asked whether the estimated construction costs for the roof is based on the overall rising costs of construction and Ms. Orton replied that it was. Ms. Orton recommended asking for more funding for rooftop repair from the legislature. Mr. Kinkley

asked whether the problem with the roof pitch was a design flaw. Ms. Orton responded that it was, and that they have looked into whether it was covered by a warranty but that it too late. Mr. Arakawa asked whether Watanabe Ng was advising on the warranty issue. Ms. Orton responded that DAGS was originally advising on that issue.

Mr. Arakawa asked what was included in the anticipated total project cost for item number 3, the CIP program manager and construction project manager. Ms. Orton responded that it included project management fees, but not the design or construction. Mr. Arakawa then asked the same question in regards to item 5, the boiler replacement. Ms. Tait responded that the \$850,000 includes design, materials, construction and installation. She stated that this project was previously proposed and approved by HTA, but at the most recent state inspection they did not pass the boiler inspection so they are asking for re-approval to replace both boilers and both holding tanks.

Ms. Orton stated that the AV contractor is providing approximately \$50,000-\$60,000 to go towards some of the repairs to the house sound system. Ms. Kimura asked whether all the items on the spreadsheet have already been approved. Ms. Orton responded that some of the items have been approved and some are awaiting approval. Ms. Kimura asked why some of the items were not already approved and Ms. Orton responded that they had been asked to hold on some of the items to see if they were going to use the funding for larger projects like the rooftop and to see what direction HTA wanted to take. Marc stated that they had to look at the priority of some of the other projects.

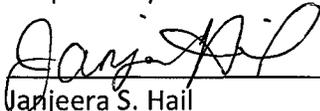
Mr. Nakamura stated that AEG's contract is ending at the end of this year, but given the situation they would recommend that the Board approve extension of the contract for one year. He stated that the recommendation will be on the Board agenda next month for approval.

### **13. Adjournment**

Chair Fried asked for a motion to adjourn. Mr. Kam made the motion, and Micah Alameda seconded the motion, which approved by all the Board members present.

**The meeting was adjourned at 12:54 p.m.**

Respectfully submitted



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Janjeera S. Hail  
Recorder

# **Agenda Item**

## **4**

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



## **MEMORANDUM**

TO: HTA Board of Directors

FROM: George D. Szigeti, President and CEO

DATE: October 25, 2018

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 September 27, 2018. The narrative also describes the actions conducted by staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

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

#### **A. Access**

##### **Honolulu Harbor Master Plan Update: Technical Advisory Sub-Committee Meetings**

HTA staff participated in meetings with representatives of the State Department of Transportation's (DOT) Harbors Division and its consultants and stakeholders on the Honolulu Harbor Master Plan Update Cruise & Excursion Operations Technical Advisory Sub-Committee (Sub-TAC). The purpose of the meetings was to identify needs and opportunities to improve infrastructure and operations to accommodate emerging trends and future demands of the cruise industry. HTA also met with the Non-Maritime Opportunities Sub-Committee to develop recommendations for enhancing and improving the public interface of Honolulu Harbor to support culture, history and education.

##### **Meeting with DOT Harbors Division, DLNR Division of Boating & Ocean Recreation (DLNR-DOBOR) and Access Cruise**

HTA staff and its consultant with Access Cruise met with representatives of DOT Harbors, Ms. Dre Kalili, and Ed Underwood of DLNR-DOBOR to discuss port updates and the outlook for the state's cruise industry.

##### **Cruise Advisory Committee Meeting**

Representatives of HTA, Access Cruise, DOT Harbors and DLNR-DOBOR met with an advisory committee representing Holland America Group, Transmarine, Polynesian Adventure Tours, Roberts Hawai'i, MC&A, Kaua'i Visitors Bureau, O'ahu Visitors Bureau, Island of Hawai'i Visitors Bureau, Destination Hilo, Destination Kona Coast and the County of Hawai'i. Topics discussed included the state's key initiatives, proposed activities and infrastructure updates.

## **B. Major Market Management**

### **Japan Hawai'i Tourism Association Bi-Monthly Meeting**

HTA staff attended the Japan Hawai'i Travel Association's (JHTA) bi-monthly meeting on September 20. Topics discussed at the meeting included a Japan market update, the Kansai Airport situational report, Global Tourism Summit, the upcoming TAT bill and scheduled JHTA events and activities.

### **Global Tourism Summit**

Hawai'i's Global Tourism Summit, October 1-3, featured three days of presentations, sessions, panel discussions, special events and meetings with industry stakeholders. A wide range of topics was covered, including cultural tourism, sustainable tourism, global tourism trends, crisis management, artificial intelligence, traditional and alternative accommodations. Special events included the Japan Summit, Aloha Reception, Tourism Legacy Awards Luncheon, Innovation Days Hawai'i and a student debate. The Summit drew more than 2,200 registrants from 32 countries and was supported by 38 corporate sponsors and 27 exhibitors.

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

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

#### **Kūkulu Ola Program**

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 51 proposals for work to be performed in 2019, with requests for funding totaling \$2,703,389.50. Projects awarded were notified in September by HTA staff. Once the official protest period is completed, a formal public announcement will be made.

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

Aloha Festivals: HTA and the various island contractors implemented the events statewide during September. Event details are available at [events.gohawaii.com](http://events.gohawaii.com) and have been shared with the island chapters and GMTs.

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

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

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

HTA staff and Hawaii Investment Ready have finalized an agreement to support a cohort of 12 social enterprises that have a tourism focus and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha ‘Āina programs. The intent is to elevate these social enterprises to seek other forms of capital to enhance and improve their programs. Hawai‘i Investment Ready has completed the first four modules, which cover individual enterprise assessments, theory of change and social business model canvas. Modules 5-8 are being completed this year.

## **B. Natural Resources**

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

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 47 proposals for work to be performed in 2019, with requests for funding totaling \$2,654,798.52. Projects awarded were notified in September by HTA staff. Once the official protest period is completed, a formal public announcement will be made.

### **Hawai‘i Ecotourism Association**

The Hawai‘i Ecotourism Association has executed a contract for services in 2018. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. In addition, the Association will provide for trainings that will be made available via the web and YouTube.

### **Hawai‘i Green Business Program**

HTA staff is working to finalize a Memorandum of Agreement with the Hawai‘i Green Business Program. The primary focus of this work will be 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 usage and waste, which are three key metrics in HTA’s strategic plan.

## **C. Safety and Security**

Visitor Assistance Program (VAP). Programs in all four counties are ongoing. Contracts for 2019 programs are in execution.

Lifeguard Program. HTA staff is working with all four county ocean safety sections to finalize program proposals for the purchase of lifesaving equipment.

Ocean Safety Survey. HTA staff met with the State Department of Health and its Drowning Prevention Committee to discuss two potential ocean safety studies.

Waikīkī Camera Program. HTA staff is working with the City and County of Honolulu and the Waikīkī Business Improvement District Association (WBIDA) to continue with planning for this program. On October 19, WBIDA staff and board directors will discuss matching funds for the Waikiki Camera Program. A conference call has also been scheduled for October 22 for HTA, Mayor Caldwell’s office, and WBIDA to firm up all matching funds and finalize the program proposal.

## **D. Signature Events**

### **Hawai'i Food & Wine Festival**

More than 150 internationally renowned master chefs, culinary personalities, winemakers, and mixologists are sharing their talents at the eighth annual Hawai'i Food & Wine Festival, with a lineup of events on Maui, Hawai'i Island and Oahu from October 6-28. This year's Festival began on the island of Hawai'i then moved to Maui. The Festival is on O'ahu this week.

## **E. Community Enrichment Program**

During the first two weeks of September, HTA staff held three Community Enrichment Program evaluation committee meetings on Kaua'i, O'ahu and the island of Hawai'i. Maui's evaluation meeting took place in late August. The committees, comprised of industry and community representatives from each of the counties, in addition to HTA staff, evaluated more than 90 proposals. HTA will be awarding 74 organizations with total funding of \$1,178,300. A formal press release will be issued.

## **III. KNOWLEDGE AND COLLABORATION**

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

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

- News Release: Hawai'i's Kīlauea Volcano Idle Since Early August; Air Quality Clean and Clear on the Island of Hawai'i (September 6)
- News Release: Keynote Speakers at Hawai'i's Global Tourism Summit to Address the Power – and Challenges – of Travel's Future, October 1-3 (September 7)
- News Release: Olivia a Category 1 Hurricane But Expected to Weaken on Approach to Hawai'i (September 9)
- News Release: Tropical Storm Watch Issued for O'ahu, Maui County and Island of Hawai'i in Response to Olivia (September 9)
- News Release: Tropical Storm Warnings Issued for Maui County and Island of Hawai'i Due to Olivia (September 10)
- News Release: O'ahu Placed Under a Tropical Storm Warning; Kaua'i Under a Tropical Storm Watch as Olivia Stays on Course for the Hawaiian Islands (September 10)
- News Release: Tropical Storm Olivia Currently Forecast to Pass Over Maui County; Storm Continues to Steadily Weaken and Rainfall Expectations Lowered Statewide (September 11)
- News Release: Hawai'i Braces for Onset of Erratic, Unpredictable Tropical Storm Olivia (September 11)
- News Release: High Winds, Heavy Rainfall on Maui County and O'ahu are Biggest Threats Today from Tropical Storm Olivia; Island of Hawai'i and Kaua'i No Longer Under a Tropical Storm Warning (September 12)

- News Release: Tropical Storm Olivia Moves Away from the Hawaiian Islands; Tropical Storm Warning Canceled for All Islands (September 12)
- News Release: 'Aha Pūnana Leo, Hawaiian Airlines and Aulani, a Disney Resort & Spa Being Honored with Tourism Legacy Awards at Hawai'i's Global Tourism Summit; Presentation on October 3 Recognizes Their Efforts to Help Revitalize and Normalize Hawaiian Language Usage in Everyday Life (September 18)
- News Release: Hawai'i Timeshare Occupancy Grew to 91.5 Percent in Second Quarter 2018 (September 19)
- News Release: How Sustainability, Global Trends, and Culture Relate to Tourism's Future Being Featured at Hawai'i's Global Tourism Summit, October 1-3; Summit Registration Closing September 25 (September 19)
- News Release: HTA-Funded Marketing Programs Promoting Hawai'i Travel in 2019 Being Unveiled at Global Tourism Summit, October 1-3; Co-Op Promotional Opportunities in Major Markets Available to Industry Partners (September 20)
- News Release: RevPAR (\$220) and ADR (\$282) Increased for Hawai'i Hotels Statewide in August, But Occupancy Decreased (78.3%) Due to Hurricane Lane; Peak Summer Travel Season Generated Increased RevPAR (\$232) and ADR (\$285) to Offset Decline in Occupancy (81.3%) for Hawai'i Hotels Statewide (September 20)
- News Release: Hawai'i Tourism Authority Issues Request for Proposals to Support Signature Events in Resort Areas on Maui, Kaua'i, Island of Hawai'i, and at Ko 'Olina on O'ahu (September 21)
- News Release: Hawai'i's Global Tourism Summit to Address, Seek Solutions to Balancing Tourism's Success with Community Impacts, October 1-3 (September 21)
- News Release: Sophia the Robot to Highlight Focus on Artificial Intelligence at Hawai'i's Global Tourism Summit, October 1-3 (September 24)
- News Release: Responding to a Major Disaster – Man-Made or Natural – to be Addressed at Hawai'i's Global Tourism Summit, October 1-3; Speakers from Las Vegas and Japan, and a Terrorism Expert, to Share Experiences, Advice and Recommendations on Coping with a Life-Altering Crisis (September 25)
- News Release: Global Tourism Summit: Day One: Charting the Course is the Summit Theme as Tourism Stakeholders, Industry Professionals and Community Members Gather to Address Tourism's Future (September 26)
- News Release: Hawai'i Visitor Spending Increased 1.4 Percent to \$1.41 Billion in August 2018; Statement by George D. Szigeti (GS) commenting on the results (September 27)

### **Media Relations**

- **Media Interviews:** Coordinated and/or assisted with the following interviews:

- Global Tourism Summit:
  - GS with Howard Dicus of Hawaii News Now Sunrise (September 21).
  - GS on Facebook Live (September 30).
- KHPR: Jennifer Chun (JC) with reporter Casey Harlow about the second quarter timeshare report (September 19).
- KHPR: JC with reporter Casey Harlow about the Hawai'i Hotel Performance Report for August (September 20).
- KHPR: JC with reporter Casey Harlow about the visitor statistics results for August (September 27).
- KITV: GS with reporter Melody Gonzales about the impact of sports to Hawai'i's tourism industry (September 28).
- **Publicity Support:** Provided the following information and/or assistance:
  - Honolulu Star-Advertiser: Provided information to assistant business editor Dave Segal on the airlines and number of flights serving the Osaka-Honolulu route affected by Typhoon Jebi in eastern Japan (September 5).
  - Japan Airlines Tokyo-Kona Service:
    - HTA's Tourism Research Division (TRD) provided economic impact information for the first year of Tokyo-Kona flights for a news release by Japan Airlines (September 11).
    - TRD provided responses to questions from Dave Segal, assistant business editor of the Honolulu Star-Advertiser, regarding the Tokyo-Kona flights (September 14).
    - TRD provided responses to questions from Max Dible, reporter for West Hawaii Today, regarding the Tokyo-Kona flights (September 17).
  - NBC Nightly News (Los Angeles): Provided news producer Sossy Dombourian with information and news releases on the impact of the Kīlauea volcano eruption to the tourism industry for the State of Hawai'i overall and the island of Hawai'i (September 23).
  - Delta Air Lines: Assisted GS with preparing a quote for inclusion in a news release issued by Delta Air Lines announcing new nonstop service between Detroit and Honolulu in 2019 (September 25).
  - Honolulu Star-Advertiser: Assisted Marc Togashi (MT) in providing information to reporter Allison Schaefer regarding the availability of funds for both capital improvement projects and maintenance work at the Hawai'i Convention Center (September 28).

### **Public Outreach**

- AVP Hawaii Invitational: Assisted GS with talking points for the September 14 press conference about the opening of the beach volleyball tournament (September 13).

- Japan Airlines Tokyo-Kona Service: Assisted GS with talking points for the September 15 ceremony celebrating the one-year anniversary of the relaunch of nonstop Tokyo-Kona flights (September 14).
- L.A. Clippers (September 24-30):
  - Issued a promotion to HTA's distribution list about a special discount for tickets to the exhibition game between the Clippers and Sydney Kings (September 21).
  - Assisted the Clippers in providing names and contact information of Hawai'i media to include on their distribution list for daily updates (September 24).
  - Assisted GS with talking points for the press conference by the Clippers donating a new computer lab and fitness room to Jarrett Middle School (September 28).
  - Pitched local media to cover the press conference at Jarrett Middle School. Attending were Hawaii News Now, KHON and KITV (September 28).
- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the September E-Bulletin (September 26).

### **Brand Management**

- Global Tourism Summit (October 1-3):
  - Assisted Kalani Ka'anā'anā (KK) with drafting letters notifying 'Aha Pūnana Leo, Hawaiian Airlines and Aulani, a Disney Resort & Spa, about being presented with a Tourism Legacy Award on October 3 (September 4).
  - Assisted GS with preparing the welcome letter for the printed program (September 20).
  - Assisted Pua Sterling (PS) with drafting the summary about the Tourism Legacy Awards honorees for placement at tables during the lunch on October 3 (September 20).
  - Assisted GS with preparing remarks for his presentation to open the Summit on October 1 (September 24).
  - Assisted GS with talking points for opening remarks at the Internal Partners Meeting (September 27).
  - Prepared script for emcee Jill Kuramoto to open the Summit and introduce the general sessions on October 1 (September 30).
  - Issued invitations to media and managed process for providing credentials and access to more than 30 registered media attendees (ongoing).
- PRSA Hawai'i Crisis Management Panel: Assisted Charlene Chan (CC) in serving as a speaker with Richard Rapoza of the Hawai'i Emergency Management Agency for the panel discussion, Navigating Crisis Communications, Response and Preparedness in Hawai'i (September 19).
- 2018 Annual Report:

- Review copy for sections provided by the brand managers and begin editing for page layouts. Review and select photos for inclusion (ongoing).

### **Crisis Communications**

- Tropical Storm Olivia:
  - Industry Outreach: Assisted CC in issuing a message to the Global Marketing Team about HTA's monitoring of the storm and resources for information (September 7).
  - HTA Special Alert Page: Posted informational updates on a continuous basis advising tourism industry stakeholders and the general public about the storm's approach to the Hawaiian Islands (September 9-13).
  - HTA Emergency Command Center: In response to Tropical Storm Olivia's approach to Hawai'i, HTA activated the command center at the Hawai'i Convention Center on September 11 at 7:00 p.m. and staffed it continuously for the next 24 hours, with support from the Hawai'i Visitors and Convention Bureau, Hawai'i Tourism Japan and Hawai'i Lodging and Tourism Association. Updates about the storm's progress were provided on a continuing basis to tourism stakeholders and media in Hawai'i and outside the state.
  - Media Interviews: Assisted GS with the following interviews to advise the public:
    - Ross Shimabuku, KHON Wake Up 2Day (September 12).
    - Howard Dashefsky, KHON Evening News (September 12)
  - Media Relations: Interacted with the following media:
    - Governor David Ige Press Conference: Assisted GS with message points about being prepared for Tropical Storm Olivia (September 12).
    - Maui News: Advised reporter Melissa Tanji of the Maui News to consult with Sherry Duong, executive director of the Maui Visitors and Convention Bureau, on Olivia's impact in affecting arrivals to the island (September 12).
- Kīlauea Volcano: Updated the Special Alert page on HTA's website to note the reduction in volcano activity and the reopening of the Hawai'i Volcanoes National Park on Saturday, September 22 (September 19, 25).

### **International News Bureau**

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
  - **Hawai'i Tourism China**
    - Reviewed and forwarded an advertising request by Lin Wang of China Market Services to Jadie Goo (September 7).
  - **Hawai'i Tourism Europe**

- Forwarded inquiry from travel agent Claire Moore in the United Kingdom asking about the impact of hurricanes to client travels on O‘ahu, Maui and the island of Hawai‘i to Hawai‘i Tourism Europe (September 4).
- Reviewed and forwarded a television production request by London-based producer Sam Cunningham of PBS to Caroline Anderson (September 7).
- **Hawai‘i Tourism Canada**
  - Reviewed and forwarded a social influencer request by Annie and Esther from @dualcitizens to Laci Goshi (September 6).
- **Hawai‘i Tourism Oceania**
  - Reviewed and forwarded a request by Jody Simmons of Kiwis to Hawaii to Chris Sadayasu (September 24).
- **Hawai‘i Tourism United States**
  - Reviewed and forwarded an advertising inquiry by Andrew Fausto of Univision to HTUSA (September 5).

## Social Media

- **Facebook Posts:**
  - Post on the rescheduled Second Annual ‘Ōhi‘a Love Festival. **Total Reach** 816 | **Total Reactions** 36 (September 5).
  - Post on HTA news release announcing Kīlauea volcano being idle for a month and the island of Hawai‘i having clean air quality. **Total Reach** 2,030 | **Total Reactions** 197 (September 6).
  - Post on Hurricane Olivia as a category 1 storm. **Total Reach** 2,074 | **Total Reactions** 216 (September 9).
  - Post on tropical storm watch issued for O‘ahu, Maui County and the island of Hawai‘i due to Hurricane Olivia. **Total Reach** 1,083 | **Total Reactions** 64 (September 9).
  - Post on tropical storm warning issued for Maui County and the island of Hawai‘i due to Hurricane Olivia. **Total Reach** 843 | **Total Reactions** 49 (September 10).
  - Post on Hurricane Olivia downgraded to a tropical storm. **Total Reach** 940 | **Total Reactions** 51 (September 10).
  - Post on tropical storm warning issued for O‘ahu due to Tropical Storm Olivia. **Total Reach** 693 | **Total Reactions** 32 (September 10).
  - Post on tropical storm warning issued for Kaua‘i due to Tropical Storm Olivia. **Total Reach** 1,480 | **Total Reactions** 103 (September 11).
  - Post on Tropical Storm Olivia update. **Total Reach** 835 | **Total Reactions** 43 (September 11).
  - Post on Tropical Storm Olivia update. **Total Reach** 762 | **Total Reactions** 47 (September 12).

- Post on Tropical Storm Olivia update. **Total Reach** 624 | **Total Reactions** 28 (September 12).
- Post on tropical storm warning canceled for all Hawaiian Islands as Tropical Storm Olivia moves away from the state. **Total Reach** 543 | **Total Reactions** 19 (September 12).
- Post on post-Tropical Cyclone Olivia. **Total Reach** 527 | **Total Reactions** 12 (September 13).
- Post on AVP Pro Beach Volleyball Tour. **Total Views** 188 | **Total Reactions** 38 (September 14).
- Post on Hikianalia's voyage from Hawai'i to San Francisco. **Total Reach** 207 | **Total Reactions** 23 (September 17).
- Post on Second Quarter Hawai'i Timeshare Report. **Total Reach** 616 | **Total Reactions** 21 (September 19).
- Post on Clippers Hawai'i Classic with special promo code. **Total Reach** 689 | **Total Reactions** 21 (September 19).
- Post on August Visitor Statistics. **Total Reach** 552 | **Total Reactions** 31 (September 27).
- Post from Clippers Hawai'i Classic. **Total Reach** 583 | **Total Reactions** 14 (September 30).
- **Twitter Posts:**
  - Post on HTA news release announcing Kīlauea volcano being idle for a month and the island of Hawai'i having clean air quality. (September 6).
  - Post on Hurricane Olivia as a category 1 storm. (September 9).
  - Post on tropical storm watch issued for O'ahu, Maui County and the island of Hawai'i due to Hurricane Olivia. (September 9).
  - Post on tropical storm warning issued for Maui County and the island of Hawai'i due to Hurricane Olivia. (September 10).
  - Post on tropical storm warning issued for Maui County and the island of Hawai'i due to Hurricane Olivia. (September 10).
  - Post on Hurricane Olivia downgraded to a tropical storm. (September 10).
  - Post on tropical storm warning issued for O'ahu due to Tropical Storm Olivia. (September 10).
  - Post on Tropical Storm Olivia update. (September 11).
  - Post on tropical storm warning cancelled for Kaua'i and the island of Hawai'i (September 12).
  - Post on Tropical Storm Olivia update. (September 12).
  - Post on Tropical Storm Olivia update. (September 12).
  - Post on tropical storm warning canceled for all Hawaiian Islands as Tropical Storm Olivia moves away from the state. (September 12).
  - Post on Tropical Storm Olivia moving away from the state. (September 12).
  - Post on Second Quarter Hawai'i Timeshare Report. (September 19).
  - Post on HTA RFP for signature events in 2019. (September 21).
  - Post on August Visitor Statistics. (September 27).

- **Instagram Posts:**

- Post on the rescheduled Second Annual 'Ōhi'a Love Festival. (September 5).
- Post on AVP Pro Beach Volleyball Tour. (September 14).
- Post on Clippers Hawai'i Classic with special promo code. (September 19).

## **B. Research and Planning**

The Tourism Research Division (TRD) issued the August 2018 monthly visitor statistics on September 27, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Airline Seat Capacity Report for Fourth Quarter 2018 and Air Seat Outlook data tables for October 2018 through December 2018 to the Infrastructure Research Section of the HTA website.

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

TRD issued the August Hawai'i Hotel Performance Report on September 20. The report and related August 2018 data tables were posted to the Infrastructure Research Section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

The narrative and tables for the 2017 Annual Visitor Research Report were posted to the HTA website on September 29, 2018. Printed copies will be distributed to the Legislature and libraries.

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

TRD is participating in the redesign process for the [HawaiiTourismAuthority.org](http://HawaiiTourismAuthority.org) website.

Jennifer Chun served as a guest lecturer for Travel Industry Management Course on Destination Development and Marketing (TIM 425) at the University of Hawai'i at Mānoa on September 20.

Jennifer Chun was interviewed by Hawaii Public Radio (KHPR) on September 19 regarding the second quarter timeshare report, on September 20 regarding the August and summer performance of Hawaii's hotels, and on September 27 regarding the visitor statistics results for August and year-to-date.

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

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests
- Responded to research inquiries routed through DBEDT

## **C. Career Development**

LEI (Leadership, Exploration, Inspiration) Program. The contract for the 2019 program has been fully executed. Staff met with the event organizer and will continue to work on program planning and coordination.

HOST Sector Partnership. HTA staff participated in the October HOST Sector Partnership meeting and shared with the committee HTA's new initiative on responsible tourism.

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

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

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

Hawai'i's visitor industry again showed its resiliency in August 2018, registering +6.3 percent growth in U.S. visitor arrivals despite the unwelcome visit from Hurricane Lane. Overall, expenditures made by U.S. residents ticked up a modest +0.8 percent compared to the same month last year. Through the *#LetHawaiiHappen* campaign and additional marketing efforts, HTUSA continues to garner recognition and keep the destination top of mind for U.S. travelers.

### Leisure

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

Overall, the U.S. economy is healthy, though there are some indicators of growing headwinds. For one thing, the Federal Reserve again revised their Q3 forecast for GDP growth downward, paring it from +3.8 percent to +3.5 percent. While +3.5 percent is still respectable—indeed, it lies well above the post-Recession average—these downward revisions have been so consistent and significant that they indicate some economic potential is perhaps being squandered, particularly as it relates to international trade. Ideally, the recent announcement of the U.S.-Mexico-Canada trade agreement will sooth some fears of a trade war and bring greater stability to the broader economy.

The U.S. travel industry has continued to experience healthy gains throughout the summer months; estimates from the U.S. Travel Association put July year-over-year growth at +3.0 percent. At the same time, the increased domestic travel is significantly lower than that observed in the global travel market which is seeing a veritable boon. The root causes of this discrepancy are hard to pinpoint. With the U.S. economy experiencing such solid growth, the travel market should likewise be humming. Nevertheless, the industry will see continued success throughout the rest of 2018.

#### **Economy**

**The U.S. Consumer Confidence Index continued its steady march upwards in September, growing +3.7 points to 138.4. This is the highest the Index has stood in 18 years and is just a few points short of the all-time high. Once again, this bump was driven by both satisfaction with current economic conditions and optimism about the near-term future of the U.S. economy.**

**U.S. unemployment remained unchanged at 3.9 percent in August, and other important indicators of labor market health likewise did not shift in any meaningful way. It is likely that unemployment will not fall further in the long term, if it decreases at all. However, sustained levels of unemployment less than 4 percent should eventually result in upward pressure on wages, which will in turn fuel higher consumer spending.**

#### **Travel Sentiment**

Currently, the U.S. air leisure travel sentiment index rests at 115.3, a year-over-year decline of -4.5 points. Despite its drop from an all-time high level in Q2 2016, U.S. visitors arrivals to Hawai'i continue to swell.

The cause of this declining sentiment in Q3 2018 is multifaceted. According to MMGY Global, both the perceived affordability of travel and the personal financial situations of air leisure travelers saw a significant decline. Likewise, fewer travelers feel they have the free time to make travel worthwhile. Of note, one area where sentiment did not substantially change was interest in travel. It is possible that this sustained elevated level of interest has been enough to overcome the other perceived headwinds, particularly at a time when overall confidence in the economy continues to soar.

### **Airlift**

The overall growth rate of air seat capacity to Hawai'i slowed again in the fourth quarter. This trend will continue as we begin to compare against the air seat surge that occurred in the first quarter of 2018. Still, more than 2.2 million air seats will be flown between October and December, a record increase of +7.2 percent from the same period last year.

Capacity from the U.S. West market will increase by +8.2 percent, with Denver (+76.8%), Seattle (+16.6%), and San Francisco (+13.3%) all adding more than 30,000 new seats each. Los Angeles will continue to see a decline of roughly -30,000 seats (-5.0%) over the same period.

Meanwhile, capacity from the U.S. East market is basically flat with a slight -0.1 percent decline compared to the year prior, the first such loss since 2017. Though Chicago (+7.9%), Dallas (+3.9%) and New York (+8.2%) are all seeing growth, these gains are offset by the significant reduction in air seats flown from Minneapolis (-54.5%). It should be noted that the total net loss in capacity for the region is less than 250 seats.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **On-line**

September firmwide digital campaign estimates: Central 21.8 million impressions; KVB 6.4 million impressions; OVB 4.3 million impressions; MVCB 3.4 million impressions; LVB 1.1 million impressions; DMVB 967,000 impressions; IHVB 7.9 million impressions.

#### **– Social Media**

In September, HTUSA continued Episode 6 of the Hawai'i Rooted video series which featured chef Simon Gideon and farmer Brandon Lee through an adapted Facebook mini-story, as well as Instagram teaser ads. The campaign was temporary paused for Tropical Storm Olivia.

Print. Firmwide print programs have been negotiated to deliver the *#LetHawaiiHappen* campaign's influencer content messaging in print, as well as additional added value media exposure throughout the year. In the month of September, HTUSA ran consumer brand ads in the following publications:

- Two-page MVCB Maui spread ad (full-page brand ad adjacent to a full-page influencer advertorial) in *Cooking Light* (circ. 1,775,000)
- Two-page Maui spread ad (full-page brand ad adjacent to a full-page influencer advertorial) in *Food & Wine* (circ. 925,000)
- Two-page IHVB island of Hawai'i spread ad (full-page brand ad adjacent to a full-page influencer advertorial) in *Travel + Leisure* (circ. 950,000)

Television/Video. HTUSA launched a flight of television and video in September with a broad reach base of national cable television and an overlay of more targeted video to reach the Hawai'i target audience.

- HTUSA launched an addressable television flight in September with Simulmedia (Sept. 3-16) to increase brand awareness and reach the target audience across many networks. Set top box data was used to determine the networks and shows that the audience watches. Media included the following:
  - Four 30-second brand commercial spots in the #LetHawaiiHappen – Journeys campaign (one per major island).
  - Four 30-second brand commercial co-op spots with partner tags for Hawaiian Airlines (one per major island).
  - Four 30-second brand commercial co-op spots with partner tags for Alaska Airlines (one per major island).
- Video. HTUSA launched a video flight in September with VideoAmp (Sept. 3-Oct. 31) to complement the television presence and build incremental reach with digital delivery to a more targeted audience viewing by alternate methods (FEP, OTT, In-Stream).

### **Travel Trade**

HTUSA participated the Apple Vacations trade show in Oakbrook Terrace, IL, on Sept. 11 with 740 travel agents present. Participating Hawai'i partners included Aulani, A Disney Resort & Spa, Hawaiian Hotels and Resorts, Hilton Hotels & Resorts, Kā'anapali Beach Hotel, Ko'a Kea Hotel & Resort, Marriott Hawai'i and Outrigger Hotels.

HTUSA was a sponsor at Delta Vacations University, in Minneapolis, MN, from Sept. 22-23. A total of 2,250 travel agents attended. HTUSA presented four workshop sessions (377 agents), participated in two trade shows and presented at the Hawai'i-sponsored general session (1,100 agents). Participating Hawai'i partners included 'Alohilani Resort Waikīkī Beach, Aqua-Aston Hospitality, Aulani, A Disney Resort & Spa, Courtyard by Marriott King Kamehameha's Kona Beach Hotel, Hawaiian Hotels and Resorts, Hilton Hotels & Resorts, Hyatt Hotels in Hawai'i, Kā'anapali Beach Hotel, Marriott Hawai'i, Outrigger Hotels and The Ritz-Carlton Residences, Waikīkī Beach.

The Mark Travel Corporation (TMTC) held their fifth annual Summit in Cancun, Mexico, Sept. 26-29 with 565 travel agents attending. The Hawaiian Islands were represented at the TMTC trade show, Base Camp interactive session, two workshops (80 agents) and the closing general session (565 agents). Participating Hawai'i partners included Courtyard Marriott Kaua'i at Coconut Beach, Hawaiian Hotels and Resorts, Hilton Hotels & Resorts, Kā'anapali Beach Hotel and Outrigger Hotels.

HTUSA and the Island Chapters participated in Classic Vacations' 2018 Elite Education Experience (E3) on the island of Hawai'i from Sept. 24-27. There were 45 pre-qualified luxury travel advisors in attendance. Along with the Island Chapters, HTUSA conducted a destination presentation. HTUSA also participated in a panel discussion focusing on luxury travel experiences and conducted 45 one-on-one appointments with the travel advisors. Participating Hawai'i partners included Aulani, A Disney Resort & Spa, Marriott Hawai'i, Fairmont Hotels & Resorts Hawaii, Hyatt Hotels in Hawai'i, Montage Kapalua Bay, The Laylow, Autograph Collection, Hilton Waikoloa Village, Mauna Lani Bay Hotel & Bungalows, Turtle Bay, 'Alohilani Resort Waikīkī Beach, Halekūlani and The Kāhala Hotel & Resort.

HTUSA participated in the 2018 Journese Curators Celebration on Maui from Sept. 28-30. The event celebrated Journese's top 25 revenue producing travel advisors. HTUSA and Maui Visitors & Convention Bureau attended the welcome reception. HTUSA conducted a breakfast presentation featuring the Hawaiian Islands and sponsored specialty lei and entertainment for the farewell dinner. Participating Hawai'i partners included The Ritz-Carlton Kapalua, Trilogy Maui, Four Seasons Resort Lāna'i and Roberts Hawai'i.

The first Cruise Planners Land Summit was held in Cabo San Lucas, Mexico, Sept. 4-7. HTUSA conducted a 30-minute destination presentation, participated in a trade show, one-on-one appointments and attended networking events. There were 130 agents in attendance. Participating Hawai'i suppliers included The Mark Travel Corporation, Pleasant Holidays, Travel Impressions and Classic Vacations.

As a follow-up to the August report, results follow for the U.S. East/U.S. West Leisure Sales Blitz in Westchester, New York, Jersey City, New Jersey, Denver, CO and Salt Lake City, UT, Aug. 27-30. Eight travel agent training workshops were conducted for a total of 145 travel advisors participating in either the HDS Live Workshop Training or the Island Chapter updates, with an overall 199 agents participating in the destination presentations, trade shows and supplier roundtables.

### **Public Relations**

HTUSA launched its Work From Hawai'i week-long residency program, bringing select New York residents to O'ahu, island of Hawai'i, Moloka'i, Maui, Lāna'i and Kaua'i to showcase each island's ability to inspire, rejuvenate and energize visitors. The HTUSA PR team coordinated personalized itineraries for each participant, incorporating meetings with island ambassadors, activities for a two-day shoot and immersive experiences to delve deep into Hawai'i's cuisine, culture and adventure.

As part of island of Hawai'i recovery efforts, HTUSA is collaborating with IHVB on various PR initiatives, one of which is to capture content of various activities and attractions throughout the island for use on social media and story generation. Timing was centered around the re-opening of Hawai'i Volcanoes National Park in preparation for IHVB's upcoming media blitz to Los Angeles, San Francisco and New York in November.

To promote Hawai'i's natural wonders, HTUSA's PR team worked with Tremendous! Entertainment to shoot two episodes of ABC's "Rock the Park" on Maui and the island of Hawai'i, Sept. 19-24. The crew traveled to Maui to film snorkeling at Molokini with Pacific Whale Foundation and the island of Hawai'i to experience a manta ray dive as well as capture b-roll at various locations, including Hawai'i Volcanoes National Park, Wailuku River State Park and 'Akaka Falls State Park. HTUSA assisted with location recommendations, contacts and on-site assistance as well as provided production support. Season 6 of "Rock the Park" is expected to air Feb./Mar. 2019.

KVB. Kaua'i was featured nine times online resulting in an estimated 12 million unique visitors per month (uvpm) and seven times in print for an estimated circulation of 477,000.

OVB. O'ahu was featured three times online resulting in 44.7 million in estimated uvpm and once in print for an estimated circulation of 977,000.

- MVCB. Maui was featured four times online resulting in an estimated 80.2 million uvpm and once in print for an estimated total of 650,000 in circulation.

IHVB. The Island of Hawai'i was featured twice online for an estimated total of 387,000 uvpm and once in print resulting in an estimated 212,000 in circulation.

- In September, HTUSA generated:
  - 26.2 million social media impressions (*Facebook, Instagram*)
    - o 22.6 million print impressions
    - o 43.2 billion online impressions
    - o 432.7 million broadcast impressions

**Sales Activities – See Travel Trade above**

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

Travel trade team will participate in the HTA Global Tourism Summit, Honolulu, HI, Oct. 1-3; Wholesale Forum, Honolulu, HI, Oct. 4, Association of Westchester Travel Agents Trade Show, Westchester, NY, Oct. 22; Pleasant Holidays' Fall Road Show, San Diego and Los Angeles, CA, Oct. 22-23; NorCal ASTA Hawai'i Product Seminar, O'ahu, HI, Oct. 24-29; Travel Leaders Trade Show, New York, NY, Oct. 30; AAA Training, Rye Brook, NY, Nov. 6-7; Working in Travel Services Training and Trade Show, Scotia, NY, Nov. 7; HTUSA & Pleasant Holidays' Hawai'i Blitz, Western WA, Nov. 7-8; Southwest ASTA Trade Show, Nov. 10, Houston, TX; MAST HDS Training, Davenport, IA, Nov. 13; The Mark Travel Corporation Hawai'i Dinners, Denver, CO and Salt Lake City, UT, Nov. 13-14; MAST Sales Sensation, Chicago, IL, Nov. 15; Cruise Planners Annual Convention, Hollywood, FL, Nov. 26-29.

PR team is coordinating upcoming media visits with Shayla Martin (Delta Sky, Endless Vacation, SheKnows.com, Furthermore from Equinox), Joshua Ocampo (Mic.com) and Elyse Inamine (Bon Appétit).

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

### Leisure

#### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

##### Economy

- The recurring natural disasters in Japan have been adversely affecting Japan's "Earning Power" as a destination. Although the strong travel sector growth continues, August growth rates have declined compared to previous months. Such results exhibit the significance of crisis situations and its effects on tourism. It will be important for emphasis to be placed on topics like responsible and sustainable tourism to mitigate crisis situations.
- Studies performed by the Bank of Japan on resident sentiment of the economy found that more residents felt the economy worsening in September. The Bank of Japan attributes this to the repeated natural disasters causing hardships on consumers. This exhibits the sensitivity of the Japanese market to natural disasters, highlighting the importance of recovery initiatives.

##### Outbound Travel Market

- The rapid growth of international travelers has been creating increasing concerns for over-tourism. In response, the World Travel and Tourism Council hosted a webinar with the theme of Destination Stewardship. The webinar included case studies from the Boracay Island and Flanders in Belgium as supporting materials.
- **Boracay Island:** In 2017, visitors to Boracay grew by 16% to 2 million, but the lack of proper infrastructure to accommodate growth caused issues including illegal construction and pollution, prompting the Government to close the island to visitors. The government has been implementing significant efforts in repairing and improving public infrastructure on the island such as roads, plumbing and the electricity grid. With the island set to reopen to visitors on October 26, the establishment and completion of the improved infrastructure is viewed as critical.
- **Flanders:** To mitigate the effects of over-tourism in the Flanders Region of Belgium, Visit Flanders has continued studies from 2016 on necessities for the destination to prosper. From results, they reformed strategies to align with the following 3 key ideologies: 1) Quality over Quantity, 2) Quality Destination and 3) the participation of residents, emphasizing that residents are the most important stakeholders in maintaining the prosperity of tourism.
- With the repeated occurrences of typhoons, torrential rains and earthquakes negatively impacting both inbound and outbound travels, the Japanese Government approved the use of 2018 reserve funds to be used for revitalizing the travel demand of the Japanese market. As Japanese citizens tend to be conservative in such situations, effects on the outbound travel market may continue. Continued monitoring, promotions and diffusion of accurate information will be necessary to maintain the strong Japanese outbound market.

##### Competitive Environment

- Japan National Tourism Organization, Japan Association of Travel Agents and Korea Association of Travel Agents announced collaborative emergency promotions to achieve the initial two-way tourism goals of 10 million. The recent natural disasters have prompted concerns by stakeholders that results may fall short of goals as July and August visitors

declined for the first time in 2 years. The three parties are planning various collaborative initiatives to promote travels to consumers.

- Guam Visitors Bureau (GVB) announced the reorganization of operations at their Japan office. Although their Japan office has been maintained since 1976, decisions were made to outsource operations in Japan to a marketing agency to be more efficient, innovative and responsive as the tourism industry evolves. GVB stated this to be a part of their strategic recovery plan, also entailing aggressive incentive programs to increase airlift and build consumer demand through online and social media marketing.
- The Tourism Authority of Thailand and Expedia formed a memorandum of understanding (MOU) in efforts to further enhance the growth of Japanese travelers. Significant changes include the ability for users of Expedia to browse and reserve hotels not located in the popular regions of Bangkok, Phuket and Pattaya to expand popularity to the regional cities of Thailand. The Tourism Authority of Thailand also has MOUs with companies such as “Gurunavi”, a popular Japanese restaurant guide, exhibiting their aggressive initiatives to grow Japanese demand.

### **Consumer Trends**

- Japanese women are increasingly engaging in filmography, as opposed to simply viewing. Many women can be seen chasing photogenic opportunities with smartphones for posts on various platforms. Subjects for such opportunities range from friends to stylish cafes they visit. Such trends can be seen particularly in the millennial generation which are the smartphone and SNS “native” generation. These consumers have shown trends to favor communication with images and videos over the traditional use of text.
- The development of virtual reality (VR) technology has been prompting the creation of numerous facilities in major cities such as Tokyo and Osaka, allowing consumers to experience VR. At the Tourism Expo Japan many destination management organizations and travel agencies could be seen utilizing VR. Consumers experienced various activities such as fishing, skiing and canoeing in addition to various moments such as weddings and fireworks shows at popular destinations. HTJ ensured the Hawaii booth would be a step ahead by setting up a MX4D station, which was extremely well received by attendees. HTJ will continue monitoring technological developments as artificial realities are expected to become norms within the industry.

### **Travel Trends**

- As the growth of FIT travelers continue, many travelers value unique and valuable experiences at destinations and seek them on their own. With this, Japanese System developer “sharaq” introduced a new mobile app allowing travelers to chat with local residents called “KINPEN”. Users of the app search through the various profiles of residents at destinations based on attributes, language and specialties to match with local “guides” that best suit their needs and characteristics. The growth of the FIT market share has been prompting new methods for travelers to enjoy travels which are more suited to unique needs.
- Japanese consumers have been increasingly traveling overseas. Reports made by Japan Airlines and All Nippon Airways, two of Japan’s major carriers found that in August, passengers on international flights reached levels that had not been obtained in 16 years. Passengers handled increased for not only Hawaii but to all destinations globally, indicating the inclination of the Japanese visitors to travel.

### **Media & Online Trends**

- Magazine publishers which still utilize print mediums have been hosting unique live events in efforts to obtain and maintain subscribers. Some examples of such initiatives are as follows.

- Fashion Magazine “VERY” hosted the “VERY FES. 2018” at a department store in Tokyo with a theme of “my color, my fashion”, featuring events such as talk shows, fashion shows, workshops and performances.
- Women’s magazine “andGIRL” hosted a matchmaking event targeting men and women in their 30s. 80 participants were reported to have attended with 9 couples being formed at the event.
- Men’s magazine “FINE” arranged an archive exhibit as part of their 40<sup>th</sup> anniversary, featuring exhibits detailing the history of their magazine for consumers to raise interest on their products.
- As paper medium magazines continue to struggle, many publishers are launching niche contents to appeal to specific consumer segments. For example, Takarashima-sha launched their new magazine on every day “things” called “Mono Master” on September 22, targeting males in their 50s and 60s. Similarly, Shogakukan launched a different version of their popular magazine “Biteki”, targeted specifically towards women in their 40s to reach a different consumer segment with their popular magazine.

### Airlift

- Hokkaido’s earthquake and the recurring typhoons have caused the month September to be a difficult month. For Hokkaido (Chitose Airport), because the closure of facilities was limited to 2 days, significant impacts on flights and cancellations were avoided. However, the typhoons prompted the closure of Kansai International Airport (KIX) for 17 days, greatly affecting the operation of the airlines serving the market.
- **Japan Airlines:** Relief flight service for all flights from KIX were operated from Narita. Additionally, transportation to Narita was offered free of charge to customers, resulting in most customers maintaining plans for travel.
- **Hawaiian Airlines:** Although relief flight service was offered from Narita, because costs for traveling to Narita were initially not covered, more cancellations occurred. Booking pace after the natural disasters have recovered to original levels, but some difficulties to fill seats continue from the growth of their capacity.
- **Delta Air Lines:** Of the carriers operating relief flight services, Delta’s were the most successful, as they were able to provide relief from a closer airport, Chubu Centrair International Airport. Their quick response to the situation combined with the lack of relief service from LCCs prompting those passengers to utilize Delta’s service resulted in strong results.
- **Scoot:** A lack of relief service caused performance of Scoot to struggle with bookings made. In efforts to revitalize travels, Scoot is planning recovery campaigns in October with details yet to be announced. Additionally, a 1-year anniversary campaign is also being planned for December to celebrate the anniversary of their service.
- **Air Asia X:** Air Asia X offered two relief flight services from Chubu, but the overall lack of these services greatly impacted performance. Since the start of daily flight service, some difficulties in maintaining load factors were exhibited, but HIS beginning to utilize seats has been stabilizing performance.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **Hawaii Island Response**

- One of Japan’s most influential TV programs, “Ariyoshi’s Summer Vacation” was aired on September 1 and extensively featured the Island of Hawaii with contents aired for the Island reaching 50 minutes. The show is highly influential as each year, the various sites that the Japanese celebrities visit experience strong growth in Japanese visitors. By having the highly influential show heavily cover the Island of Hawaii, HTJ aims to see strong recovery in visitors to the Island.
- On September 13, Japan Airlines arranged an anniversary event for 1 year of service to Ellison Onizuka Kona International Airport at the Tommy Bahama Ginza, as part of the Island of Hawaii Recovery initiatives. Over 100 attendees from travel agencies and media companies were present at the event, along with a special celebrity guest, Ms. Jun Hasegawa, greatly increasing buzz for the Island of Hawaii. Concurrently, the new menu items for their service to Hawaii was announced. Because the options were created under the direction of popular Japanese chef Ms. N. Shinobu, the event obtained significant attention from consumers and travel industry stakeholders alike.
- The two consumer campaigns launched in response to the Island of Hawaii volcanic activity ended on September 30. Both the survey campaign and SNS campaign yielded strong results that showcased consumers’ willingness to support the Island of Hawaii in a time of crisis. Concurrently, HTJ was able to collect valuable consumer data to be utilized in future promotions. More than 10,285 consumers participated in the campaign. Of these participants, 3,623 consumers expressed intents to visit the Island of Hawaii before February 2019. The SNS campaign was also very successful, with over 3,000 posts being made with hashtags supporting the Island of Hawaii, effectively enhancing the reach of recovery initiatives to consumers that could not be reached by HTJ alone.
- HTJ received reports from travel agency partners stating that the partial reopening of Volcanoes National Park on September 22 has been prompting a steady regrowth of inquiries by consumers for the Island of Hawaii. Positive indications such as this are likely to prompt wholesalers to begin further strengthening promotions for the Island.

#### **Aloha Program**

- The Aloha Program organized an Island of Hawaii Seminar at the Hawaii Expo 2018 in Sapporo. 37 Aloha Program Members attended the seminars and learned about the Island of Hawaii and the story of Pele. Topics chosen focused on the Island of Hawaii in efforts to raise awareness of the current situation on the Island and HTJ’s Island of Hawaii recovery campaigns. Additionally, arrangements were made for a Hawaii Specialist social gathering attended by 33 of the attendees, where members exchanged various opinions and insights on Hawaii.
- Initiatives were carried out to promote the Aloha Program at the Tourism Expo Japan from September 22 – 23. An advanced level Hawaii Specialist seminar was conducted with Aloha Program Curator Mr. David Asanuma as the instructor to 22 Hawaii Specialists. A special campaign was also held to obtain new applicants to the Aloha Program. The campaign explained the benefits that can be enjoyed by becoming members, attracting 640 new consumers.

- From September 9 – 11, the Aloha Program conducted the “Deep Hawaii Tour” on the Island of Hawaii, Maui and Molokai for 12 Hawaii Specialists. The purpose of this tour was to reward advance level Hawaii specialists with the various benefits of the Aloha Program and to encourage all members to continue studying about Hawaii. Along with Aloha Program Curators, participants visited Pu‘ukoholā National Historic Site, planted Koa trees with Hawaiian Legacy Hardwoods, participated in a Kapa workshop and deepened their understanding of the Hawaiian value and lifestyle.
- The Aloha Program was brought up in the aforementioned “Ariyoshi’s Summer Vacation” on September 1. From the broadcasting of the show, over 600 new applications were received, with 2/3 of those registering passing the beginner level exams, indicating the highly influential nature of the show.
- A webinar was conducted to 87 Hawaii Specialists, instructed by Aloha Program Curator Mr. D. Yoshimi. Topics covered included the themes, history and cultural significance of Hawaiian music.
- Aloha Program delivered 4 email blasts with an average click through rate of 12.44%.
- Aloha Program site statistics: Unique users at 29,390; Page Views at 243,091; Average Browse Time at 4:52.
- Aloha Program members totaled 478 youth, 8,925 beginners, 3,521 intermediate and 5,357 advanced members for a total of 18,281 specialists. (Total of 32,251 Aloha Program Members)

### **Gohoubi “Rewards” Hawaii**

- Customizable Gohoubi Hawaii plan downloads from the campaign site totaled 34,936 plans as of September 30, with 2,376 plans created in September alone.
- A Gohoubi Hawaii Plan creation campaign began in September in efforts to raise awareness and consumer interest for travels to Hawaii. The campaign is set to run through October 31. One lucky pair will be awarded a 3-night stay at the Westin Hapuna Beach Resort Hotel in an ocean view room.
- Gohoubi Hawaii Campaign video advertisements continued in September via various online platforms to maintain buzz around Hawaii as an ideal destination to reward oneself. Videos reached roughly 4,940,884 consumers.
- The Gohoubi Hawaii Family Version advertisement video was broadcasted at the JATA Tourism Expo in Japan. This expo was one of the largest consumer events in Japan, with attendance from major travel agencies and consumers. The ad was broadcasted throughout digital signage stations in the main access aisle of the event, effectively increasing reach and consequently awareness for consumers and industry personnel about Hawaii. Over the course of 4 days, the video reached approximately 207,000 attendees.

### **Travel Trade**

- HTJ organized and hosted the annual Hawaii Expo event from September 1 – 2. Unlike in previous years, HTJ selected a venue in Hokkaido to tap into a market with great potential for growth. Building upon the success of past years, the event attracted over 13,500 consumers, many of which were avid travelers to Hawaii or showed great potential to visit Hawaii in the near future. A total of 10 partner companies also supported the event and operated booths to help promote Hawaii. All participant partners expressed great satisfaction with the event and were astonished by the proactive consumers attending the event, despite being held in a regional city. HTJ also organized various cultural experiences by offering workshops and seminars to educate and raise awareness of Hawaii amongst the local consumers of Hokkaido. For further details on the Hawaii Expo, please refer to the supplemental attachment.

- HTJ participated in the annual Tourism Expo Japan hosted by JATA from September 20 - 23. Prior to the Expo, JATA held a media briefing session on September 6, where HTJ provided a presentation to promote HTJ's pavilion to the media crew. HTJ planned the Hawaii Pavilion with the theme of a "technological Hawaii experience" to stir the interest of consumers attending the expo. One of the major initiatives included in the pavilion was the introduction of the MX4D Hawaii experience, where visitors experienced Hawaii via 4D technology, including various sensory elements such as smell, sight, etc. HTJ effectively pitched the Hawaii Pavilion, resulting in many media exhibiting great interest for the Hawaii booth. During the Hawaii Expo, several TV stations, online media and wire media stopped by the HTJ pavilion to cover stories on the experience, effectively enhancing awareness of Hawaii. Overall, 54 exposures, 4,252,186,891 impressions, and AD value of \$255,931.54 were generated.
- HTJ participated in the Hawaii Association Osaka meeting, where travel industry stakeholders provided updates on the effects of the crisis situation that unfolded in September. For travel agencies, the lack of new bookings being made for the 2-week closure period of KIX has caused overall performance to decline. For hotels, although they were not able to accommodate the potential new visitors during the period, because visitors already in Hawaii could not return to Japan, overall declines in performance were relatively mitigated. For airlines, efforts were placed on arrangements for relief flight service with performance leveling out. Bookings for the fall period onwards are slightly lower than the previous year, but this is mainly attributed to the growth in airlift rather than the disasters. With the natural disasters subsiding, all companies stated intents to start focusing on recovery initiatives.
- Preparations continued for the GTS Post FAM Tour to the Island of Hawaii from October 3 – 5 with over 20 agents planned to participate from the Japanese travel trade industry. HTJ communicated with Island of Hawaii partners including the Imiloa Astronomy Center, Westin Hapuna Beach Resort, Fair Wind, UCC Hawaii and IHVB to finalize preparations for the FAM tour. Details will be reported in the October report.
- Concerns raised by Japanese wholesalers with difficulties in growing sales for Kauai have prompted discussions for the creation of a "Kauai All Japan Tour", whereby the top wholesalers will all work together to create a single package tour to Kauai and sell it at all of their branches. While details are still under discussion, because Japanese FIT visitors hold much of the share to the island, the wholesalers remain hopeful for this collaborative product to boost performance
- HTJ conducted a webinar for travel trade industry members on September 5 with the Holiday Inn Express Waikiki. Contents covered included the various amenities offered at the hotel to assist the Japanese agents in selling their products. A second travel trade webinar with Atlantis Adventures was planned in September but was canceled due to the threats posed by Hurricane Olivia. This webinar was rescheduled to October.

### **Public Relations**

- HTJ generated a total of 89 exposures, 7,986,171,429 impressions, and \$10,880,060 ad value in September.
- HTJ distributed three press releases as follows: 1) Tourism Expo Japan, 2) API and 3) Educational Trip Survey

### **Sales Activities** – HTJ conducted 20 sales calls and met with 65 agents to promote Hawaii.

- The series of natural disasters that occurred in September have caused the performance of wholesalers to decline, as new bookings halted for roughly 2 weeks. Starting from October, it is speculated that wholesaler partners will begin recovery initiatives to boost performance. HTJ will provide support for initiatives as necessary.

- For the wholesalers, the natural disasters provided a good opportunity to showcase the benefits of traveling with package tours. Many agents received comments from consumers stating that in times like this, the services offered by the wholesalers for customers are a strong benefit to package tours and provided assurance.

#### JTB

- **Initiatives:** JTB and HTJ agreed to increase the number of meetings to better establish support for the launch of the 2019 Global Destination Campaign. Although specific implementation methods have not been decided, intents to begin utilizing LCC in products have also been expressed.

#### HIS

- **Initiatives:** From October, HIS is planning recovery campaigns utilizing their strength with LCCs, while also strengthening PR initiatives on media. HTJ will provide support as required to assist promotional initiatives.

#### Hankyu Travel

- **Performance:** Performance from the Tokyo market has exhibited lackluster growth while performance from the Osaka market has shown strong results, as their use of APIs to link LCCs via their E-very products have allowed consumers to efficiently obtain PEX rates. Hankyu Travel also expressed intents to strengthen PR for products to the Island of Hawaii as they maintain strong performance in this market.

#### JALPAK

- **Initiatives:** Full recovery for the Island of Hawaii is yet to be experienced, as effects from the volcanic activity linger. As part of their 1-year anniversary for the NRT – KOA route, JALPAK launched an Island of Hawaii Campaign from FM Tokyo's Ginza station, with information on Hawaii broadcasted on a weekly basis.

#### ANA Sales

- **Initiatives:** In preparation for the announcement of a specific launch date for the Airbus A380, education of agents with support from HTJ on Hawaii via seminars continue. ANA Sales intends to secure 100 seats on the inauguration flight of the A380 to launch the service with a strong start.

#### Romance Market Initiatives

- The creation of the “Romantic Hawaii” Campaign Video of HTJ was completed, with diffusion of the video on YouTube, allhawaii.jp, travel agencies and wedding organizers also starting. HTJ will continue working with travel agencies and wedding organizers to further strengthen the most popular international wedding destination amongst the Japanese consumers. A wedding FAM tour is scheduled in October with partners to better educate the representatives on Hawaii.

### Partner Relations

- HTJ met with the organizers of Pow! Wow! Hawaii regarding a potential collaborative event to be held in February 2019. Because the initiatives carried out by this entity are popular amongst the millennial market, HTJ will continue discussing with the organizers regarding future events.
- HTJ attended the bi-monthly JHTA meeting on September 20 and informed the travel industry partners about the current market conditions. HTJ promoted the Global Tourism Summit including the Japan Summit and keynote speech schedules at the meeting and encouraged attendees to participate. Additionally, the attendees expressed their concerns and opinions regarding the implementation of the new TAT law starting in 2019 and discussed potential ways to alleviate the potential impact.

**Brand Experience Update**

- Various events in September such as the Aloha Festival were promoted via the portal site allhawaii.jp, SNS pages and mail magazine distributions to raise awareness of the events in Hawaii.
- HTJ worked to share authentic Hawaiian culture with Japanese consumers at the Hawaii Expo Sapporo by featuring shows with Hawaiian performers such as hula dancing, ukulele and Hawaiian music performances.

**Island Chapters Engagement Update**

- OVB: Finalized preparations for the Queen Kapiolani Reception on September 30 for the GTS. HTJ provided OVB with a list of attendees along with other relevant information.
- IHVB: Updates regarding the Kohala Coast Evening Shuttle Service were shared with IHVB. HTJ also provided collateral to be shared with the various stakeholders on the Island of Hawaii on the service.
- KVB: Began filming VR footage to be utilized in promotions of Kauai.
- MVB: Conducted the monthly conference call meeting with Mr. R. Parker to update them regarding the upcoming Aloha Program Week in Hawaii event’s schedule. Discussions were also made regarding potential future co-op initiatives for travel trade partners.

**HTA Related Activities**

- Worked with HTA to finalize preparations for the GTS 2018. HTJ shared participant information for the Japan Summit sessions, while also finalizing details regarding JAL’s sponsorship and arrangements for the Japanese keynote speakers. Under direction from HTA, HTJ directly worked with Paragon to prepare for the Japan Summit sessions.
- HTJ attended the Hurricane Lane Crisis Management Debriefing Meeting. At the meeting, HTJ expressed the importance of the distribution of information to partners to mitigate the negative impacts arising from crisis situations. Bearing this in mind, requests were made to HTA and Anthology to provide updates earlier to HTJ prior to their release for HTJ to translate and distribute in a timelier manner.
- Continued updates were provided to HTA regarding the situation of typhoons in Japan, and operation situation of airports and airlines in affected areas.

**“COMING ATTRACTIONS” FOR LEISURE MARKET**

#	Event Name	Date	Location
1	Hawaii Seminar	10/18	Kagawa
2	Wedding FAM Tour	10/21 – 10/26	Honolulu
3	Aloha Program Week in Hawaii	11/5 – 11/10	Island of Hawaii & Maui
4	Media Event	11/15 – 11/16	Tokyo

## Hawai'i Tourism Canada Monthly Marketing Report September 2018

### Leisure

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

As mentioned within, the positive economic news in relation to Canada, the U.S., and Mexico reaching a new trade agreement, should help to stabilize the economy and increase consumer confidence, which is a key variable in Canadian's willingness to commit to outbound travel.

We have now seen YOY decreases in Canadian visits to Hawai'i in 2 of the past 3 months. While the summer months tend to see reduced Canadian travel to Hawai'i, this decrease from a strong 2017 is worth noting. While many variables contribute to a Canadian's travel decision making, it is likely that the combination of the volcanic eruption and hurricane activity have had an impact. As has been noted separately, key Canadian Tour Operator partners have noted the impact on their current and future bookings. This may take several additional months to moderate. HTCAN is working cooperatively with its partners to try to make up for lost bookings. Barring any further volcanic or significant storm activity, a booking rebound is anticipated for the key winter period.

#### **Economy**

The most positive news is that the U.S., Mexico, and Canada have reached an agreement to replace the NAFTA with the new United States-Mexico-Canada Agreement (USMCA). This is good news, eliminating some of the uncertainty that has been hanging over the Canadian economy. Economists still predict the GDP to remain at 1.9% through 2019, but do anticipate the Canadian dollar to benefit and stabilize. Multiple economic sectors have performed well recently.

With the trade agreement being reached, it is anticipated that the Bank of Canada will hike interest rates at some point soon, which would potentially stall economic growth, and increase household debt. This is seen as necessary to great more sustainable economic growth moving forward. The positive news is that household debt show signs of slowing its growth, which is good as Canadians have been identified as carrying too high a percentage of debt.

The Canadian unemployment rate decreased slightly in September 2018, down to 5.9% from 6.0% which is additional positive news.

As always, the exchange rate between the U.S. and Canadian Dollars is key to outbound U.S. travel. The positive news is upward movement, bringing the exchange up to \$0.77 CAD to purchase a U.S. Dollar. The U.S. remains strong. If the Canadian Dollar is unable to keep up, there could be a negative impact on travel intention.

#### **Consumer Confidence**

The national consumer confidence rating was 115.3 points in September, a 2.9-point increase compared to last year. Consumers residing in Quebec, the Prairies, and BC were more positive, while a decline in confidence was recorded in Atlantic Canada, Ontario, and Alberta. At the same time, the

overall attitude towards purchase intentions did not fluctuate, remaining at 30 per cent of Canadians. The largest change was registered in Quebec, where 46.4 per cent of respondents indicated that now is a good time to make a major purchase.

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

### **Total Canadian Outbound Travel**

Canadians made more than 20 million overnight trips to the U.S. and other outbound destinations during the first seven months of 2018, an increase of 2.8 per cent. Of this total, an estimated 15.5 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.4 percent, while leisure travel to the U.S. has grown 3.4 percent. The first half of the summer travel season saw Canadians make an estimated 6.7 million overnight leisure trips to the U.S. and other destinations; an increase of 1.4 per cent. Canadians made 4.3 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew to 2.38 million.

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

Canadians have taken almost 12.0 million overnight trips to the U.S. so far this year, an estimated 9.2 million of which were for leisure purposes. The first seven months of the year saw direct deplanements in various Florida destinations surpass 1.3 million, a 2.9 per cent increase compared to last year. During the period, Las Vegas (3.9%), New Orleans (1.6%), and Phoenix (8.2%), as well as Hawaii (1.8%) and key destinations in California and Texas all recorded an uptick in direct arrivals from Canada. Due to a stronger exchange rate at the beginning of 2018, the average daily hotel rate throughout the first seven months of the year has fallen -0.6 per cent to CAD \$166.42. The Canadian Dollar averaged \$0.78 USD during the period, compared to \$0.75 USD in both 2017 and 2016.

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

<b>Destination</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018p</b>	<b>% change (2018 vs. 2017)</b>	<b>CARG (2014-2018)</b>
Fort Lauderdale	336,902	361,463	369,695	379,769	374,824	-1.3%	2.7%
Fort Myers	74,024	78,530	97,645	100,000	103,704	3.7%	8.8%
Miami	241,076	234,441	229,990	218,715	229,417	4.9%	-1.2%
Orlando	326,443	345,540	368,921	391,122	415,129	6.1%	6.2%
Palm Beach	28,882	26,909	37,763	42,033	40,954	-2.6%	9.1%
Sarasota	13,907	16,093	24,892	23,847	16,484	-30.9%	4.3%
St. Pete's/Clearwater	7,167	8,472	5,303	6,922	6,589	-4.8%	-2.1%
Tampa	114,241	104,495	115,667	119,874	132,623	10.6%	3.8%
<b>Florida destinations</b>	<b>1,142,642</b>	<b>1,175,943</b>	<b>1,249,876</b>	<b>1,282,282</b>	<b>1,319,724</b>	<b>2.9%</b>	<b>3.7%</b>
Austin	--	4,707	12,556	12,711	14,299	12.5%	--
Dallas	225,650	231,817	211,037	225,222	229,592	1.9%	0.4%
Hawaii	211,041	225,554	227,190	242,233	246,661	1.8%	4.0%
Houston	299,534	284,343	291,889	298,643	298,219	-0.1%	-0.1%
Las Vegas	508,901	530,084	511,485	510,385	530,122	3.9%	1.0%
Los Angeles	580,424	618,616	628,407	688,070	723,142	5.1%	5.7%
New Orleans	11,631	12,955	13,177	18,950	19,253	1.6%	13.4%
Phoenix	298,196	328,253	283,430	278,364	301,538	8.3%	0.3%
San Antonio				4,746	10,714	125.7%	--
San Diego	41,699	45,209	59,223	80,675	93,163	15.5%	22.3%
San Francisco	401,283	444,559	443,202	463,395	501,008	8.1%	5.7%

Sources: Respective airport authorities, US BTS, Hawaii Department of Business, Economic Development & Tourism.

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

More than 3.6 million Canadians visited destinations in Mexico, the Caribbean, and Central America during the first seven months of 2018, an increase of 3.8 per cent. Of the larger volume destinations, Mexico saw its arrivals jump 11.2 per cent, while the Dominican Republic experienced an increase of

7.8 per cent. In contrast, travel to Cuba declined 7.3 per cent. Visitation to Mexico and the Dominican Republic accounted for 56.3 per cent of activity in the region during the period; this proportion was 53.0 per cent last year. The first half of the summer travel season (May-July) saw Canadian visitation to the region surpass 728K, which represents growth of 4.6 percent.

### **Canadian Travel to Europe**

Canadians made more than 3.3 million visits to European destinations during the first seven months of 2018, an increase of 4.6 per cent compared to last year. With year-over-year growth of more than thirty per cent, Slovenia and Turkey continue to see large proportional increases in Canadian visitors. The first half of the summer travel season saw more than 2.2 million Canadian arrivals in various European destinations, an increase of 5.4 percent.

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

Canadians made more than 2.0 million visits to key destinations in the Asia/Pacific region throughout the first seven months of 2018, a 7.2 per cent increase compared to last year. Singapore, Malaysia, and Sri Lanka have experienced the largest proportional increases in arrivals, while the only decrease was registered in Macao. During the period, China welcomed an estimated 437K visitors; 21.1 per cent of the region's Canadian market. The first half of the summer travel season saw 747K Canadian arrivals in the region, an increase of 5.6 percent.

### **Consumer Trends**

- The first eight months of 2018 saw visits to O'ahu grow 4.5% and visits to the island of Hawai'i increase 2.8%.
- Visits to O'ahu and Hawai'i accounted for 47.4% of activity between January and August.
- Visits to Maui increased by 8.0% during the period and accounted for 39.7% of total visits.

### **Travel Trends**

#### **Indirect Activity Boosting Arrivals**

- Compared to 2017, arrivals from Canadian airports grew 1.4% during the first eight months of 2018, while arrivals via U.S. airports jumped 14.3%.
- Almost 13K Canadians arrived via the U.S. in August, this was the first month of decline in indirect passenger volumes this year.
- The Canadian Dollar was gaining value at the beginning of the year, but this upward trend is reversing. Both July and August saw the average value of the dollar decline compare to the previous year.

### **Airlift**

- Air Canada and WestJet offered 325K direct seats during the first eight months of 2018; 2.2% more than in 2017.
- Compared to last year, Air Canada offered 6.3% more seats, while WestJet's capacity fell -0.4%.
- Air Canada offered 7,300 more seats from Vancouver, but capacity on other routes saw little change.
- After dropping in May and June following Kilauea's eruption, the overall monthly load factor seems to be gaining strength once again, reaching 80.5%, only slightly less than in 2017 at 81.2%

## **LEISURE ACTIVITIES**

### **Consumer**

**Uniglobe Carefree Travel Fall Product Launch, Saskatoon – September 15**

- Held at the Saskatoon International Airport; approximately 450 consumers attended

- Trade show provided quality engagements with attendees and material distribution; answered inquiries about volcano activity on the island of Hawai'i
- Participated in a two-minute live radio interview promoting "Hawai'i is open for business"

### **Travel Trade**

#### **Air Canada Vacations Product Launches**, Throughout September

- Approximately 3,000 travel agency owners/managers/consultants in attendance
- Supplier trade show provided quality engagements with attendees and material distribution
- Strongly encouraged participation in the Hawai'i Destination Specialist Program
- <https://newswest.paxeditions.com/news/pnw-tour-operator/acv-kicks-5-city-sun-brochure-tour-vancouver/>

#### **Association of Canadian Travel Agencies (ACTA) Networking Event**, Saskatoon – September 13

- Dine around Saskatoon event provided the opportunity to network with 80 travel agency owners/managers/consultants from Saskatoon and surrounding communities

### **Public Relations**

- 2018 to date: 84 journalist requests have been received, 16 journalists have travelled via HTCAN, with **more than 400 articles published in 2018 to-date.**
  - o **76 articles published online and in print for the month of September**; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.
  - o **Canada's newspaper of record, Globe & Mail, featured two articles focusing on two separate islands (Moloka'i and The Island of Hawai'i), these appeared online and print.**
  - o Notably, two different pieces appeared across Canada's two largest news services with the most circulated news service Sun Media/Post Media, as well as a number of features in Travel Week (a top travel-trade publication in Canada).
- Currently working with Globe & Mail (Canada's top newspaper) on multi-tier marketing and public relations campaign; coordinating dates with publication after having two journalists visit 3 different islands each, with the expectation of bi-weekly features in the publication's Saturday edition. Articles began appearing in September and will continue for the next 12 weeks.
- Coordination of fall familiarization trip planning (individual and group) in effect; specifically for Island of Hawai'i and Lana'i in late October.

### **Sales Activities**

#### **Hawai'i Destination Specialist Dinner & Training Event**, Saskatoon

- Hosted dinner for Hawai'i Destination Specialists representing 13 travel agency owners/managers/consultants; included training session and detailed updates on the island of Hawai'i

#### **Uniglobe Carefree Travel Head Office**, Saskatoon – Jamie Angus-Milton, Owner

- Training session with eight travel consultants; included detailed updates on the island of Hawai'i

#### **Uniglobe Carefree Travel Sutherland Branch**, Saskatoon – Jamie Angus-Milton, Owner

- Training session with six travel consultants and marketing manager; included updates on the island of Hawai'i

#### **Ixtapa Travel**, Saskatoon – Barb Crowe, Owner

- Training session with eight travel consultants and the owner; included detailed updates on the island of Hawai'i

#### **Vision Travel Saskatoon** – Terry Kaszas, Regional Manager

- Provided links to Agents.GoHawaii, GoHawaii, Hawaii Tourism Authority, National Parks and detailed information for Kilauea volcano on the island of Hawai'i (PDFs) for circulation to the Vision Travel agents within his region

**Expedia CruiseShipCenters**, Chilliwack - Andrea Devisser, Manager

- Provided website links to Agents.GoHawaii, GoHawaii, Hawaii Tourism Authority, National Parks and detailed information for Kilauea volcano on the island of Hawai'i (PDFs) for circulation to her agents

**Crowfoot Travel**, Calgary – Ken Stewart, Owner

- Provided website links to Agents.GoHawaii, GoHawaii, Hawaii Tourism Authority, National Parks and detailed information for Kilauea volcano on the island of Hawai'i (PDFs) for circulation to his agents

**Centre Holidays**, Calgary – Renee Tsang, Travel Consultant

- Provided website links to Agents.GoHawaii, GoHawaii, Hawaii Tourism Authority, National Parks and detailed information for Kilauea volcano on the island of Hawai'i (PDFs)

**COMING ATTRACTIONS” FOR LEISURE MARKET**

- Aloha Canada – October 23 to 25, Toronto, Vancouver, Edmonton
- Centre Holidays Bucket List Travel Show – October 28, Calgary
- TravelLeaders Regional Meeting – November 13, Winnipeg
- CAA Hawai'i Consumer Show – November 14, Winnipeg
- Crème de la Crème Grand Wedding Showcase – November 18, Vancouver

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

### Leisure

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

##### **Economy**

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

The Australian dollar remains under pressure against the US dollar, reaching a high of US\$0.729 after falling to a low of US\$0.704 during September. The economy continued to grow at a strong annual rate of 3.4% after better than expected growth in the June quarter. Domestic demand accounted for much of the growth, reflecting strong sales of food, recreation and culture, and furnishings and household equipment.

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

The most notable economic benchmark has been the continued downward tracking of the value of the New Zealand dollar against the US dollar. While this trend is not necessarily a reflection of the strength of the New Zealand economy, it is more a reflection of the outside impacts on such a small economy. From a peak of US\$0.67 during the month, the value ended below US\$0.65 by the month's end.

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

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

The number of Australians taking overseas trips is growing at twice the pace of inbound arrivals, with Australian Bureau of Statistics figures for July 2018 showing a 2.8% year-on-year growth rate for visitors to Australia – compared to a 5.8% increase in short-term resident returns versus July 2017.

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

During August, overseas trips by New Zealand residents were up 27,800 to 279,900. The biggest changes were in departures to: Australia (up 6,900); Indonesia (up 3,700); China (up 2,200); and Fiji (up 2,200). The United States as a whole was up 2% for the month which indicates (given the strong August for Hawai'i) that the remaining 49 States, were down.

##### **Travel Trends**

Flight Centre has unveiled a new corporate travel technology platform call 'Savi'. Powered by Artificial Intelligence and designed in cooperation with Serko, Savi will be available exclusively to customers of FCM Travel Solutions, Corporate Traveller, Stage and Screen and Campus Travel.

Singapore Airlines has announced a major holiday packaging partnership with accommodation aggregator HotelBeds, offering bundled flights and hotel solutions across the globe. Travelers will be able to curate their own hotel packages with real time selection of Singapore Airlines flights alongside more than 170,000 hotels.

##### **Airlift**

Air New Zealand have announced some cut backs in schedules which is good news for Hawai'i. The carrier will scale back flights to Argentina, cut back its new service to Taipei from five times a week to

three times a week starting next month, suspend services to Haneda in Tokyo and stop flying to Vietnam at the end of this month and not resume next winter. The airline is trying to free up aircraft to cover for Dreamliners out of service while they conduct checks and repairs to the Rolls-Royce engines whose engine blades are deteriorating faster than expected.

Emirates has announced it will cut back flying daily from Auckland to Bali to four times a week from mid-January.

Hawai'i will also see some impact next year as Hawaiian Airlines will pull back slightly from five times a week flights to Honolulu during quieter months. Air New Zealand will also refine their schedule to best fit seasonal demand.

## **LEISURE ACTIVITIES**

### **Consumer**

Sydney Kings Branding partnership and game (September 30): HTO was a key sponsor of the Sydney Kings during their time in Hawai'i. The team enjoyed some downtime from training to enjoy a Waikīkī catamaran experience sponsored by HTO. Video content and photos of their experience were published across the Sydney Kings and HTO's social media channels. As part of the brand partnership with the Sydney Kings the Hawaiian Islands logo was featured across Sydney Kings apparel during the game that was televised on ESPN. This was an amazing branding opportunity as photos of the players during the game were featured across popular online news websites such as news.com.au, Herald Sun and Daily Telegraph.

Helloworld TV show filming (September 19-24): HTO hosted the Channel 9 Helloworld Travel TV show crew to film on Maui and O'ahu. Coming to Australian television in 2018, Helloworld Travel is a new television program inspiring viewers to travel the world. The crew filmed content for three Hawai'i segments that will air in the first quarter of 2019. These segments will focus on Hawaiian culture, soft adventure and family holidays.

Sea Cleaners Responsible Tourism Initiative: The Sea Cleaners initiative involved a visit by a group of young environmental leaders who came to Hawai'i to take part in International Coastal Cleanup Day in September. The partnership will see a similar group from Hawai'i visit New Zealand in 2019 with environmental, tourism, cultural and greater benefits for Hawai'i and New Zealand. Two journalists from the NZ Herald also travelled to write a story about the group and focus on the opportunities for Voluntourism for New Zealand.

### **Travel Trade**

Global Tourism Summit Island of Hawai'i pre-famil (September 28-30): In the lead up to the Global Tourism Summit, the Island of Hawai'i Visitors Bureau in partnership with HTO hosted 21 Australian and New Zealand partners on this beautiful island (29 partners in total attended the Global Tourism Summit – Oceania's largest delegation for the Summit to date). From Hilo, the delegates experienced a Blue Hawaiian helicopter tour over the rainforest and Kilauea Volcano and a tour of McKenzie State Park (which, along with Hawai'i Volcanoes National Park, has safely reopened following months of eruptions) with Kapohokine. The Hilton Waikoloa and The Grand Naniloa hosted the delegation during their time on Hawai'i Island. Back on O'ahu, HTO also hosted the entire delegation at the Sydney Kings vs LA Clippers game.

Hawai'i Mega Famil: The HTO Mega Famil incentive qualification period concluded on September 30 with 152 entries from Australia and New Zealand and only 44 spots available. HTO promoted the

incentive widely across Australian and New Zealand trade press, eDM blasts to the HTO, Hawaiian Airlines and Travel Weekly's database, and during agent HTO and HA training sessions. HTO vetted the travel agents who completed destination training on [www.agents.gohawaii.com](http://www.agents.gohawaii.com) and sold the requisite amount of Hawaiian Airlines airfares to Hawai'i to secure their spot on the familiarization trip.

### **Public Relations**

Hawai'i Tourism Oceania ran its annual media group familiarization rip hosting four journalists in Hawai'i travelling to the island of Hawai'i and O'ahu. The purpose of this famil it to create a burst of coverage highlighting different aspects of the Hawaiian Islands across targeted mainstream publications for the next 6-12 months. The group were shown the many sides of the island of Hawai'i and this was particularly important following the volcanic activity and hurricane on the island to show the island is 'open for business'.

### **Sales Activities**

HTO have met with key partners during the month, particularly alongside the Global Tourism Summit.

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

- Triple M location broadcast – October
- Hoot Holidays Co-op campaign – October
- Hawai'i Mega-Famil – October
- International Traveller Foodie campaign

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

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

#### Economy

- **GDP:** China's GDP growth in Q3 is expected to slow down to 6.5% compared to the 6.7% in Q2. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency:** Chinese Yuan depreciates continuously to 6.89 per U.S. dollar in September compared to 6.27 RMB per USD in March. This may impact the purchasing power of Chinese travelers during travel. Many financial experts predict that there may be a consecutive depreciation.
- **Unemployment rate:** China reached a record low of 3.83% in the third quarter of 2018. The forecast of unemployment rate in Q4 is 4%.
- **Consumer confidence Index:** Consumer confidence in China is slightly increased in Q3, standing at 118.6 Index Points from 113 in Q2. The confidence index is higher than 100 points, which shows that Chinese consumers are positive about the current economic situation and expectation on the future economic trend.

#### Outbound Travel Market

- By September, there are a record high of 73 countries and destinations offering visa-free entry (26 destinations) or visa-upon-arrival (47 destinations) to Chinese citizens. However, the U.S. visa requires at least 10 working days for application. Easier visa process may propel the destination-choosing of tourists.
- As forecasted by top Chinese OTA Ctrip, more than 7 million Chinese tourists are expected to travel overseas during the Chinese National Day holiday of 2018, thus seeing a 10% increment compare to 2017 year-on-year. This also amounts to about 5% of the annual outbound tourists.

#### Consumer Trends

- "Consumption Upgrade" is the core theme of this year's outbound tourism. According to Ctrip's data, the proportion of users choosing high-quality group tour products is up to 83%, an increment of 3 percentage points from 2017, with less than 20% of the consumers purchasing low-priced products. According to the analysis report, outbound tourists are more willing to spend money for quality experience in food, accommodation, travel and other aspects.
- The Consumption Upgrade will drive in-depth travel experiences and vacation concepts. Compared to multi-national joint tours, authentic tours with a slower pace that allow travelers to fully immerse in local culture will better meet the travel needs of the post-80s and post-90s generation.

## Travel Trends

- Comparing to the National Day Golden Week tourist group data over the last two years, the portion of the post-80s and post-90s millennials has maintained an annual growth rate of 10%. Nearly 30% of total tourist numbers are millennials, becoming the new force of National Day Golden Week travel.
- According to Ctrip outbound data statistics on online and offline stores booking record, Chinese residents show strong interest in traveling during the first half of the year. Outbound tourists from over 200 domestic cities went abroad to more than 130 countries around the world, leaving their footsteps across 1,500 destination cities. The products that travelers seek the most are FIT, group tours and customized tours.

## Airlift

- In 2017, China opened 382 new international routes, bringing total numbers to 1,634; this doubles the number of international routes in 2015. A total of 550 million passengers took flight, a 13% increment year-on-year, and accounting for 16.3% of the global total.
- By 2025, China will add at least 130 new airports, bringing total number of airports to an estimated of 370. The expansion of airspace capacity will provide opportunities for aviation market expansion.

## LEISURE ACTIVITIES

### Consumer

#### **Aloha with Cuisine at 2018 Shanghai Wine & Dine Festival**

To actively drive travel to The Hawaiian Islands, HTC brought the sustainable and natural Hawai'i Food and Cuisine to 2018 Shanghai Wine & Dine Festival, promoting the unique and healthy Hawai'i food and culture tourism resources.

The event held at Shanghai Exposition Park during September 14 - 16 welcomed **50,000** avid foodies. Healthy Hawai'i style street food and local specialties such as Hawaiian Host, Poke Bowl, Mauna Loa and Kona Coffee were showcased. Together with an interactive Hula dance, the attendees were able to have a taste of The Hawaiian islands via an immersive experience of taste palate and culture. The press release reached **1.1 million** audience with **USD 163,000** in PR Value.

### Travel Trade

#### **Happy Healthy Hawai'i 2018 – Joint Co-op with Toursforfun**

To target potential consumers in Chengdu & Southwest China market, HTC cooperated with Toursforfun, an online travel booking agency that offers a wide selection of Hawai'i tours, activities, and vacation packages. At the special offline consumer event, HTC shared the scenic landscapes and cultural performances to over **2,000** audiences from the Luhu international community, a top-end community in Chengdu. Hawai'i vacation packages are also well promoted on-site. HTC will work closely with Toursforfun for future cooperations.

#### **7Zhou.com Summer Online Promotion**

In order to reach more FIT tourists, HTC partnered with 7zhou.com to promote "Happy Healthy Hawai'i" together on their official website and Fliggy channel this summer.

7zhou is a well-known agent who focuses on authentic, local experiences and Mono-Hawai'i FIT products. This collaboration includes a promotional banner on 7zhou.com, as well as a special summer Promotion landing page for Hawai'i products on the Fliggy online store. As of present, the campaign saw sales for **1,872** pax in total.

### **Joint Seminars to Wuxi and Suzhou with US Consulate**

HTC worked closely with US Consulate to conduct 3 seminars in 2 new First-Tier cities, Suzhou and Wuxi. HTC met 22 travel agencies in total, and reached to about 300 attendees to promote Hawai'i as a perfect vacation destination.

In Suzhou, HTC held 10 one-on-one meetings with main travel agencies from Suzhou Travel Agencies Association, and reached over 40 travel agents.

In Wuxi, HTC visited Wuxi New Comfort Travel Service and held a presentation followed by a Q&A session to over 20 attendees. For the first time ever, HTC also presented Hawai'i destinations on Live Stream Platform via WeChat to Wuxi CTS, with over 200 mobile attendees. The latest mono-Hawai'i products collaborated with American International Travel Service and American Asia were also showcased.

### **2018 Travel Tourism Market in Chengdu**

To strengthen the network with Chinese travel agents in Chengdu and Southwest China market, HTC attended the 2018 Travel Trade Market Exhibition in Chengdu. It is a two-day B2B exhibition where HTC forged bonds with 30 travel agencies and tour operators which including 20 new potentials to develop Hawai'i products. This mission provided an opportunity to share tourism resources, and to understand upcoming trends of China tourism industry. HTC will follow up for opportunities on future cooperation.

### **Promotion Event in Jinjiang Travel New Flagship Store with Asiana Airlines**

HTC is honored to be the first tourism bureau to promote the destination on the opening day of Jinjiang Travel's new flagship store launch in Shanghai. HTC and Asiana Airlines worked together with Jinjiang to present a Hawai'i-themed promotion event, attracted over 50 potential consumers on-site. The event wrapped up successfully, as Jinjiang secured one group (7D5N) to Hawai'i during the Chinese National Holiday.

Jinjiang Travel is one of the biggest travel agencies in Shanghai, mainly focused on the higher-end group tours. The newly launched 800sqm flagship store located in the downtown area of Shanghai is Jinjiang's key strategy to promote their brand. HTC will continue to work with Jinjiang, with an in-house training to Jinjiang sales department coming up.

### **Global Tour with New Hawai'i Products in Beijing Market**

In light of the recently suspended Beijing service by Hawaiian Airlines, the Beijing market structure is expected to change drastically. HTC is actively cultivating new potential partners to develop various Hawai'i products, and Global Tour is one of the shortlisted travel operators with years of experience promoting U.S. destination products. Global Tour has applied 800 air seats from Air China and China Eastern Airlines for new winter Hawai'i products. HTC will continue to support their new Hawai'i products to expansion their share of Beijing market.

### **Happy Healthy Hawai'i at Ningbo International Travel Exposition 2018**

Partnered with Zhejiang Feiyang International Travel Service and Ningbo CITS, HTC attended the Ningbo International Travel Exposition 2018 to promote Hawai'i in New First-Tier cities. HTC set up a Hawai'i-themed booth at International Destination Pavilion, attracting visitors with the vibrant Hawaiian deco and mono- Hawai'i products.

The promotion attracted over **109,000** audiences, with more than **50** transactions on Hawai'i products that drove sales of over **RMB 843,000** revenue (**USD 130,000**). HTC will continue to support the two partners for future promotions.

### **2018 Shanghai Tourism Festival Roadshow**

As part of the cooperation with Utour, HTC attended the 2018 Shanghai Tourism Festival Roadshow on September 16. HTC conducted a presentation to the attendees to popularize Hawai'i as the must-go destination and promote mono-Hawai'i products, as well as assist on the Travel Product Auction session to engage buyers on-site. The auction led to **RMB 30,000 (USD 4,620)** sales of Hawai'i tour packages. HTC will continue cooperation with Utour to present the best image of Hawai'i.

### **Public Relations**

#### **Mid-Autumn Festival Greetings to 35 Chinese Medias**

To further enhance relationships with China's top media and to express gratitude for their continued support to Hawai'i, HTC visited and sent greetings to 35 top travel and lifestyle media on the occasion of Mid-Autumn Festival. This was followed-up by media opportunities for the next coming year's cooperation.

#### **September Press Release: 5 Delicious Foods From Hawai'i Everyone Should Try**

Hawai'i Food and Culture was showcased at the 2018 Shanghai Wine & Dine Festival. HTC's press release introduced Poke Bowl, Shaved Ice, Musubi, Malasadas and Mai Tai to over **650,000** audience with a total PR value of **USD 106,108**.

#### **Media Highlights – Traveler Magazine**

**Traveler Magazine(旅行家)**, China's leading travel magazine with **360,000 impressions**, released an 8-page article on the theme of "Casual Outdoors in O'ahu". The article highlights family friendly activities such as Wailea Valley Tour, Canoeing Lesson and Tours in Kualoa Ranch.

### COMING ATTRACTIONS

No	Event Name	Date	Location
1	2018 Guangzhou Ukulele Festival	Oct 21, 2018	Guangzhou, China
2	2018 China-ASEAN Expo Tourism Exhibition	Oct 26 – 28, 2018	Guilin, China
3	Hyde OP Training Seminar	Oct 18 – Nov 22, 2018	China
4	11/11 Singles' Day Online Promotion	Nov, 2018	Online

## Hawai'i Tourism Korea Monthly Marketing Report September 2018

### Leisure

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

- Increases in FIT travel and decreases in overseas travel package sales are closely related to the rapid growth of OTAs and meta search engines, according to Sejong University. About 7 out of 10 FIT travelers (69.5%) purchased accommodations via OTAs, up 8.2% compared to the same quarter last year. Direct bookings of accommodations fell by 4.7% (14.1%), and reservations through travel agencies dropped by 2.8% (7.1%). The purchase of flight tickets directly from airlines held at 39.7%, still a large portion in the market, but declined 1.8% compared to the same quarter last year. However, OTAs commanded 27.2% of activity and other channels, such as the open market and social commerce, snared 14.2%, representing gains of 3.1% and 3.2% respectively compared to the same time last year. Travel agents' roles in selling flight tickets continued to fall, down 4.5% to 19% compared to last year. Their market power decline is attributed to the convenience of purchasing online travel products through OTAs, the open market, and social commerce. There is a slow decline in purchases of group packages.

#### **ECONOMY**

- South Korean President Moon Jae-in and North Korean leader Kim Jong-un started the second round of talks in Pyongyang on September 19 as they sought to establish lasting peace on the Korean Peninsula. In the first round of talks the previous day, Kim thanked Moon for brokering his summit with U.S. President Donald Trump in June and expressed hope for further progress in nuclear talks with the United States. At the third inter-Korean summit this year, Moon and Kim are expected to discuss various issues — such as North Korea's denuclearization progress and the prospect of officially ending the Korean War.
- Only 3,000 new jobs were created in South Korea in August, repeating the dismal performance of the previous month and resulting in unemployment levels being over 1 million for eight months running, Statistics Korea said. It is the longest period of high unemployment since the 1997 Asian financial crisis. However, a government spokesman, Kim Eui-kyeom, claimed the jobs crisis was simply "growing pains in the process of economic reform."
- The average USD/WON exchange rate in September was 1119.65 won, a slight decrease from the previous rate of 1122.02 won in August. Fuel surcharges were imposed in September up to 184,800 won (\$166) for a round trip between Korea and the U.S.

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

- Korea Tourism Organization reported the number of Korean outbound travelers in August was 2,519,860, a year-on-year increase of 5.6%.

#### **CONSUMER TRENDS**

- The record heat in Korea this summer boosted online shopping to nearly W10 trillion (US\$1=W1,123) in July, up 22.7% compared to the same month last year. Statistics Korea reported online shopping in July totaled 9.46 trillion won, up 1.75 trillion won from July 2017. Food purchases surged 91.2% as people stayed in air-conditioned comfort, while sales of air conditioners and household appliances surged 27.4%. Online sales of plane tickets and travel packages rose 21.2% to W1.46 trillion but online buying of books and leisure services fell slightly.

Online sales through mobile devices surged 33.5%, taking the proportion of mobile sales out of total online revenues to 62.6%.

- Vending machines and self-service kiosks are on an unstoppable rise in Korea. They are selling many more products as dead-end, low-paying jobs dwindle and employers claim they can no longer afford the minimum wage. One new vending machine in the lobby of a duty-free store in Insa-dong, downtown Seoul, sells 27 products that can be used by travelers to other countries. They include Osaka and Tokyo subway tickets and Thai smartphone SIM cards. The "Smart Pass" vending machine is the brainchild of Hana Tour and is designed to appeal to travelers who are heading overseas at a moment's notice.

## **MEDIA & ONLINE TRENDS**

- Koreans have been known in the past for their "palli palli" ("hurry hurry") approach to life but the trend has now shifted toward relaxation. The new Korean phrase "sohwakhaeng," which translates into "small but certain happiness," is now trending in local online communities in a big way. Instead of pursuing the purchase of an apartment, marriage or employment, people are simply looking for ways to be happy with the little things in life. The emergence of "sohwakhaeng" as a trendy term suggests that people are trying to find happiness in small ways as the future appears more uncertain. Nearly 300,000 posts have been uploaded on Instagram with the #sohwakhaeng hashtag and are linked to finding happiness in a meal, the weather, watching a movie or just resting at home. Instagram users post images of coffee shops and views of nature, highlighting how happiness is found in the calm.

## **AIRLIFT**

- Asiana Airlines announced on September 12 that its inflight meal service was now fully back to normal. A temporary contract with small caterer Sharp Do & Co Korea that led to a debacle in July was terminated and the appointment of Gate Gourmet Korea on a long-term contract was done to ensure reliable supplies. Gate Gourmet was intended to be the original supplier from June, but a factory fire in March forced Asiana to hastily fill the gap, resulting in many flights being delayed and no inflight meals being served.
- Korean Air and Asiana Airlines are losing their share of international passenger traffic, mainly due to cut-throat competition from budget carriers and Chinese and Middle Eastern rivals. Industry watchers warn the turbulence could thwart Korea's hopes of becoming a regional transportation hub and hurt its tourism and transport industries. Data published by the Ministry of Land, Infrastructure and Transport on August 30 showed international passenger traffic in July was a record 7.3 million people, up 11% compared to the same month in 2017. But Korean Air's and Asiana's share of international passengers was just 39.3% compared to 41.8% a year ago. The market share of low-cost carriers rose from 27.5% to 29.1% and that of foreign carriers lifted from 30.7% to 31.6% in the same period.

## **LEISURE ACTIVITIES**

### **Consumer**

- **GoHawaii'i Website – Phase II Updates:** HTK is working on the 2nd phase updates of the GoHawaii'i Korean website. In the coming months, HTK will follow up on updates where necessary, providing translation and new personalization functions.
- **'Real Hawaii'i Travel Tips' Talk Fest with CGV & Travie:** HTK is holding a consumer talk fest in collaboration with CGV, the largest movie theater chain in Korea, and travel magazine, Travie. The event will be led by host Ms. Sangeun Lee, a musician and travel writer, who will talk about her experiences from the islands and offer travel tips. The October 30 event will include a destination presentation and lucky draw prizes for guests.

- **Aloha Report Season II:** HTK launched a second round on social media channels of its Aloha Report, the bi-weekly video series involving reports by local correspondents. The video series has a changed formats and frequency to generate new energy for HTK's social media feeds.

### **Travel Trade**

- **Brand USA - USA Specialist Program (USP) FAM Tour:** HTK will collaborate with DMOs & airline partners – Brand USA, Hawaiian Airlines, Las Vegas Convention and Visitors Authority (LVCVA) – to develop a Joint Dual-City FAM Tour. It will visit Las Vegas, Honolulu and Hilo, Hawai'i, from October 22 to 29 to educate participants about Las Vegas and Hawai'i routes, one of the most popular layover trips for honeymooners in Korea. The invitees are being recruited from among the top tour operators who graduated from the year-long "USA Specialist Program (USP)" organized by Brand USA in Korea. The USP Joint FAM trip will be designed as a Study Tour & Reward Trip for all participants who successfully completed the USP. The 3N/4D islands' itinerary will enable them to explore a variety of vibrant natural attractions in person and to learn about Hawaii's cultural and historical background.
- **#TastyHawaii Promotion:** HTK tied in with 'StrEAT', one of Korea's leading Asian Fusion restaurants, to produce a Hawaii-inspired menu and publish Hawai'i cuisine meal coupons which will be distributed through #TastyHawaii events. The promotion aims to extensively introduce Hawaii-style menus to consumers and highlight the Hawai'i Food & Wine Festival to be held in October. The promotion will run from August 29 through to October 15.
- **#LuxuryHawaii Promotion:** HTK will launch an online #LuxuryHawaii themed consumer promotion in collaboration with Korean Air to position it as a premium destination. The promotion will involve a Participation Event and ICN-HNL Ticket Purchase Event that targets consumers who purchase Korean Air tickets for the route. Six participating partners – The Ritz-Carlton Residences Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Fairmont Orchid Resort, Trump International Hotel Waikiki, and Hertz, Mariposa – will participate in the promotion.
- **Kona Card Co-promotion:** HTK is discussing a promotion collaboration with a technology company involving a tailored credit card and a major consumer festival. HTK plans to work with Korean IT/Fin-Tech Corporation 'Kona I' to design and produce an Aloha Limited Edition Kona Card and host a mega Kona Festival consumer event. The promotion will involve online/offline activities targeting consumers in their 20s and 30s who will be issued with the Aloha edition Kona Card.
- **2018 Pre-GTS FAM Tour:** HTK is hosting a Pre-GTS FAM tour from September 29 to October 7 in conjunction with the 2018 Global Tourism Summit. The Korean FAM group will visit three islands – O'ahu, Kaua'i and the island of Hawai'i – to experience their diverse attractions and cultural heritage. It will involve 15 travel agents from wholesalers, retailers, OTAs and MCI operators based in Seoul and Busan and include 2 social influencers. After the FAM, a follow-up sales contest will be held to stimulate participating travel agents' development of various Hawai'i package/FIT products.

### **Public Relations**

- **Celebrity Photo Shoot on O'ahu:** HTK is inviting one of the hottest K-pop boy groups, EXO, to O'ahu for a photo shoot in November. The initiative is part of a K-pop promotion with SM Entertainment. The EXO Hawai'i pictorial will be published next April with a minimum of 300 pages and will cover various landscapes on O'ahu. HTK will be featured as an official sponsorship partner in the photo book and promotional video. The result will be extensively promoted via various media channels, including press release, printed media, social media and online article exposure.
- **TV Film Project – KBS's 'Battle Trip':** HTK is planning to organize a co-op TV project with KBS, Korea's largest broadcasting company. It is inviting one of KBS's most popular travel TV shows,

'Battle Trip,' to visit O'ahu and one Neighbor Island. The show involves a competition between two groups of celebrities travelling under specific themes and sharing travel information and tips with the audience. The purpose of the project is to promote Hawai'i as an ideal destination to FIT travelers through all generations. The itinerary will include various activities and attractions on the islands. The exclusive Hawai'i episode is scheduled to be aired in November and HTK will also develop a consumer event via both 'Battle Trip' and HTK's official social media channels to promote the episode.

### **Sales Activities**

- The Korea team had 42 meetings in September with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
  - **Airlines** (8): Korean Air for #LuxuryHawaii promotion and airlift updates; Asiana Airlines for airlift update; Jin Air for co-op promotion supporting the airline's return from December 28; Hawaiian Airlines for airlift update on daily services from January 2019; and four major airlines based in Busan –Japan Airlines Busan, Delta Air Line Busan, Korean Air Busan and Asiana Airlines Busan – to discuss Busan market activation.
  - **Travel Agents** (19): Hana Tour, Mode Tour, YB Tour, Very Good Tour, Hanjin Travel, Lotte JTB, Lotte Tour, Interpark Tour, Chalet Travel, SMTOWN Travel, Redcap Tour, Tidesquare, LAS Tour (Busan), Busan Blue, I AM Tour Busan, Hana Tour Busan, Tournet Hawai'i, TRAVA, and MTOUR Kauai.
  - **Hotels** (9): Hyatt Regency Waikiki Beach Resort & Spa, Aqua-Aston Hospitality, Prince Waikiki, Trump International Hotel Waikiki, and Outrigger Waikiki Beach Resort.
  - **Rent-a-car/Transportation/Attractions** (2): Hertz and USS Missouri Memorial Association.
  - **DMOs, U.S. Government/Organizations** (2): Brand USA, Las Vegas Convention & Visitors Authority.
  - **Consumer Brands** (2): Kona Card and StrEAT

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

- Brand USA - USA Specialist Program (USP) FAM Tour - Hawai'i & Las Vegas (Oct 22 – Oct 29)
- Hana Tour Busan International Travel Show (Nov 30 – Dec 2)

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

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### Economy

- In the second quarter of 2018, GDP grew 3.30%. An estimate economic growth for 3rd quarter and 4th quarter are 2.36% and 2.09%. The average GDP growth rate is expected to grow 2.69% in the year of 2018, surpassed the preliminary reading of 2.60%. The unemployment rate in August is 3.87%, slightly increased by 0.06 points compared to July 2018.
- Taiwan's consumer confidence index (CCI) has slightly increased up to 83.47 points in September, up from 82.56 points in August. The Taiwan currency exchange rate went up to 30.755 (average) for the month of September, depreciated slightly by 0.026 when compared with the previous month.

#### Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,460,467 in August 2018 with a 7.25% increase compared to August 2017. The outbound number to U.S. slightly went up by 0.13% to 50,731 in August 2018 compared to the same period last year.

#### Competitive Environment

##### **AirAsia Offers at Least 20% Discount Flight Tickets to Celebrate the Reopen of Boracay**

Since the beginning September, the temperature in Taiwan has been dropping down. Therefore, it's the time for Taiwanese travelers to escape the winter blues and plan a last-minute trip down south. In order to boost the autumn and winter sales, low cost airline AirAsia announced that it will launch flights from Taipei Taoyuan International Airport and Kaohsiung International Airport to Boracay, as scheduled to reopen on October 26. To celebrate the reopen of Boracay, AirAsia offers at least 20% discount flight tickets to customers in the Taiwan market.

#### Travel Trends

##### **The Booming of Affluent Travel Market**

Ipsos, a market research company, has released a report in September with some findings about the affluent travel market. First, young affluent singles and young affluent without children are looking to discover places off the beaten track. For example, 77% of European affluent millennials say they value exploration and discovery, and 79% enjoys going to new travel destinations. Second, four-star hotels are the most popular choice for affluent in the US and Asia – accounts for 38% and 36% respectively. Under these circumstances, accommodations such as luxury boutique hotels are welcome an increasing number of Millennials. It is also indicated that female travelers are more interested in foreign cultures and engaging in cultural activities compared to male travelers.

##### **Taiwanese Travelers Spend 33.3 Hours on Planning Their Trips**

According to statistics released by Expedia, the average hours Taiwanese travelers spend on trip planning is 33.3 hours, which is 2.5 times more than Hong Kong travelers. When Taiwanese travelers start planning their trips, they spend 20% of their time on searching flight tickets, 19% on browsing travel blogs or user-generated platforms, and 18% on searching local activities. The findings also indicated that 78% of the Taiwanese travelers spend a lot of time on travel planning because they want to find the best

deals on flights, accommodations and packages, while 65% of the respondents demonstrated that they spend a lot of time on planning because they want to enrich their trips and experience a lot of different things. The research shows that Taiwanese travelers focus not only on prices, but also the qualities and experiences during their trips.

## **Media Trends**

### **TripAdvisor Is Turning Itself into a Social Platform for Travel Lovers**

Tripadvisor has unveiled its plans for a redesigned website and mobile app that puts people and places front and center. The debut of Travel Feed, which will roll out later this year, moves away from using the platform for completing tasks such as finding a hotel and allows users to curate their own trips. Users will be able to follow accounts to read relevant content from friends, media partners, content creators and brands in a familiar-looking news feed.

## **Airlift**

### **EVA Air Takes First Delivery of Boeing 787-9 Dreamliner**

EVA Air plans to debut the long-range and super-efficient airplane - Boeing 787-9 in November on international routes. The new planes feature the airline's all-new Royal Laurel Business Class seats, crafted by Designworks. Each seat features new privacy panels, full lie-flat capabilities, as well as a new IFE system. EVA Air will fly the aircraft on its Taipei – Hong Kong route until its second Dreamliner is ready to deploy and it can extend the plane's services to Japan. Air New Zealand has also announced that the new route between Auckland and Taipei will be operated by the new Boeing 787-9 Dreamliner aircrafts in November, 2018.

## **LEISURE ACTIVITIES**

### **Consumer**

#### **HTT Partnered with Ciao Magazine to Promote Hawai'i**

HTT worked with the leading travel magazine – Ciao Magazine to promote Hawai'i as the top destination for couples or honeymooners who seek luxurious experiences. The cover story will focus on the romantic elements in Hawai'i, including The Ritz-Carlton Residences, Waikīkī Beach, Kualoa Ranch, sunset in Magic Island, spa and the breathtaking landscape in O'ahu. This cover will feature the Taiwanese celebrity - Tia Lee, a renowned model, singer and actress who has a total of 1.1 million followers on Facebook, and over 500,000 followers on Instagram. The crew traveled to and filmed in O'ahu from September 26th to 30th. The cover story is expected to be published in November and some video teasers will be released on Ciao Magazine's website in late October. The total media value for the cover story is expected to reach US\$1 million.

#### **The Launch of the Hawai'i Digital Tour Website**

The Hawai'i Digital Tour Online Platform has gone live since September 21st, including an online campaign for consumers to learn more about the destination. Participants are required to check in on Facebook and post about their favorite attractions in Hawai'i before they become eligible for a lucky draw to win a trip to Hawai'i. The campaign will continue until October 14th and will be promoted on-site during HTT's upcoming Hawai'i Aloha Festival.

## **Travel Trade**

### **2018 HTT Agent FAM**

HTT invited five agents to visit O'ahu for the FAM trip 2018. Four of the agents has managed to participate for the trip, and one of them was not able to attend due to a family emergency. The agents spent seven nights in

O'ahu and visited many popular sites including Kualoa Ranch, Hale'iwa Store Lots, Polynesian Cultural Center, Pearl Harbor, Battleship Missouri, and Poke Festival in Ala Moana Center. In addition to the travel sites, the agents also attended the 2018 Global Tourism Summit and hotel inspections. These agents all had a great impression about Hawai'i and gave positive review for this FAM trip. HTT believes that agents will come back to Hawai'i in the future for leisure purposes, as well as promote Hawai'i themed PAK products even more effectively.

### **2018 Global Tourism Summit**

The 2018 Global Tourism Summit took place in the Hawai'i Convention Center from September 23rd to 25th. It serves as a platform for members of the local and international tourism industries to collaborate on current traveling trends, strategic alliances, and network with like-minded individuals. HTT provided an in-depth look into market profiles for the Taiwan market and highlights of 2019 market outlook. In order to encourage Taiwanese agents to build connections with local stakeholders and to meet new partners, the four agents and HTT team participated the B2B networking session, where tour operators got to meet local vendors and local travel agencies for future collaborations. The Global Tourism Summit went smoothly and successfully and we look forward to participating in and contributing to this event next year.

### **Public Relations**

Media Monitoring (Clippings & Publicity Calendar): In September 2018, Hawai'i Tourism Taiwan secured 46 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$ 866,706.

### **Sales Activities**

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

### **COMING ATTRACTIONS**

- **October [Hawai'i Aloha Festival], Taiwan**
- **October [Hawai'i Digital Tour Platform Launch], Taiwan**
- **November [2018 Taipei International Travel Fair], Taiwan**

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

### Leisure

#### European summary of market intelligence/ market conditions

- The pace of UK GDP growth doubled in the second quarter of 2018, reaching 0.4 per cent in the three months to the end of June. Consensus forecasts for UK GDP growth in 2019 remained the same in September at 1.5%, a slight 0.2% growth compared with 2018
- The German economy is growing at a moderate pace. Business investment is expected to be dynamic, with strong job growth and unemployment falling to new post-reunification lows. Inflation remains low, however, wage growth is picking up
- The economy of Switzerland continued to grow robustly in the second quarter, after having recorded exceptional growth in the first quarter—which was revised significantly upwards to an eight-year high of 1.0% quarter-on-quarter (previously reported: +0.6% quarter-on-quarter)
- France's economy is improving due to an increase in higher education, as well as a decrease in wage disparity.
- France has also seen an increase permanent employment contracts

#### Exchange rate

- GBP/USD: £1 = \$1.31
- EUR/ USD: €1 = \$1.16

#### Consumer Confidence

- UK consumer confidence has slightly decreased in September. However the Head of National Accounts at the ONS, Rob Kent-Smith, said: "The economy picked up a little in the second quarter, with both retail sales and construction helped by the good weather and rebounding from the effects of the snow earlier in the year."
- The GfK Consumer Climate Indicator for Germany edged up to 10.6 going into October 2018 from 10.5 in the previous month and slightly above market consensus of 10.5
- Due to France's strengthening economy, consumer confidence is also increasing steadily

#### Unemployment

- Unemployment in the UK continued to fall, with 55,000 fewer people out of work over the period. Wages for British workers surged in the three months to July, according to new data released by the Office for National Statistics
- Germany's unemployment numbers fell more than expected in September, pushing down the rate to its lowest level since German reunification in 1990. The Federal Labour Office said the seasonally adjusted unemployed total fell by 23,000 to 2.303 million
- Unemployment in France reached 9.3%

#### European Outbound Travel Market & Competitive Environment

- Arrivals growth of UK citizens to destinations in Asia/Pacific grew by 5.8% with most countries reporting through July and August 2018

- FTI Touristik now offers an increased portfolio on Kuba since requests are in high demand. FTI expanded their hotel portfolio to Cayo Santa Maria
- Mauritius is the favorite travel destination on social media for French consumers. During the IFTM Top Résa fair in France, Mauritius got the award of the best travel destination on social media for the French market abroad

### **European Consumer Trends**

- The Office for National Statistics said sales rose 0.3% between July and August against forecasts for a 0.2% drop. It said growth was strong at both non-food and household goods shops. Overall, retail sales rose by 3.3% in the year to August according to the ONS, ahead of an expected 2.3% increase
- Travel agencies in Germany have recently reported a very positive summer holiday season. As per GfK bookings are up 12% compared to last year
- Consumer prices in Switzerland rose 0.1% over the prior month in September, following a flat print in August
- France saw a 10.3% increase in packages sold between May 1st and August 31<sup>st</sup>, more than 2 million of tourists. President of the SETO said it is an historical record, not seen in years

### **European Travel Trends**

- According to the most recent REDmarke report, UK residents made 2.36 million outbound holiday visits during the first three months of 2018 which was an increase of 8.2% compared to the same three months at the start of 2017
- UK holiday visits to the US grew by 1.6% during the first three months of 2018
- Overall in Germany, winter 2018/19 accounted for more than one third of total sales in August, pushing cumulated growth up to 9%. In terms of departure months, more than half of winter sales revenues to date are for trips in November and December. With Easter in April next year, there is a typical seasonal trend in the relatively low booking numbers, with April revenues up by 72% but March down by 11%
- 50,839 French travellers went to USA between May 1st and August 31st, an increase of 23% of the packages sold, followed by Dominican Republic and Canada

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

- Mail on Sunday travel editor Frank Barrett has left the newspaper after almost 25 years as new editor, Ted Verity, continues his editorial shake-up
- The Press Association plans to rebrand to reflect its evolution into a 'modern, dynamic' business alongside its move into new London headquarters next year. The news agency will become PA Media by next May, while parent PA Group will become PA Media Group
- More Germans spend time with video content online. According to the TNS Convergence Monitor, the age group 14-69 spends a quarter of their online time watching video content – an increase of three per cent (22%) compared to 2017
- The German Automobile Association ADAC (similar to AAA) will discontinue its members' magazine with a circulation of 13.2 million monthly frequency. From 2020, the magazine will be published four to six times and instead of sending it via regular mail, members can pick it up at ADAC stores. At the same time, the digital content will be extended. The average age of the reader is 50+, the ADAC is currently running new campaigns to attract younger members

- #Travel is the second most used hashtag on Instagram, resulting in airlines readjusting their social media channels to target the leisure market
- Airline companies have begun promoting their cabin crew through Instagram accounts to bring their brands to life

### **European Airlift**

- British Airways has held onto its spot as the UK's most highly regarded airline in YouGov's latest Airline Report, but was matched for the first time by Virgin Atlantic
- The 1.5 million passenger barrier has been broken for the first time ever at a Scottish airport as Edinburgh
- Airport recorded its busiest ever month on record. A total of 1,501,988 people passed through the airport in July 2018 – an increase of 6.3% on the same month last year, with growth in both domestic and international markets
- Air Canada featured Hawai'i as their destination of the month on the German market with excellent connections from Toronto and Vancouver down to the islands
- Swiss International Airlines remained the leading player in 2018, with the company continuing to grow its share of value sales. The main factors behind this gain are the renewal of its aircraft fleet and relatively stable ticket prices
- From March 31, 2019, Air France will fly to Dallas-Fort Worth (USA) from Charles de Gaulle airport. The Texas city becomes the 13th U.S. destination of the French Airline

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

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

- European offices have dealt with consumer requests on an adhoc basis
- Continued liaison with consumers following recent natural disasters in Hawai'i, recently there has been little to no enquiries

#### **UK & Ireland**

- Launch of 'Experience our Aloha' digital consumer campaign
- Ongoing 'Hawai'i on Screen' campaign activity
- Continued plans for 2019 Brand Management and consumer campaigns
- Conference call with Miles team regarding the GoHawaiiUK website, and overall GoHawaii updates
- Conducted bi-monthly call with Gwen and Tara to discuss 2019 social media updates
- Continued monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month

#### **Germany**

- Continued to update GoHawaiiDE website
- Regular discussions with Tara and Gwen via podio, next call scheduled for September 5, 2018
- Co-ordinating Experience our Aloha campaign with UK team, and CTA partner Canusa

## **Travel Trade**

### **UK and Ireland**

- Conducted meetings with the following key UK tour operators: Bon Voyage, Voyage Prive, USAirtours, and airline development company, Ailevon Pacific Aviation Consulting
- Liaison with Flight Centre and Trailfinders, regarding Experience our Aloha campaign activity
- Ongoing joint marketing activity with Thomas Cook and TravelBag
- Planning ahead of Aloha Europe 2018
  - Shared invitations with trade and media. Managed all RSVPs
  - Continued liaison with venues and hotels to coordinate all details ahead of each event
  - Booked all transport for partners, dancers and musicians and HTE staff
  - Finalised itineraries for all attendees
- Coordination of Global Tourism Summit / Product Manager FAM trip in October
  - Liaison with trade, and coordination of final itinerary
  - Preparations ahead of GTS presentation during the Summit
- Shared invitations with trade for Maui dedicated FAM trip. Currently secured the following tour operators:
  - Hayes and Jarvis, Travelbag, Cox and Kings, Kuoni, STA Travel
- Continued liaison with Aloha Europe 2017 prize winners to coordinate upcoming trips to Hawai'i
- Continued to monitor bookings to the Hawaiian islands
- Ongoing updates to Trade Account Management Matrix Segmentation. Updates continue to be made from sales calls, training and trade events

### **Scandinavia**

- Ongoing liaison with NYHaven Rejser and USA Rejser ahead of GTS Summit/ FAM trip
- Ongoing planning ahead of Aloha Europe 2018

### **Germany and Switzerland**

- Planning and preparation for Aloha Europe 2018
- Distributed invitations for upcoming Maui dedicated FAM trip in December
- Liaison with trade regarding upcoming Experience our Aloha campaign
- Held a meeting with TravelZoo to discuss opportunities for 2018/19
- Liaised with key tour operators regarding recent Hawai'i bookings
- Updated tour operators and travel agencies on all recent Hawai'i natural disasters

### **France**

- Ongoing liaison with 5 tour operators
- Ongoing liaison with 1 tour operators with FAM interest

## **Public Relations**

### **European co-ordination**

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

### **Germany**

- Ongoing support of individual media trips
- Proactive pitching – general and specific/niche topics

### **France**

- Follow up of a press trip for French TV – Télématin

### **Sales Activities**

#### **UK and Ireland/Germany**

- Ongoing liaison with trade
- 31 sales calls carried out in total

#### **France**

- Ongoing liaison with trade
- 4 sales calls carried out in total

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

#### **UK & Ireland**

- Experience Our Aloha campaign to launch in September
- Product Manager FAM and Global Tourism Summit in September
- Aloha Europe to take place in October
- Flight Centre USA Training Day in November
- Maui Dedicated FAM trip in December

#### **Scandinavia**

- Aloha Europe to take place in October

#### **Germany**

- Experience Our Aloha campaign to launch in September 2018
- Aloha Europe to take place in October 2018
- Kaua'i & Hawai'i Island Agent Fam in October
- Maui Dedicated FAM trip in December

#### **France**

- FAM Trip in October to develop and create a new product
- Destination training in Paris in October in a Poké Bowl restaurant

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

### Leisure

#### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

##### Economy

**Malaysia:** The Sales and Service Tax (SST) was reintroduced on September 1, 2018 as the replacement of the Goods and Services tax (GST). The GST was zero-rated from June 1, 2018.

Malaysia's economy should benefit from strong private consumption for the second half of 2018. However, economic activity is likely to moderate in 2019 as rising trade tensions and a cooling Chinese economy dent foreign demand for Malaysian goods. Uncertainty over the fiscal position and a small revenue base pose downside risks to the outlook. FocusEconomics Consensus Forecast panelists expect the economy to grow 5.0% in 2018 and 4.8% in 2019, which is down 0.1% points from August.

Currency Exchange: USD 1 = MYR 4.13 as of September 30, 2018 vs MYR 4.12 as of August 31, 2018

**Singapore:** Singapore's core inflation stood at 1.9% in August, 2018 and is expected to average in the upper half of the 1% to 2% forecast range for the full year. Unemployment Rate is 2.1% as of June 2018.

Currency Exchange: USD 1 = SGD 1.3673 as of September 30, 2018 vs SGD 1.372 as of August 31, 2018

**Indonesia:** The government of Indonesia is targeting 5.3% economic growth of GDP in 2019 amid ongoing external challenges that have resulted in depreciation of the IDR against USD. The economic growth drivers expected in 2019 include consumption growth of 5.1%. Bank Indonesia (BI) also monitors the development of the effects of trade war on US opponents such as Europe, China and includes monitoring the economic conditions of "emerging" countries.

Currency Exchange: USD 1 = IDR 14.900 as of September 30, 2018 vs IDR 14.759 as of August 31, 2018

**Thailand:** Thailand's GDP expected to grow by 4.0% in 2018 and by 4.1% in 2019. Thailand's inflation rate forecasted at 1.2% in 2018 and 1.3% in 2019. Per capita GDP Growth for Thailand is expected at 3.5 % in 2018 and 3.6% in 2019 .

Currency Exchange: USD 1 = THB 32.83 as of October 5, 2018 VS THB 33.81 as of September 5, 2018

##### Outbound Travel Market

**Malaysia:** Malaysian travel more despite ringgit's devaluation, domestically and internationally. The recent MATTA Fair has attracted approximately 93,084 visitors with over 1,336 booths from September 7-9, 2018. Europe bounds as well as Korea and Japan remaining popular for year-end travel.

**Singapore:** To commemorate its 53rd year in operation, Chan Brothers held a special travel fair on September 22 – 23, 2018 at Suntec, a perfect opportunity for travelers to look for last-minute deals or 2019 early bird offers. The Chan Brothers Beyond 50 Triple Treats event featured some of the best offers on the market, including 50% off the second travelers for any selected Asia, China, Greece, Italy, New Zealand or USA package tour or Turkey small group tour. Second traveler also flies free for any selected Asia, Australia, Balkans or Qatar package tour or East Africa, Greece, Morocco or South America small

group tour. Furthermore, take USD 74 off per room for any selected Asia, Australia, China, Europe, Exotic, New Zealand or USA package tour department in 2019.

**Indonesia:** India & Bhutan are now on consideration to target Hindu – Buddha travelers for Pilgrim trip and require no visa as their government support the tourism industry. Balkan & Dracula Castle is on the highlight – mainly for travelers who love classic horror adventure and experience.

**Thailand:** Thai outgoing traveler was boosted from the overall country's economic recovery and Thailand is benefited from the strong growth of inbound traveler from around the world each year. Outgoing tourist receipts are expected to grow by 9.59 % by 2018 with accommodation taking the largest part of this spending, followed by airfare, food and shopping

### **Competitive Environment**

#### **Southeast Asia:**

- *Tourism Australia* has launched a USD 7.2 million campaign targeting high value travelers in Singapore, India, Malaysia and Indonesia with experiences outside stereotypical views of travelling in Australia.
- *The Sharjah Commerce and Tourism Development Authority (SCTDA)* in conjunction with Emirates airline have organized a roadshow in Southeast Asia in end September 2018, showcasing the emirate for the first time in Singapore, Malaysia and Indonesia.

#### **Malaysia:**

- *Tourism Authority of Thailand (TAT)* organized an event in Holiday Inn Melaka hotel on September 14, 2018 to provide product knowledge to sellers on Krabi island destination. The event was attended by more than 50 pax and there were also lucky win draws.
- *Macau Government Tourist Office (MGTO)* was present in the MATTA fair with fun activities such as Catch the Egg Tart game and Ready, Set, Run game. Also, fresh Portuguese Egg Tart fresh the oven were distributed to participants.
- *Korean Tourism Organization (KTO)* also participated in the MATTA fair. The attraction available were mascot appearance, Korean traditional games and street food kitchen. Visitors who participated in the event had a chance to win a mystery gift.
- *Sydney Tourism Board* collaborated with low cost airline, AirAsia to advertise Sydney as a destination. The promo fare all-inclusive from USD 80 / MYR 329 was valid until September 9, 2018
- *Discover Tasmania* organized Tasmania Asia Mission on September 20 at Renaissance Hotel.
- *Sri Lanka Tourism Development Authority (SLTDA)* organized a Tourism Workshop & B2B session with theme named "Extravaganza" at JW Marriott Hotel Kuala Lumpur on the September 8, 2018. The entertainment available on the event was singing and dancing performances by Sri Lankan's.

### **Consumer Trends**

#### **Malaysia:**

- During the recent travel fair, the jaw-dropping promotional fares to Europe offered by airlines have received over thousand bookings during the 3-day MATTA Fair from September 7-9, 2018. The airfare is as low as USD 120 to London offered by British Airways with immediate travel up to March 31, 2019.

### **Singapore:**

- North Korea has seen a surge in travelers from Singapore following the historic summit in June between the leaders of North Korea and United States. Over 200 tourists, mostly Singaporeans, visited North Korea in September 2018 through Universal Travel. Four such group tours from Singapore to North Korea are scheduled in the second half of this month.

### **Travel Trends**

#### **Malaysia:**

- Guam has garnered interest from the Malaysia travel trade partners as they started to promote Guam tour packages, starting price from AED 1,050. Guam Visitors Bureau has participated during the 3-day consumer fair to show support to the trade as well as to increase destination awareness. Guam will be another promising destination of the US territory in coming months.

#### **Singapore:**

- The rising of 'bleisure' means that business travel behaviors are becoming more aligned to leisure travel. The research found that Singaporean travelers, in particular, want local leisure activities to be part of their business trip. Also, 40% of Singaporean business travelers find recommendations that help with itinerary planning the most useful, and 25% value sightseeing recommendations during their business travels.

### **Media & Online Trends**

The phrase "Content is King" has become the mantra in digital marketing, be it at social media platforms or at websites. If one social media trend could define 2018, no doubt it will be video content. According to Social Media today, internet users spend one-third of their time online watching videos across different social media platforms such as YouTube, Facebook and Instagram.

Here are some tips shared by Social Media today on how brand can better maximize video content across their major social media platforms. According to research, videos being uploaded on Facebook directly garner eight times more engagement as opposed to videos posted through YouTube and being shared on Facebook. Additionally, optimize videos content on Facebook for soundless viewing by adding subtitle will help to boost video views and engagement. Reason being more than 85% of Facebook users watch videos all times of the day, even at work and in public and they keep videos on silent. It is good to create more Live content on Facebook as it is the trend in content marketing. Facebook users prefer to watch live-streams over reading basic social posts.

Instagram is a platform to showcase eye-catching content. Here is how to make the most of video in your Instagram feed. Study shown that square videos perform better than landscape video as it is much more visually appealing to users. Brand can also leverage on Insta Stories and Live features to interact with its followers. It helps to capture attention and better promote brand's products and services. In summary, brands should focus on creating quality and interesting content to better grab attention in this digital world

### **Airlift**

Condor Airlines will be launching direct non-stop flight from Frankfurt to Kuala Lumpur by November 2018. Condor will be flying 3x weekly using Boeing 767 and offering choices of Business, Premium Economy and Economy Class.

## **LEISURE ACTIVITIES**

### **Consumer**

SNS Result: Facebook stands at 12,802 fans; Instagram has 1,167 followers as of September 30, 2018.

***[MATTA travel fair had happened on September 7-9, 2018 with attractive tour packages to lure Malaysian].***

MATTA, Malaysia Association of Tour and Travel Agent, is a premier travel fair that provides consumers with the information on a wide range of best and exciting travel deals. Held twice year in March and September, MATTA attracts more than 100,000 visitors annually. The free official publication for the event, MATTA Show Daily, is distributed throughout 3 days of MATTA Fair with updated news and holds prominent circulation. HTSEA tapped into this publication and promoted Island of Hawai'i through print advertisement along with 3 articles which featured the places to explore on the Island of Hawai'i and captured 60,000 impression.

***[Print ad ran by AirAsia X to promote Hawai'i in the month of September]***

AirAsia X is promoting its daily flight to Hawai'i through print ad on The Star with over 1 million impression.

**Travel Trade** - N/A

### **Public Relation**

September news clippings saw a total of digital media clippings over 3 platforms and 2 prints coverage generating more than \$5,900 worth of PR value with approximately 3 million impressions in total.

### **Sales Activities**

HTSEA conducted 25 sales calls in Southeast Asia to promote Hawai'i.

***[UOB Bank]*** UOB bank is finalizing the co-op with HTSEA, with spend & win element during the 4-month campaign, starting October 2018 till February 2019. The collateral items will go public and live on social media channels by October 8 onwards. There'll be an on-ground activation from October 11-14, 2018 at Publika mall for brand awareness.

***[AF Travel]*** They have an incentive group to Hawai'i in November, they are in the midst of finalizing it. Agent feedback that the souvenirs provided by OVB is not attractive and disenchanted that HTA unable to show support towards MCI groups

***[Corporate Information Travel]*** They are bidding a group of 280pax to Hawai'i in year 2020 and have requested information in order to propose to their clients.

***[AMEX]*** To explore any opportunity for Hawai'i to be featured in their internal assets, e.g. e-newsletter and push out Hawai'i offer to the card members. In view of AMEX internal cost for communication channels used, a minimum of USD7,400 marketing investment is expected from HTSEA.

### **Coming Attractions**

[Oct] Jetset to the Hawaiian Islands

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

### SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

#### **Economy**

Hong Kong's economy expanded by 3.5% year-on-year in real terms in the second quarter of 2018, after the growth of 4.6% in the preceding quarter, marking the seventh consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past decade.

Hong Kong dollar and US dollar has a linked exchange rate: Currency Exchange is 1 USD = 7.8267 HKD as of August 31, 2018.

The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at 2.8% for the three months ending July 2018, the lowest level in more than 20 years.

Overall consumer prices rose by 2.3% in August 2018 over the same month a year earlier, slightly slower from 2.4% in July. Looking ahead, consumer price pressures are expected to increase somewhat. The Government forecasts Hong Kong's consumer price to increase by 2.2% in 2018.

Headline indices of the Hong Kong share market inclined on Friday, 21 September 2018, with investor sentiment buoyed by hopes that a Chinese government effort to boost domestic demand could help offset effects of an escalating trade war.

The Global Wealth Intelligence & Market Research company Wealth X has seen Hong Kong overtake New York as the world's top city for the ultra-rich. This former British colony saw its ultra-high-net-worth individuals (UHNWI) - individuals being worth \$30 million or more - population increase 31% in 2017 to around 10,000.

#### **Outbound Travel Market**

Hong Kong International Airport (HKIA) has recorded total 6.8 million passengers in August 2018, which is a year-on-year increase of 5.2%. Hong Kong resident travel, which saw an 8% year-on-year increase in August, continued to be the main driver of passenger traffic growth. During the month visitor traffic also grew, posting a 5% rise. Overall passenger traffic to and from Mainland China, Japan and Europe recorded the most significant increases.

According to the Travel Industry Council of Hong Kong (TIC) whose members are travel agents, they have USD2,951,332 levy income received during January 2018 to September 2018, which is 8.3% YOY incremental. International Air Transport Association (IATA) recorded USD285 million total billing of air-ticketing sales in September 2018, which decrease 2.3% YOY. However, the number of air tickets transactions have been increased to 863,748 times in September 2018, which is 5.1% YOY incremental. This is caused by the increasing trend of low-cost carrier.

#### **Competitive Environment**

Several popular destinations reported more arrivals last year from Hong Kong. For examples, Japan had 21.3% more or 2.23 million, Thailand up 9.5% to 820,000, and Australia 13.8% more to 282,100 in 2017.

Palau's Tourism Bureau says local businesses are suffering greatly in the wake of China's ban on tourist operators, as the country struggles to realign its economy. Kevin Mesebeluu, the director of Palau's Tourism Bureau, said many hotels were operating below 50% occupancy and several industries catering to tourists were having to shift to local markets.

## **Consumer Trends**

In 2017, Travel Industry Council of Hong Kong (TIC) reported that Hong Kong spent US\$25.5 billion on international tourism, up 5.8%. The city's travel agents reported outbound package tour business in the first half this year grew by 14.8%. The Hong Kong Tourism Board says the newly opened Guangzhou-Shenzhen-Hong Kong High-Speed Rail gives people the chance to travel quickly and conveniently to nine neighboring cities in the Guangdong Province in South China. It could potentially boost tourism in the Greater Bay Area consisting of Hong Kong, Macao and South China.

## **Travel Trends**

Hong Kong International Travel Expo 2018 public visitors are found to be mature (67% aged between 35 and 64); well educated (university 42% & post secondary 32%); female outnumbering male by three to two; overall, 84% prefer traveling in FIT or private tours. Many have multiple holidays in past year – 13% had 6 or more holidays, 44% had 3 to 5, 40% had 1 to 2, and only 2.5% no holiday. Their outlook positive: 49% will spend more in next 12 months, 27% maintaining and only 5% reduce spending. On destinations to visit within next two years, 54% picked East and North-east Asia, 42% South & South-east Asia, and 39% Europe etc. They are keen on theme travel too, such as Culture & Historical, Gourmet Tour, Cruise, Eco-tourism & Outdoor, Travel Photography and Driving Tour.

## **Media Trends**

The Hong Kong International Travel Expo 2018 indicated that 60% prefer book online directly with suppliers like airline and hotel with 19% interest in joining tour at destination, while booking through online travel agent is a lower figure of 50%, and an even lower 40% of booking with traditional travel agent.

## **Airlift**

The newest player on the San Francisco scene is Hong Kong Airlines. Their goal of "affordable luxury" has delivered a new dose of competition for Cathay Pacific, main competitor and Hong Kong's dominant airline. Hong Kong Airlines is offering a round-trip ticket to Hong Kong from San Francisco at around USD500. Cathay Pacific will grow its new routes to Seattle Tacoma and Washington Dulles before adding any new US markets, says chief executive Rupert Hogg. The new direction come as US carriers report competitive pressure in the US-China market.

### **Activities**

### **Consumer**

### **Expedia HK x United Airlines "ALOHA is Hawai'i"**

Supported by HTHK, Expedia Hong Kong and United Airlines launched the "ALOHA is Hawai'i" online campaign to promote the fascinating culture and natural beauty of Hawai'i on September 10. Expedia has published a series of Hawai'i travel blog stories such as "Aloha in Hawai'i Itinerary", "15 Fun Facts of Hawai'i" and "5 Hawai'i Festival you must not miss". HTHK lined up Marriot Hawai'i, Roberts Hawai'i, Alan Wong's Honolulu, and USS Missouri to sponsor giveaways for the social media game. United

Airlines has also offered special promotion via Expedia to boost traffic to Hawai'i. This campaign has drawn 500,000 viewership.

**Travel Trade**

**Guam Holidays new Jurassic themed tour to Hawai'i**

Guam Holidays has launched new Jurassic themed tour to Hawai'i starting at USD1,121. They offer this unique themed travel to the romance traveler for them to create an unforgettable trip in Hawai'i.

**Public Relations**

In September, HTHK secured 15 media stories with a total viewership of 25,465,763 and total PR value worth US\$279,215.

**Coming Attractions**

No.	Event Name	Date	Location
1.	HTHK x Sony – LIVE. LOVE. ALOHA	September - November 2018	Hong Kong
2.	Romance in the Rainbow State – Pink Dot 2018	October 2018	Hong Kong



## HT Global MCI – September 2018

### OVERVIEW

As Meetings, Conventions and Incentives (MCI) vendors continue to strive to accommodate meeting planners' tighter budgets, one important innovation is flexible meeting space. Changing room layouts midstride was once an oddity, but it is increasingly becoming the norm. In the latest International Association of Conference Centres (IACC) meeting report, more than 60 percent of venue operators stated that meeting space flexibility is becoming more important. In response to these expectations, the number of venues operating 100 percent flexible spaces increased +9 points from 2017 to 2018.

Changing room layouts may seem counterintuitive from an efficiency standpoint. Time is money for business, especially during high-cost meetings, so why waste it moving the furniture around? At least one compelling reason lies in the growing body of evidence that changing room layouts stimulates attendees and keeps them more engaged. Likewise, different layouts are better suited for different modes of learning—auditory, visual, collaborative and hands-on—and thus can appeal to a more diverse set of attendees.

A growing number of venues are investing in “flexible” furniture, such as light-weight, wheeled and collapsible. Another prevalent innovation is the use of tables and chairs with built-in, rechargeable batteries, thus eliminating the need to run costly, time-consuming wiring for each new room layout. This is not to say that such flexibility comes easy or at low cost; 65 percent of venues reported that cost was the biggest hindrance to enhancing the flexibility of their meeting rooms, while 56 percent cited a lack of storage space.

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

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

	Month			Year-to-Date		
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year
<b>Room Nights</b>						
Definite & Assist-Definite	26,967	13,378	102%	202,688	118,384	71%
Tentative & Assist-Tentative	49,934	135,106	-63%	607,177	933,209	-35%

Beginning

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

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	2,373	6,667	-64%	75,970	47,531	60%	232,000	33%
New to Hawai'i	0	4,167	-100%	14,740	8,652	70%		
Tentative	17,836	84,825	-79%	243,507	574,300	-58%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite	863	6,667	-87%	59,608	27,544	116%		
New to Hawai'i	0	4,167	-100%	8,000	7,522	6%		
Tentative	16,712	69,109	-76%	232,007	389,394	-40%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	1,510	0	N/A	16,362	19,987	-18%		
New to Hawai'i	0	0	N/A	6,740	1,130	496%		
Tentative	1,124	15,716	-93%	11,500	184,906	-94%		

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

**COMMENTS**

*September saw four groups turn definite for 2,373 room nights, two International groups and two U.S. groups. The year to date total on definite room nights is at 75,970 ahead of last year by 60 percent.*

*An additional 17,836 room nights were added to the tentative pipeline, bringing the total to 243,507 room nights.*

*September group activity was light with no offshore citywide business as most associations will avoid holding their conventions over the major Jewish holidays of Rosh Hashanah and Yom Kippur. Major local groups included the Okinawa Festival, State Early Childhood Conference and I Beauty Digital Hawai'i. HCC also hosted the fan meet and greet for the LA Clippers.*

*Site inspections took place for a scientific conference for September 2019 and an international association's annual convention in June 2020.*

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	24,594	6,711	266%	126,718	70,853	79%	180,000	70%
New to Hawai'i	2,087	2,405	-13%	51,661	27,901	85%	75,000	69%
Tentative	32,098	50,281	-36%	363,670	358,909	1%	500,000	73%
<b>MCI</b>								
<b>Room Nights</b>								
Definite	24,314	6,711	262%	122,462	69,285	77%		
New to Hawai'i	2,087	2,405	-13%	47,685	27,223	75%		
Tentative	29,895	48,276	-38%	356,940	348,868	2%		
<b>Non-MCI</b>								
Definite	280	0	N/A	4,256	1,568	171%		
New to Hawai'i	0	0	N/A	3,976	678	486%		
Tentative	2,203	2,005	10%	6,730	10,041	-33%		

**COMMENTS**

**Market Conditions**

*The new association "Meeting Planners Unite" is making waves and attracting support via social media channels. The organization was created to unify opposition to decisions by several major hotel brands to reduced third-party commission. Executive Director David Bruce, who founded the group and owns a successful meeting planning company in Texas, was featured in the September issue of Smart Meetings Magazine. Growth in current membership indicates that participants collectively manage \$350 million in revenue, with a goal of \$1 billion through additional growth via sign-ups by LinkedIn members. The report also indicates that numerous destination management organizations (DMOs) and Convention and Visitor Bureaus (CVBs) are jumping on board with subsidies to off-set reductions in third-party planner commissions.*

*Midwest-based incentive companies have expressed excitement at the addition of The Auberge Resorts Collection to the Hawaiian Islands, as discussion over the lack of luxury brands in Hawai'i has been highlighted over the past few years.*

*Additionally, the pending entry of Southwest Airlines into the Hawai'i market appeals to key incentive accounts. New budget service will assist many traveling outside of the main hub airports. The new service is expected to provide strong fare competition among the major air carriers to the islands.*

**Sales Production vs. Goals Analysis**

*The HTUSA team continues strong production in September with the addition of 24,314 definite room nights. The results are reflected in an impressive 79 percent increase year-to-*

*date compared to same time last year. The team is also on track to achieve its annual goal, with 70 percent achieved as of September.*

*Monthly tentative production fell behind compared to last September and year-to-date production is currently about even with same time last year figures. However, the team is reporting solid anticipation of new activity later this fall*

**Highlights of Any Key Definites**

- *Convention — medical corporation, January 2024 (4,039 room nights)*
- *Incentive — manufacturing corporation, December 2021 (4,035 room nights)*
- *Convention — medical corporation, January 2023 (3,477 room nights)*
- *Incentive — business services corporation, April 2020 (2,723 room nights)*
- *Incentive — multi-level marketing corporation, July 2020 (2,384 room nights)*
- *Convention — veterans’ association, May 2019 (1,248 room nights)*
- *Convention — veterans’ association, May 2020 (1,248 room nights)*

**Public Relations and Collateral**

*Advertising efforts included:*

1. *Meetings & Conventions/Successful Meetings Combo– Destination Hawai’i Supplement– 100,000 impressions*

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

1. *PR team is reaching out to media attending IMEX to coordinate meetings and interviews to share Hawai’i updates.*
2. *Media Coverage Highlights:*
  - *“Maui Brings the Magic” – Incentive Magazine – July 11 - <https://bit.ly/2opNfSa>*
  - *“Natural Hawaiian Splendor: Sea, Mountain, Jungle... and, Yes, Fire” – Smart Meetings – August 1 – <https://bit.ly/2LLdFvu>*
  - *“Hawaiian Hands” – Bridge Bulletin – August – PDF available upon request*
  - *“Hawai’i Meetings Wellness Programs Go Beyond the Spa” – Meetings Today – August – <https://bit.ly/2LLmS1Y>*
  - *“Meeting in Hawaiian Paradise” – Successful Meetings – August 7 - <https://bit.ly/2wsNmka>*
  - *“Hawai’i Meetings, Conventions, Incentives (MCI) Tourism Market Overview 2018 - Industry Journal – August 23 - <https://bit.ly/2MIeWUV>*
  - *“Hawai’i’s AMAZING COMIC CON ALOHA! Rescheduled for February 2019 Due to Hurricane” – Newsarama – August 27 - <https://bit.ly/2wwabTp>*
  - *“Sheraton Maui Resort & Spa Completes Big Renovation” – MeetingsNet – August 28 - <https://bit.ly/2oofccR>*
3. *September Impressions and Publicity Values for Articles that included Hawai’i:*

<i>September Impressions</i>	<i>September Publicity Values</i>
<i>Print: 33,800</i>	<i>Print: \$4,500</i>
<i>Online: 615,000</i>	<i>Online: \$17,200</i>
<i>Broadcast: 32,800</i>	<i>Broadcast: \$6,800</i>
<i>Total: 651,180</i>	<i>Total: \$28,500</i>

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	395	0	N/A	3,044	946	222%	4,000	76%
New to Hawai'i	395	0	N/A	2,122	896	137%	2,000	106%
Tentative & Assist-Tentative	1,288	332	288%	13,529	15,801	-14%	25,000	54%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	260	0	N/A	2,867	922	211%		
New to Hawai'i	260	0	N/A	1,945	872	123%		
Tentative & Assist-Tentative	1,153	332	247%	10,852	15,777	-31%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	135	0	N/A	177	24	638%		
New to Hawai'i	135	0	N/A	177	24	638%		
Tentative & Assist-Tentative	135	0	N/A	2,677	24	11054%		

**COMMENTS**

**Market Conditions**

***Total Canadian Outbound Travel –September***

*Canadians made more than 20 million overnight trips to the U.S. and other outbound destinations during the first seven months of 2018, an increase of 2.8 percent. Of this total, an estimated 15.5 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.4 percent, while leisure travel to the U.S. has grown 3.4 percent. The first half of the summer travel season saw Canadians make an estimated 6.7 million overnight leisure trips to the U.S. and other destinations; an increase of 1.4 percent. Canadians made 4.3 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew to 2.38 million.*

***Canadian Travel to United States***

*The first seven months of 2018 saw direct deplanements in various Florida destinations surpass 1.3 million, a 2.9 percent increase compared to last year. During the period, Las Vegas (3.9%), New Orleans (1.6%), and Phoenix (8.2%), as well as Hawai'i (1.8%) and key destinations in California and Texas all recorded an uptick in direct arrivals from Canada.*

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

<b><i>Destination</i></b>	<b><i>2014</i></b>	<b><i>2015</i></b>	<b><i>2016</i></b>	<b><i>2017</i></b>	<b><i>2018</i></b>	<b><i>% of change (2018 vs. 2017)</i></b>
<i>Hawai'i</i>	<i>211,041</i>	<i>225,554</i>	<i>227,190</i>	<i>242,233</i>	<i>246,661</i>	<i>+1.8%</i>

The daily hotel rate in the United States averaged USD \$129.66 throughout the first seven months of 2018, a year-over-year increase of 2.6 percent. Due to a stronger exchange rate, the average rate in Canadian funds fell -0.6 percent to \$166.42. The loonie averaged \$0.78 USD during the period, compared to \$0.75 USD in both 2017 and 2016

**Hawai'i Daily Hotel Rate:**

YTD ADR (\$CAD)	2014	2015	2016	2017	2018	% change YTD avg (\$ CAD)	% Change YTD avg (\$ USD)
Hawai'i**	\$262.45	\$305.81	\$336.09	\$352.84	\$362.19	2.6%	5.9%

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

**Consumer Confidence:**

The national consumer confidence rating was 115.3 points in September, a 2.9-point increase compared to last year. Consumers residing in Quebec, the Prairies, and BC were more positive, while a decline in confidence was recorded in Atlantic Canada, Ontario, and Alberta. At the same time, the overall attitude towards purchase intentions did not fluctuate, remaining at 30 percent of Canadians. The largest change was registered in Quebec, where 46.4 percent of respondents indicated that now is a good time to make a major purchase; a 7.1 percent increase compared to September 2017.

With growth registered in every province, national retail trade grew 3.7 percent in July 2018. E-commerce sales totaled \$1.3 billion during the month, representing 2.5 percent of retail trade. On a year-over-year basis, retail e-commerce rose 9.4 percent.

**Canadian Visits to Hawai'i – Conference Board of Canada**

Jan-July 2018 saw Canadian visits for MC&IT purposes decline -2.9 percent, while trips for VFR (-13.6%) and other business (-15.7%) also decreased. Non-pleasure trips accounted for just 7.4 percent of total visits to Hawai'i during the period.

**Increase in First Time Visitors to Hawai'i**

- Sixty-three percent of Canadians who travelled to Hawai'i in Jan-July 2018 were repeat visitors
- This represents the smallest proportion of repeat visitors for the period since 2008.
- After a few years of increased share, the proportion of repeat visitors began to decline in 2016 and has dropped each year since.
- Compared to 2015, the YTD share of repeat visitors has fallen -4.1 percent.
- So far this year, stays in condos and timeshares have decreased while hotel activity is up 2.4 percent; a result of more first-time visitors and package travelers.

**Direct Capacity from Canada Remains Stable**

- Air Canada and WestJet offered 305 thousand direct seats during the first seven months of 2018; 2.2 percent more than in 2017.
- Compared to last year, Air Canada offered 6.8 percent more seats, while WestJet's capacity fell -0.6 percent.
- Air Canada offered 7,300 more seats from Vancouver, but capacity on other routes saw little change.

- After dropping in May and June following Kilauea’s eruption, the overall monthly load factor seems to be gaining strength once again

**Sales Production vs. Goals Analysis**

HT Canada is currently at 57.43 percent of our new annual 2018 targeted Tentative Room Nights of 25,000. 76.10 percent of new annual targeted Definite Room Nights of 4,000. 118 percent of new annual targeted numbers Definite Room nights – New to Hawai’i. 203 percent of Total out of State attendees and 50 percent of new meetings for the year. September was a slightly busier month than August however HTCanada is expecting a more robust 3rd quarter. September was spent on new leads through Simpleview/Cvent; follow up on lost groups, O’ahu Luxury VIP Fam set for October as well as 2 very large and detailed site inspections – one of which travelled Sept 21 and the other departing in November. HTCAN is consistently following up on old lost groups as well as new requests coming from EABE. HTCanada is working with HTA Global MCI on a bid and site inspection for the International Gay and Lesbian Football Association. A meeting between HTA, HTCAN did take place and Pris and HTCanada are working on the flights and site itinerary. This bid, should it go to Hawai’i, would encompass approx. 4000 room nights.

**Highlights of any Key Definites**

- Medical Group Meeting – Maui – 6/25-28/2019 (260 room nights)
- Non-MCI Group – O’ahu – 7/16-24/2019 (90 room nights)
- Non-MCI Group – Kaua’i – 7/16-18/2019 (45 room nights)

**Table 2d: Hawai’i Tourism China Single Property Sales Production  
 September 2018**

	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>COMBINED - TOTAL</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	72	0	N/A	7,890	8,374	-6%	12,000	66%
New to Hawai’i	72	0	N/A	7,890	8,374	-6%	9,600	82%
Tentative & Assist-Tentative	0	0	N/A	15,341	17,486	-12%	45,000	34%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	72	0	N/A	7,688	7,446	3%		
New to Hawai’i	72	0	N/A	7,688	7,446	3%		
Tentative & Assist-Tentative	0	0	N/A	15,139	15,875	-5%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	202	928	-78%		
New to Hawai’i	0	0	N/A	202	928	-78%		
Tentative & Assist-Tentative	0	0	N/A	202	1,611	-87%		

**COMMENTS**

## **Market Conditions**

### **A. China Economy**

- **GDP** – China's GDP growth in Q3 is expected to slow down to 6.5 percent compared to the 6.7 percent in Q2. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency** – Chinese Yuan depreciates continuously to 6.89 per USD in September compared to 6.27 RMB per USD in March. This may impact the spending power of Chinese travelers' during travel. Many financial experts predict that there may be a consecutive depreciation.
- **Unemployment rate** – China reached a record low of 3.83 percent in Q3 of 2018. The forecast of unemployment rate in Q4 is 4.00 percent.
- **Consumer confidence** – Consumer confidence in China slightly increased in Q3, standing at 118.6 Index Points from 113 Index Points in Q2. Confidence index higher than 100 points shows that Chinese consumers are positive about the current and future economic trends.

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

- As forecasted by top Chinese OTA Ctrip, more than 7 million Chinese tourists are expected to travel overseas during the Chinese National Day holiday of 2018, thus seeing a 10 percent increment compare to 2017 year-on-year. This also amounts to about 5 percent of the annual outbound tourists.
- By September, there will be 73 countries and destinations offering visa-free entry (26 destinations) or visa-upon-arrival (47 destinations) to Chinese citizens, a record high. Easier visa process may propel the destination-choosing of MCI agents and corporate end-users.

### **C. Travel Trends**

- According to the "Global Travel Prediction" report by Global Business Travel Association, the key factor in stimulating corporate and business travel is global trade. The policies that hinder international trade cooperation may have a negative impact on global business travel demand.

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

The visa issue between China and the U.S. will hamper the China-U.S. MCI travel market. The intensity of the ongoing trade wars and availability of other destination choices for Chinese MICE group might impact Hawai'i as an important U.S. destination for big MCI groups.

### **Strategy & Action:**

Due to the China-U.S. trade wars and visa issue, HTC's counter-measure will be focused on smaller but high-yielding MCI groups. Moving forward, HTC will also follow-up with large MCI groups as early as possible, thus seeing lesser challenges in terms of travel logistics.

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

#### **Root Cause:**

HTC has secured 7,890 room nights as of September and achieved 66 percent of the KPI for 2018 definite room nights. With a total 15,341 tentative room nights so far, HTC has achieved 34 percent of the KPI for 2018 total tentative room nights.

**Analysis & Countermeasures:**

September was a remarkable shoulder season for travel agencies and leisure travelers before the annual National Holidays. Also, with the unfolding China-U.S. trade dispute, hurricanes and visa issues, HTC will channel more efforts towards sales calls with potential MCI intermediaries and corporate end-users to secure more bookings and increase attendance-building for events to be held in the last 3 months. The focus will be on smaller, high-yield MCI groups.

**Highlights of any Key Definites**

- Incentive Group-Island of Hawai'i – 08/06/2018-08/07/2018 (24 room nights)
- Incentive Group-Maui – 08/02/2018-08/05/2018 (48 room nights)

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	338	0	N/A	685	310	121%	500	137%
New to Hawai'i	338	0	N/A	685	310	121%	500	137%
Tentative & Assist-Tentative	756	600	26%	11,514	2,988	285%	1,500	768%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	338	0	N/A	338	310	9%		
New to Hawai'i	338	0	N/A	338	310	9%		
Tentative & Assist-Tentative	756	600	26%	11,167	2,768	303%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	347	0	N/A		
New to Hawai'i	0	0	N/A	347	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	347	220	58%		

**COMMENTS**

**Market Conditions**

**French Economic Forecast**

The French budget deficit will temporarily increase in 2019 due to slowing growth in the country and a changing tax regime country wide, this is mainly due to how income tax is being collected rather than a big impact on the economies size.

The French budget in 2019 will see household bills reduce and business taxes fall by 20 million euros but there are many who protest to the changes President Macron is making with a freeze on pensions and state funded jobs, overall the picture still remains quite constant in the French economy leading to business as usual within the country which should mean the M&I business from the country currently remains stable.

### **German Economic Forecast**

*German business confidence has remained resilient as industries such as construction, retail and services report optimism, although the manufacturing industry is seeing a dip in exports. Along with this Frankfurt is the leader in gaining bank headquarters from the UK following Brexit. Over the last year 10 foreign banks have moved to the City with 7 moving to Paris. This though is not increasing banking jobs in Frankfurt due to traditional banks already cutting staff within the city.*

*The above in Germany may mean that Hawai'i could see an interest from different industries hosting events and incentives in the future with a reduction in automotive incentives but potential an increase in retail events.*

### **UK Economic Forecast**

*The British Chambers of Commerce has downgraded its prediction on growth this year, economists at the BCC said GDP growth will fall to 1.1 percent from a previous forecast of 1.3 percent while next year it will hit only 1.3 percent, down from 1.4 percent.*

*The employment market is expected to continue to be a source of strength for the UK economy, with the unemployment rate predicted to remain close to its 40-year low.*

### **Brexit**

*Research gathered from attending the Event Huddle Industry session in September 2018 indicate that agencies are stating they are still yet to see any downturn in business and hope that a Brexit deal is resolved as soon as possible to remove uncertainty from the economy and business.*

### **Trends**

#### **Sustainability**

*Sustainability has featured again in the BCD meeting & events report 2019. This trend is directly driven from customers at the moment, especially around catering and reducing waste. This is a direct reaction to increased awareness of ocean pollution.*

*HTE should look to build sustainable practices into our fam trips and programs to highlight Hawai'i's strength as a destination in this area. Simple steps such as the elimination of brochures, plastics and thinking about travel arrangements are all key to reducing the carbon footprint.*

#### **Outlooks for 2019**

*Prices are certain to increase in 2019. Increased political uncertainty will drive customers to demand more flexible cancellation and attrition conditions. Customers will respond to increased rates by asking for complimentary extras.*

*HTE may see more of a shift to stand alone venues over hotels as a result of the big chains cutting commission to agents. This trend means more work for meeting planners, as they now have to source both the meeting venue and accommodation. Splitting the meeting venue and accommodation can also push up the final cost of the program.*

*Highlighting the complimentary extras that a hotel or venue can offer in Hawai'i is crucial to help offset some of the increased costs associated with airfares and hotel rates.*

**Sales Production vs. Goals Analysis**

HTE has seen two confirmed incentive groups this month, bringing total confirmed room nights to 613, exceeding this year's KPI target. Smaller incentive programs make up the confirmations this year. With the larger programs, HTE is seeing air costs being the main prohibitive factor. The focus going into next year is on conversion and how HTE can add value to client's programs to offset some of these costs.

**Highlights of any Key Definites**

- Incentive Group – 1/28/18-2/1/18 (170 room nights)
- Incentive Group – O'ahu – 3/1-3/18 (48 room nights)
- Incentive Group – Maui – 3/3-5/18 (48 room nights)

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	11,137	4,862	129%	43,595	33,572	30%	49,500	88%
New to Hawai'i	10,555	2,904	263%	28,263	18,524	53%	18,325	154%
Tentative & Assist-Tentative	10,340	4,862	113%	44,200	32,495	36%	40,505	109%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	9,332	1,650	466%	35,460	19,888	78%		
New to Hawai'i	8,750	720	1115%	20,348	6,468	215%		
Tentative & Assist-Tentative	8,750	1,650	430%	35,145	19,998	76%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	1,805	3,212	-44%	8,135	13,684	-41%		
New to Hawai'i	1,805	2,184	-17%	7,915	12,056	-34%		
Tentative & Assist-Tentative	1,590	3,212	-50%	9,055	12,497	-28%		

**COMMENTS**

**Market Conditions**

**Economy:**

- The Japanese Government continues to encourage firms to provide employees with proper benefits. The Ministry of Health, Labour and Welfare announced the provision of small to mid-size firms with support funds of up to \$10,000 to be used for reforming their employee guidelines.
- The Bank of Japan announced the findings on a study of firms in Japan. From this, it was seen that in 15 of the major 28 industries, a shortage of labor was observed at levels close to those following the Japanese bubble-era. Additionally, most industries had continued poor outlooks in securing labor. As the Japanese population continues to age combined with declining birth rates, lack of labor is starting to become an ever-pressing issue in the Japanese economy.

**Competitive Environment:**

- *As part of Japanese initiatives to bolster inbound tourism many developments are being made for also strengthening Japan in the global MICE market. Nippon Travel Agency and Deloitte Tohmatsu jointly developed educational programs for various tourism related associations and DMOs. The initiatives were launched in response to the need of education for the next generation of tourism industry related personnel to maintain competitiveness. As Hawai'i faces similar issues in the education of travel industry personnel, HTJ will continue monitoring the development and results of the Japanese initiatives. Successful examples in Japan with potential to be effective in Hawai'i will be shared with partners.*
- *Lufthansa arranged an unprecedented type of international conference, whereby the venue selected was within the A350 aircraft of flight LH424 serving the Munich – Boston route. The conference was called the “Lufthansa Flying Lab Apex Expo”. 6 short presentations were prepared on the flight, which passengers were able to view live via Wi-Fi from their connected devices (i.e. Smartphones). Passengers were able to ask questions via their devices to the presenters and get responses on a real time basis. In addition to the presentations, various technological developments were showcased such as on-board VR entertainment and neck pillows with temperature adjustable features. Technological developments have been rapidly changing the possibilities for MICE related events. HTJ will continue to monitor such developments and effectively utilize developments as applicable to Hawai'i.*
- *As reported in previous reports, Okinawa has shown rapid growth in popularity for travelers. This has resulted in strong economic growth for the Prefecture, particularly in the tourism sector. Growth in the Okinawa market is particularly of concern for Hawai'i as there are many similar key MICE elements such as the climate and opportunities for peace studies offered in both destinations. Okinawa being a domestic destination creates further appeals as prices tend to be lower while its domestic nature offers peace of mind to attendees and their relatives. Conversely, the popularity of Okinawa also shows the potential growth for Hawai'i through the highly similar elements offered indicating the popular elements which should be emphasized in Hawai'i.*
- *In response to the natural disasters unfolding in Japan, Japan National Tourism Organization, Japan Association of Travel Agents and Korea Association of Travel Agents announced increased collaborative initiatives to obtain the initial two-way tourism goals of 10 million. The tourism entities announced intents to launch collaborative promotions with wholesalers and airlines of both countries to revitalize the number of visitors between the two countries.*

**Travel Trend:**

- *The effects of Typhoon Jebi on Japanese MICE business to Hawai'i in September were relatively limited, as the MICE business entered a shoulder season, with relatively fewer group travel bookings. Many of the wholesalers also anticipated the closure of Kansai Airport, and had arranged the alteration of departure airports to Nagoya and Narita, and/or rescheduled their bookings with the organizers. However, some cancellations and postponements were seen for all destinations as planes from Kansai were grounded at the airport. For Hawai'i, HTJ received reports of cancellations reaching roughly 200 pax with no plans for postponement. A group business of close to 40 pax from Kansai changed their departure to Narita and continued their trip. Group business of close to 60 pax postponed their trips to Hawai'i to later dates but plans have yet to be finalized.*

- *The Japanese Ministry of Justice announced the number of Japanese outbound travelers for the first half of 2018 to be 8,783,483 people (+4.3% YTD) with growth from all regions of Japan included regions showing prior lackluster growth. This growth is attributed to the Japanese Government's strong initiatives for increasing inbound growth increasing air accessibility to a variety destinations.*
- *JTB Tourism Research & Consulting Co. announced that they will be establishing council called the "Japan Adventure Tourism Organization", aiming to respond to the rising global demand for adventure related tourism to capture the strong potential of the new market. As preparations for its establishment continued in September, the administrative offices of the JATA Tourism EXPO strongly urged participation from "adventure" tourism related entities to the Expo. Upon receipt of this request, HTJ arranged the participation of Kualoa Ranch, Polynesian Cultural Center and Wet'n'Wild. Incorporation of such new elements will be important for the continued attraction of MICE related business to Hawai'i.*

### **Edu-Tourism Related**

- *The response by various schools and institutions following the Hokkaido Eastern Iburi Earthquake on September 6 exhibit the sensitivity of the Japanese edu-tourism market to crisis situations. Upon receiving news of the earthquake, 15 schools that had plans for visiting Hokkaido soon for school trips immediately began raising concerns and considered rescheduling their itineraries to a different time. As recent events have shown, Hawai'i's potential for natural disasters also pose similar threats to the edu-tourism market. The need for effective response and crisis management initiatives will become increasingly important factors for the market.*
- *Fukushima Prefecture announced the results of studies on the effects of the 2011 nuclear disaster on edu-tourism related visits to the prefecture. Although continued growth was seen since 2012, overall levels have yet to fully recover when compared with numbers from 2010; 2017 results remained at under 70 percent of results in 2010. Many efforts have been made to revitalize travels to the region through promotion of elements unique to the area, but the results from the negative imagery generated by the media have made full recovery difficult. To avoid similar results from the Kilauea volcanic eruption and mitigate losses from the event, HTJ will proactively disseminate accurate updated information at BtoB and BtoC seminars and publish articles in edu-tourism related magazines.*

### **Sports**

- *As the World Cup approaches Tokyo and France in 2019 and 2023 respectively, as well as the Olympic games in 2020 and 2024 respectively, Japan Tourism Agency, Japan National Tourism Organization and France Tourism Development Organization entered a diplomatic memorandum to support two-way tourism between the two countries. Additionally, the above three agencies will be arranging and collaborating on promotions to bolster visitors to their respective countries by organizing various sports and cultural exchange events / promotions.*

### **Airlift:**

- *The recent series of natural disasters in both Hawai'i and Japan have prompted many MCI related businesses to alter destinations and/or postpone their trips, with the temporary closure of Kansai International Airport caused by the typhoons greatly*

*impacting travels. The repeated natural disasters in Hawai'i have also raised concerns amongst organizers for future travels as air access remains crucial for travels to Hawai'i.*

- In efforts to greatly increase inbound travels and improve ease of access for the 2020 Tokyo Olympics, the Japanese Government has been working to greatly increase the amount of international flights at Haneda Airport. Progress has however been stalled as negotiations between the U.S. and Japan continue regarding the air space that flights will have to utilize. Because of the relative proximity of Haneda to Yokota Air Base, operated by the U.S. military, the U.S. Government remains firm on not approving the increase of air traffic over the air base. As negotiations continue, the Japanese Government may be forced to think of alternative options for growing inbound tourism.*

**Sales Production vs. Goals Analysis**

*In September, HTJ was able to secure 4 groups as Assist Definite business to Hawai'i. Two of these cases were from the Incentive travel field while the other two came from the edu-tourism field. The incentive travel with Nojima Corporation is the largest business to Hawai'i in 2018 with 3,520 attendees, divided into 3 subdivisions. Additionally, the two edu-tourism cases secured are also relatively large when compared with other edu-tourism cases. Both schools decided on Hawai'i as their destination from the effectiveness of school trips from previous years. Although not secured, HTJ has also begun approach to Sanda Shosei High School for their school trip, which will be on similar scales to those secured in September.*

**Highlights of any Key Definites**

- Incentive Group – 1/6/2019 (8,750 room nights)*
- Educational Special Event – 3/3/2020 (1,140 room nights)*
- Educational Special Event – 12/1/2018 (665 room nights)*
- Incentive Group – 2/22/2019 (582 room nights)*

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

	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>COMBINED - TOTAL</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	480	125	284%	16,678	10,707	56%	21,000	79%
New to Hawai'i	480	125	284%	7,684	9,059	-15%	13,500	57%
Tentative & Assist-Tentative	1,138	125	810%	16,350	10,861	51%	42,000	39%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	480	125	284%	16,678	10,671	56%		
New to Hawai'i	480	125	284%	7,684	9,023	-15%		
Tentative & Assist-Tentative	1,138	125	810%	16,350	10,825	51%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	36	-100%		
New to Hawai'i	0	0	N/A	0	36	-100%		
Tentative & Assist-Tentative	0	0	N/A	0	36	-100%		

## COMMENTS

### **Market Conditions**

#### **Korean Political & Economic Overview**

- *South Korean President Moon Jae-in and North Korean leader Kim Jong-un started the second round of formal talks in Pyongyang on September 19 as they sought to establish lasting peace on the Korean Peninsula. In the first round of talks the previous day, Kim thanked Moon for brokering his summit with U.S. President Donald Trump in June and expressed hope for further progress in nuclear talks with the United States. At the third inter-Korean summit this year, Moon and Kim are expected to discuss various issues — such as North Korea's denuclearization progress and the prospect of officially ending the Korean War.*
- *Only 3,000 new jobs were created in August, repeating the dismal performance of the previous month and resulting in unemployment levels being over 1 million for eight months running, Statistics Korea said. It is the longest period of high unemployment since the 1997 Asian financial crisis. However, a government spokesman, Kim Eui-kyeom, claimed the jobs crisis was simply "growing pains in the process of economic reform".*

#### **Travel Market Trends**

- *A joint survey by Sejong Institute of Tourism and Consumer Insight showed that 59.3 percent of Korean tourists who went abroad in the first half of 2018 traveled individually. The ratio of group package travelers was 33.7 percent, and those on airtel packages was 7 percent. While FITs increased 3.6 percent compared to the same quarter last year, each of the group and airtel package travel sectors decreased 1.4 percent and 2.2 percent respectively. Airtel packages gained in popularity due to convenience but lost out to increases in FIT travel. The weekly survey into tourist activities assesses 500 travelers a week and 26,000 a year.*
- *Increases in FIT travel and decreases in overseas travel package sales are closely related to the rapid growth of OTAs and meta search engines, according to Sejong University. About 7 out of 10 FIT travelers (69.5%) purchased accommodation via OTAs, up 8.2 percent compared to the same quarter last year. Direct bookings of accommodation fell by 4.7 percent (14.1%), and reservations through travel agencies dropped by 2.8 percent (7.1%). The purchase of flight tickets directly from airlines held at 39.7 percent, still a large portion in the market, but declined 1.8 percent compared to the same quarter last year. However, OTAs commanded 27.2 percent of activity and other channels, such as the open market and social commerce, snared 14.2 percent, representing gains of 3.1 percent and 3.2 percent respectively compared to the same time last year. Travel agents' roles in selling flight tickets continued to fall, down 4.5 percent to 19 percent compared to last year. Their market power decline is attributed to the convenience of purchasing online travel products through OTAs, the open market, and social commerce. There is a slow decline in purchases of group packages and a sharper fall in sales of airtel packages.*

#### **Outbound Travel Market & Airlift**

- *Korea Tourism Organization reported the number of Korean outbound travelers in August was 2,519,860, a year-on-year increase of 5.6 percent.*
- *Asiana Airlines announced on September 12 that its inflight meal service was now fully back to normal. A temporary contract with small caterer Sharp Do & Co Korea that led to a debacle in July was terminated and the appointment of Gate Gourmet Korea on a long-term contract was done to ensure reliable supplies. Gate Gourmet was intended to be the*

*original supplier from June, but a factory fire in March forced Asiana to hastily fill the gap, resulting in many flights being delayed and no inflight meals being served at all.*

- *Korean Air and Asiana Airlines are losing their share of international passenger traffic, mainly due to cut-throat competition from budget carriers and Chinese and Middle Eastern rivals. Industry watchers warn the turbulence could thwart Korea's hopes of becoming a regional transportation hub and hurt its tourism and transport industries. Data published by the Ministry of Land, Infrastructure and Transport on August 30 showed international passenger traffic in July was a record 7.3 million people, up 11 percent compared to the same month in 2017. But Korean Air's and Asiana's share of international passengers was just 39.3 percent compared to 41.8 percent a year ago. The market share of low-cost carriers rose from 27.5 percent to 29.1 percent and that of foreign carriers lifted from 30.7 percent to 31.6 percent in the same period.*

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

*HTK's MCI team missed its KPI targets during the month of September, securing 480 definite room nights against a target for the month of 2,500 definite room nights. The significant decrease was mainly due to hurricane activity and the aftermath of the Kilauea volcanic eruption in May. According to MICE specialized travel agents, the demand for HTK MCI trips has been sluggish since May. Corporate clients have been postponing their MCI trips to Hawai'i to next year or choosing other competitive destinations (mostly South East Asia) due to Hawai'i's volcano issues. MCI leads from 3 incentive groups – Chungho Nais (124 nights), HD Telecom (93 nights) and Wanju County Office (68 nights) – primarily contributed to the KPI result.*

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

- *Incentive Group (124 nights): visited O'ahu and Maui.*
- *Incentive Group (93 nights): visited O'ahu.*
- *Incentive Group (68 nights): visited O'ahu.*
- *Incentive Group (64 nights): visited O'ahu.*
- *Incentive Group (56 nights): visited O'ahu.*

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	282	168	68%	6,562	7,187	-9%	16,000	41%
New to Hawai'i	282	96	194%	4,988	4,717	6%	12,000	42%
Tentative & Assist-Tentative	5,479	3,020	81%	27,086	24,947	9%	33,000	82%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	77	168	-54%	4,994	4,763	5%		
New to Hawai'i	77	96	-20%	3,492	4,367	-20%		
Tentative & Assist-Tentative	2,693	3,020	-11%	21,510	22,018	-2%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	205	0	N/A	1,568	2,424	-35%		
New to Hawai'i	205	0	N/A	1,496	350	327%		
Tentative & Assist-Tentative	2,786	0	N/A	5,576	2,929	90%		

**COMMENTS**

**Market Conditions**

- *At the end of September, the AUD closed at 0.72. Australia's currency is set to head even lower as local interest rates fall further behind U.S. levels. Comparing to the same time last year, the AUD has since dropped almost 10 cents.*
- *The NZD remains at around US0.66.*
- *HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai'i.*
- *HTO had a strong month generating new potential business generating 5,479 new room nights for Hawai'i in the month of September. HTO are working closely with these clients & partners to ensure these groups can be converted.*
- *The number of Australians taking overseas trips is growing at twice the pace of inbound arrivals according to Australian Bureau of Statistics figures for Jul 2018. For Australians travelling abroad Indonesia was the top destination at 125,900 pax, just ahead of NZ which recorded 125,400. Japan was the fastest growing outbound destination, up 22.4 percent year on year to 32,300 travelers during July 2018.*
- *HTO has been developing plans to work with more Sporting groups during the major sporting events and festivals in the Hawaiian Islands as Sporting groups have high percentage of visitation returns with high average spending.*

**Sales Production vs. Goals Analysis**

- *HTO is keeping an eye on the above areas and ensuring that clients are aware that Hawai'i has a variety of accommodation and activity options to suit any budget. HTO believes that this is critical in maintaining and growing the market share of Business Travel for Hawai'i.*

- HTO continues to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.
- Despite a strong month of lead generations, HTO has received more feedback from clients regarding the exchange rate and has received some queries for financial support. Destinations such as New Zealand Tourism & Singapore Tourism Board offer financial support for MCI groups.

**Highlights of any Key Definites**

- Sports Group has confirmed 150 room nights at Royal Kona on the Island of Hawai'i.
- Corporate Entertainment/Media Meeting has confirmed 77 room nights at Halekulani on Oah'u. The group is part of TripleM which will be broadcasting live from Waikiki on the 2nd week of October.
- Sports Group has confirmed 55 room nights at Prince Waikiki on Oah'u.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	365	-100%	0	5,701	-100%	N/A	N/A
New to Hawai'i	0	365	-100%	0	5,701	-100%		
Tentative & Assist-Tentative	113	365	-69%	233	365	-36%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	365	-100%	0	5,701	-100%		
New to Hawai'i	0	365	-100%	0	5,701	-100%		
Tentative & Assist-Tentative	113	365	-69%	233	365	-36%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A		

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

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	204,677	36,600	4,422	39,736	109%	18%	19%
Kaua'i	117,958	25,300	7,100	14,424	57%	27%	12%
Maui County	256,881	74,500	12,223	55,438	74%	29%	22%
Hawai'i	173,070	43,600	849	17,120	39%	27%	10%
<b>Total</b>	<b>752,586</b>	<b>180,000</b>	<b>24,594</b>	<b>126,718</b>	<b>70%</b>		

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

**'ELELE PROGRAM**

<b>COMMENTS</b>
<p><i>September meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):</i></p> <p><b><u>'Elele Newsletter</u></b>  <i>Working closely with the Anthology Group, Debbie finalized the Fall edition of the 'Elele newsletter. This newsletter will be distributed to the HTA and HVCB mailing lists.</i></p> <p><b><u>Promising Prospects</u></b>  <i>Dr. Kenric Murayama, Chair of the Surgery for the John A. Burns School of Medicine, Adele Tasaka and Debbie had breakfast. In addition to working on a major surgical world congress (September 2023/2,500ppl), Dr. Murayama has also agreed to host the 2020 Annual Meeting of the Society for Asian Academic Surgeons. (September 2020/200ppl). A lead on this meeting should be forthcoming shortly.</i></p> <p><b><u>New Connections</u></b>  <i>Briana Leite-Ah Yo and Debbie met Chung Chang, DBEDT's new Office of Aerospace Development Coordinator. They discussed drone and aerospace related meetings for Hawai'i.</i></p> <p><i>Additionally, Debbie spent a morning meeting with the elders at the Wai'anae Comprehensive Health Center to introduce the 'Elele program and discuss how their activities might be promoted to convention groups.</i></p> <p><b><u>Support for Definite Conventions</u></b>  <i>Lee Conching, Aaron Ichiki and Debbie had lunch with SOEST's Mike Garcia and Ken Rubin to discuss planning for the 2020 Goldschmidt convention. Likewise, Debbie met with 'Elele Dr. Bruce Howe and other executives in town for the 2019 Ocean Observation meeting.</i></p>

## LOST BUSINESS

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

HTUSA SINGLE PROPERTY – HIGH PROFILE

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention - Domestic (11748)	Other	2,113	800	01/26/2020 - 01/30/2020	Maui and the Bahamas	Meeting will be moved due to change in management.
MCI: Convention - Domestic (11824)	Other	1,807	1,000	01/16/2020 - 01/19/2020	Maui and the Bahamas	Meeting will be moved due to change in management.
Non-MCI: Sports (11850)	Sports	914	500	10/10/2019 - 10/14/2019	Hawai'i, Florida, New York, Toronto, Seattle	Program lost to New York City.
MCI: Convention - International (11876)	Medical, Healthcare	2,600	1,500	04/19/2019 - 04/24/2019	U.S. West Coast	Client is no longer considering Hawai'i due to budget constraints.
MCI: Incentive (12022)	Business Services, Consulting	1,600	1,000	07/08/2021 - 07/12/2021	Hawai'i	Program lost to Cabo San Lucas, Mexico.
MCI: Incentive (12545)	Retail	572	250	05/18/2020 - 05/26/2020	Maui and O'ahu	Program was cancelled.
MCI: Incentive (12557)	Unknown	755	280	01/06/2019 - 01/10/2019	Maui, Island of Hawai'i, Kaua'i, O'ahu, Grand Cayman and New Zealand	Client booked a cruise.
MCI: Convention - Domestic (12758)	Fraternal, Service	578	900	10/27/2021 - 11/01/2021	O'ahu, Maui, Kaua'i and Island of Hawai'i	Client has put this program on hold for now.
MCI: Convention - Domestic (13180)	Business Services, Consulting	3,105	1,200	07/22/2020 - 07/27/2020	London, United Kingdom	Program lost due to client considering Europe and other destinations for a much more affordable price, especially for airfare.
MCI: Meeting (13455)	3rd Party	880	220	10/09/2018 - 10/12/2018	O'ahu and Maui	Program cancelled as the client is not ready to make a decision.
MCI: Convention - Domestic (13594)	3rd Party	1,912	600	09/29/2019 - 10/03/2019	North America (beach or resort location)	The client is no longer considering Hawai'i.

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Canada: MCI: Incentive (11700)	High Tech	532	268	02/24/2019 - 03/01/2019	Aruba	Program lost to Europe.
HT Canada: MCI: Incentive (12232)	High Tech	670	268	02/22/2020 - 02/26/2020	Aruba	Program lost to Las Vegas, NV.
HT Oceania: Non-MCI: Sleeping Rooms Only (12373)	3rd Party	30	10	11/07/2018 - 11/09/2018	Initially, Hawai'i only	No response from the client.
HT Oceania: MCI: Incentive (12909)	Consumer Products	240	120	08/21/2020 - 08/22/2020	Mediterranean Cruise, London, United Kingdom, Chicago, IL, Los Angeles, CA, and Las Vegas, NV	The client selected Regent Seven Seas Cruise, but is considering Hawai'i for their 2021 program.
HT Oceania: MCI: Incentive (12910)	Consumer Products	480	120	08/23/2020 - 08/26/2020	Mediterranean Cruise, London, United Kingdom, Chicago, IL, Los Angeles, CA, and Las Vegas, NV	The client selected Regent Seven Seas Cruise, but is considering Hawai'i for their 2021 program.
HT Oceania: MCI: Meeting (13241)	3rd Party	202	70	08/05/2019 - 08/09/2019	Initially, Hawai'i only	Program lost to Dubai.
HT Canada: MCI: Incentive (13248)	MCI, Travel	1,071	500	04/14/2020 - 04/19/2020	Malta, Morocco, Athens, Greece, Buenos Aires, Argentina, Santiago, Chile, Saint Kitts, Cartagena, Colombia, Nice, France, and Maui	The client is no longer considering Hawai'i.
HT Canada: MCI: Convention - Domestic (13364)	Finance, Banking	834	450	04/18/2020 - 04/24/2020	Georgia, Colorado, Arizona and Hawai'i	The hotels the client was interested in are not available, so they are no longer considering Hawai'i.
HT Canada: MCI: Incentive (13448)	Business Services, Consulting	120	80	02/28/2019 - 03/03/2019	Initially, Hawai'i only	Program lost to Seville, Spain.
HT Canada: MCI: Incentive (13495)	Business Services, Consulting	120	80	02/28/2019 - 03/03/2019	Initially, Hawai'i only	Program lost to Seville, Spain.

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention (1174)	Scientific	4,800	1,460	06/01/19 - 06/06/19	N/A	Canceled all future Summer conventions.
MCI: Meeting (2039)	Other	4,830	2,000	02/27/21 - 03/07/21	Denver, Las Vegas, Nashville	Lost to Denver.
MCI: Convention (1932)	Medical	5,088	1,500	02/01/23 - 02/08/23	Unknown	Will rebid for future year.
MCI: Meeting (1226)	Dental	2,760	3,500	03/20/23 - 03/26/23	Chicago, Phoenix, Portland, Salt Lake City, San Antonio	HI did not make the short list.
MCI: Convention (1989)	Medical	5,622	3,450	08/02/23 - 08/09/23	Unknown	High cost and overall hotel rate.
MCI: Meeting (1323)	Scientific	5,325	2,000	08/12/22 - 08/21/22	Singapore, Beijing and Auckland	Reconsidered for 2024.

## NEW-TO-HAWAI‘I DEFINITE BOOKINGS

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

**HTUSA SINGLE PROPERTY - HIGH PROFILE**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Meeting (13306)	Government	620	125	12/01/2018 - 12/08/2018	O‘ahu
MCI: Meeting (13356)	Business Services, Consulting	710	200	04/24/2020 - 04/30/2020	California

**INTERNATIONAL SINGLE PROPERTY**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Europe: MCI: Incentive (12248)	3rd Party	170	34	01/28/2018 - 02/01/2018	Unknown
HT Europe: MCI: Incentive (12484)	3rd Party	72	24	03/06/2018 - 03/12/2018	Initially, Hawai‘i only
HT China: MCI: Incentive (13303)	Travel	24	15	08/06/2018 - 08/07/2018	Initially, Hawai‘i only
HT China: MCI: Incentive (13304)	Travel	48	15	08/02/2018 - 08/05/2018	Initially, Hawai‘i only
HT Oceania: MCI: Meeting (13351)	Entertainment, Media	77	26	10/03/2018 - 10/13/2018	Initially, Hawai‘i only
HT Japan: Non-MCI: Special Event (13403)	Educational	1,140	228	03/03/2020 - 03/07/2020	Initially, Hawai‘i only
HT Japan: Non-MCI: Special Event (13404)	Educational	665	170	12/01/2018 - 12/05/2018	Initially, Hawai‘i only
HT Oceania: Non-MCI: Sports (13499)	Sports	150	20	09/30/2018 - 10/14/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13514)	High Tech	93	62	09/04/2018 - 09/06/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13515)	Government	68	34	09/04/2018 - 09/07/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13516)	Hobby	64	33	09/06/2018 - 09/09/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13517)	Consumer Products	124	63	09/21/2018 - 09/24/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13518)	Religious	56	28	09/30/2018 - 10/03/2018	Initially, Hawai‘i only
HT Korea: MCI: Incentive (13519)	Other	39	26	09/11/2018 - 09/13/2018	Initially, Hawai‘i only
HT Japan: MCI: Incentive (13535)	Incentive	8,750	3,520	01/06/2019 - 02/01/2019	Initially, Hawai‘i only
HT Canada: MCI: Meeting (13537)	Medical, Healthcare	260	150	06/25/2019 - 06/28/2019	Initially, Hawai‘i only
HT Canada: Non-MCI: Sleeping Rooms Only (13557)	Other	90	30	07/16/2019 - 07/24/2019	Initially, Hawai‘i only
HT Oceania: Non-MCI: Sports (13570)	Sports	55	11	05/25/2019 - 05/29/2019	Initially, Hawai‘i only
HT Canada: Non-MCI: Sleeping Rooms Only (13571)	Other	45	30	07/16/2019 - 07/18/2019	Initially, Hawai‘i only
HT Korea: MCI: Meeting (13574)	Hobby	36	23	09/28/2018 - 09/30/2018	Initially, Hawai‘i only
HT Europe: MCI: Incentive (13607)	3rd Party	96	24	03/06/2018 - 03/12/2018	Initially, Hawai‘i only

<b>TOTAL NEW TO HAWAI‘I GMT BOOKINGS FOR THE MONTH</b>	29
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI‘I GMT BOOKINGS</b>	14,209

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 September:

- 8 educational events
  - HCC
    - Ungerboeck Unite Global Conference, St. Louis, MN, September 16-20
    - Meet Hawai'i Sales Meeting, Honolulu, HI, September 28
  - International GMTs
    - HTJ – Sanda Shosei High School, Kobe, Japan, September 7
    - HTE – SITE Young Leaders Breakfast, September 20
    - HTO – Rock & Roll Event Workshop, Sydney
    - HTO – Luxperience 2018
    - HTO – Meetings & Events Australia (MEA)
    - HTC – Joint Seminar with U.S. Consulate, Wuxi and Suzhou, China
  
- 4 trade shows
  - HTUSA
    - Prestige client event, Newport Beach, CA, September 26
  - HCC
    - Sports the Relationship Conference, Winston Salem, NC, September 10-13
  - International GMTs
    - HTJ – Hawai'i Expo, Sapporo, Japan, September 1-2
    - HTJ – JATA Tourism Expo, Tokyo, Japan, September 20-23
  
- 1 sales blitz
  - International GMTs
    - 2018 Travel Tourism Market Exhibition, Chengdu, China
  
- 18 major site visits and familiarization (FAM) tours with clients and potential clients
  - HTUSA
    - 1 site visit, O'ahu, Maui and Kaua'i
    - 2 site visits, O'ahu and Maui
    - 3 site visits, O'ahu
    - 1 site visit, Maui
    - 1 site visit, island of Hawai'i
    - 1 familiarization tour, O'ahu
  - HCC
    - 2 site visits, O'ahu
  - International GMTs

- 2 site visits, Kaua'i, Maui and O'ahu
- 3 site visits, Maui
- 1 site visit, Kaua'i
- 1 familiarization tour, O'ahu

## FUTURE SALES AND MARKETING ACTIVITIES

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

<b>Oct. 2018</b>			
1-3	HTA Global Tourism Summit, Honolulu, HI	Tradeshow	HCC
3-5	Customer Advisory Board Meeting, Honolulu, HI	Educational Event	HCC
10-12	Society for Advancement of Chicanos and Native Americans (SACNAS), San Antonio, TX	Client Promo	HCC
10-13	Connect Medical Tech, Las Vegas, NV	Trade Show	HTUSA
11-13	HTLA General Membership Meeting, TBD	Educational Event	HCC
12-15	IMEX MCI Pre-FAM, O'ahu	FAM Tour	HTC
15-20	IMEX America, Las Vegas, NV	Trade Show	HTUSA
16-18	IMEX America, Las Vegas, NV	Tradeshow	HCC
16-23	ADA 2018 Meeting, Honolulu, HI	Educational Event	HCC
20-26	C&IT Editor FAM Trip, O'ahu, Kaua'i and island of Hawai'i	FAM Tour	HTE
21-25	American College of Surgeons, Boston, MA	Educational Event	HCC
23-24	Aloha Canada Sales Mission – MCI, Toronto and Vancouver	Educational Event/Tradeshow	HTCAN
25-31	American Academy of Periodontology Annual Meeting, Vancouver, Canada	Client Promo	HCC
<b>Nov. 2018</b>			
4-7	Financial Insurance Conference Professionals (FICP), San Diego, CA	Trade Show	HTUSA

5-12	Annual Meeting of the American Studies Association, Atlanta, GA	Client Promo	HCC
6-9	Prestige, San Jose, CA	Trade Show	HTUSA
7-9	PCMA ICESAP Annual Conference, Bangkok, Thailand	Tradeshow	HCC
13-15	All Things Meetings, San Francisco, CA	Trade Show	HTUSA
16	National Guard Association of the United State (NGAUS) 2023 Presentation	Sales Blitz	HCC
17-21	PCMA CIC Conference, Victoria, British Columbia	Educational Event	HTCAN
24-Dec. 1	IBTM Trade Fair, Barcelona, Spain	Tradeshow	HCC
TBD	Society for Incentive Travel Excellence (SITE) – Southern California, Beverly Hills, CA	Trade Show	HTUSA
<b>Dec. 2018</b>			
2-5	NorthStar Leadership, San Francisco, CA	Trade Show	HTUSA
8-14	CalSAE Association Tradeshow/Pre-Show Sales Calls, Sacramento, CA	Tradeshow/Sales Blitz	HCC
11-13	CVB Rep, New Orleans, LA	Trade Show	HTUSA
11-15	Share Aloha, Chicago, IL	Trade Show	HTUSA
12	California Society of Association Executives (CalSAE), Sacramento, CA	Trade Show	HTUSA
13-14	Association Forum Holiday Showcase, Chicago, IL	Tradeshow	HCC
TBD	Key Incentive Blitz, MN, MO, IL, WI	Sales Blitz	HTUSA
TBD	Texas Sales Blitz	Sales Blitz	HTUSA
TBD	Utah-Arizona Sales Blitz	Sales Blitz	HTUSA

## CONSUMPTION

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

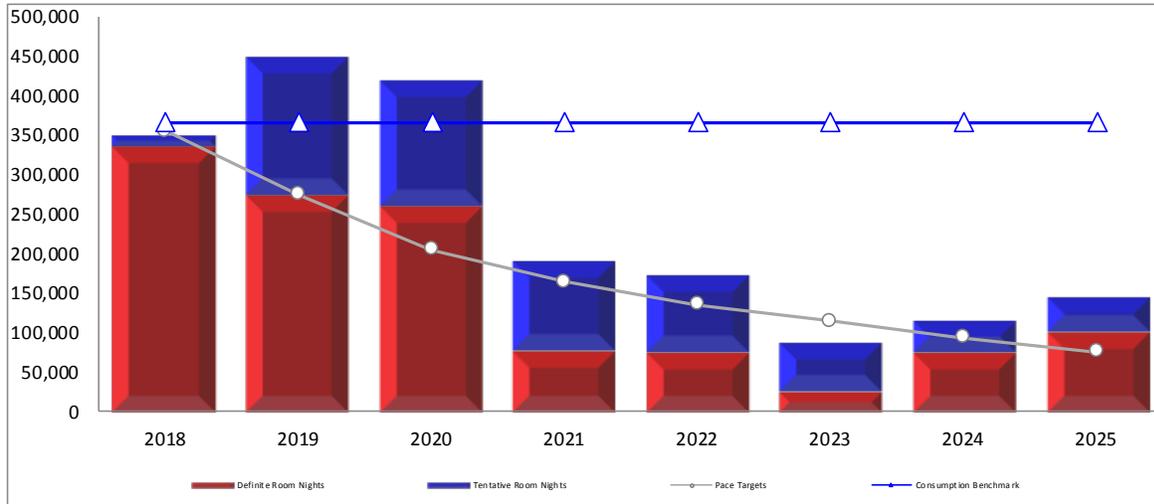
**Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)**

### THE TAP REPORT

### Hawai'i

Period Ending: September 30, 201

Report Date: October 5, 2018



#### Hawai'i R/N

	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	336,455	274,511	260,221	77,261	75,013	26,083	76,068	100,786	1,226,398
Pace Targets	355,013	274,982	204,670	163,811	135,694	114,960	93,950	75,531	1,418,611
Variance	-18,558	-471	55,551	-86,550	-60,681	-88,877	-17,882	25,255	-192,213
Consumption Benchmark	365,764	365,764	365,764	365,764	365,764	365,764	365,764	365,764	2,926,112
Pace Percentage	95%	100%	127%	47%	55%	23%	81%	133%	86%
Total Demand Room Nights	789,419	624,844	457,874	257,586	183,581	67,807	87,310	126,686	2,595,107
Lost Room Nights	452,964	350,333	197,653	180,325	108,568	41,724	11,242	25,900	1,368,709
Conversion Percentage	43%	44%	57%	30%	41%	38%	87%	80%	47%
Tentative Room Nights	13,806	174,402	158,745	113,517	97,513	60,907	38,690	43,231	700,811

#### Hawai'i Events

Definite Events	339	157	79	24	16	6	7	7	635
Pace Targets	312	131	52	29	16	11	5	3	559
Variance	27	26	27	-5	0	-5	2	4	76
Consumption Benchmark	337	337	337	337	337	337	337	337	2,696
Pace Percentage	109%	120%	152%	83%	100%	55%	140%	233%	114%
Total Demand Events	678	338	150	50	25	11	8	9	1,269
Lost Events	339	181	71	26	9	5	1	2	634
Conversion Percentage	50%	46%	53%	48%	64%	55%	88%	78%	50%
Tentative Events	63	298	158	49	29	12	9	9	627

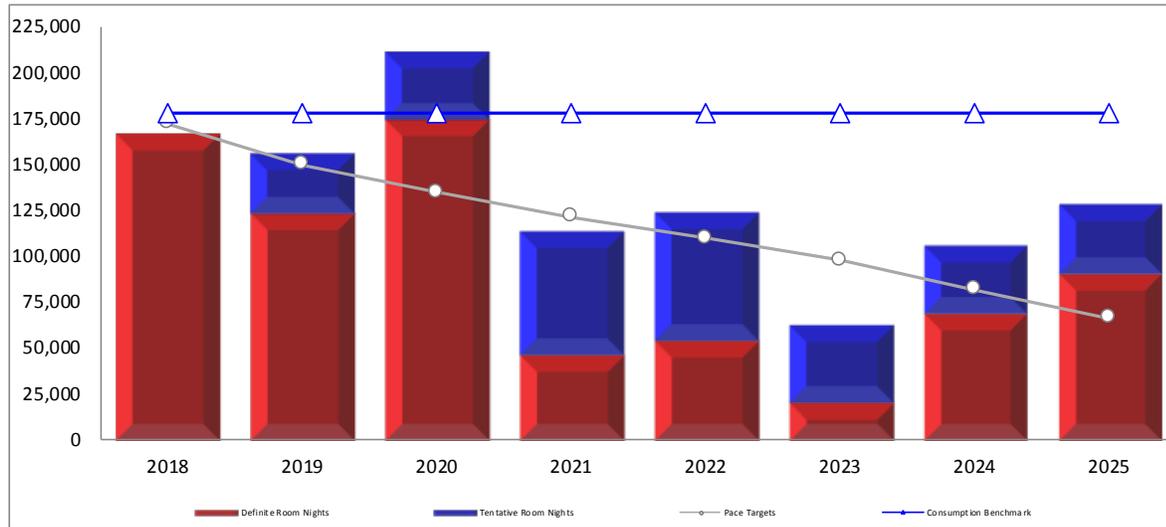
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

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

**THE TAP REPORT**

**Hawai'i**  
 Convention Center

Period Ending September 30, 2018  
 Report Date: October 5, 2018



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	166,740	123,196	174,332	46,931	54,201	20,885	68,759	91,116	746,160
Pace Targets	172,080	149,320	134,425	121,213	109,610	97,499	81,474	65,989	931,610
Variance	-5,340	-26,124	39,907	-74,282	-55,409	-76,614	-12,715	25,127	-185,450
Consumption Benchmark	177,317	177,317	177,317	177,317	177,317	177,317	177,317	177,317	1,418,536
Pace Percentage	97%	83%	130%	39%	49%	21%	84%	138%	80%
Total Demand Room Nights	355,011	323,726	284,797	198,756	160,059	61,474	80,001	117,016	1,580,840
Lost Room Nights	188,271	200,530	110,465	151,825	105,858	40,589	11,242	25,900	834,680
Conversion Percentage	47%	38%	61%	24%	34%	34%	86%	78%	47%
Tentative Room Nights	0	32,965	36,981	66,786	70,293	42,465	37,440	37,440	324,370

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Events	24	17	13	4	5	2	5	5	75
Pace Targets	29	20	15	12	11	9	6	3	105
Variance	-5	-3	-2	-8	-6	-7	-1	2	-30
Consumption Benchmark	30	30	30	30	30	30	30	30	240
Pace Percentage	83%	85%	87%	33%	45%	22%	83%	167%	71%
Total Demand Events	53	45	32	19	12	6	6	7	180
Lost Events	29	28	19	15	7	4	1	2	105
Conversion Percentage	45%	38%	41%	21%	42%	33%	83%	71%	42%
Tentative Events	0	12	5	10	10	6	5	5	53

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

### Glossary of TAP Report Terms

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

## CONVENTION CENTER PERFORMANCE

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

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	29%	31%	-2%
Total Events	120	142	(22)
Total Attendance	227,529	248,257	(20,728)
Visitor Spending	\$206,814,289	\$206,814,289	\$0
Tax Revenue	\$18,824,350	\$18,824,350	\$0
Revenue per Attendee	\$41.13	\$42.49	(\$1.36)

### COMMENTS

*For the month ended August 31, 2018, HCC hosted 11 licensed events of which a repeat international event generated over \$16 million in state visitor spending and \$1.6 million in state tax revenue. At HCC, the international event generated \$562,000 or 58 percent of the \$983,900 in gross revenues for the month which was \$169,100 less than budgeted. HCC's bottom line results for the month was a net loss of \$294,700 which was \$50,000 more than budgeted. HCC's August financials were impacted by Hurricane Lane which caused three other licensed events to cancel, one of which has since rescheduled their event to February 2019, which will result in two of those events being held in 2019.*

*For the year to date, HCC financials reflect gross revenues of \$9.373,600, \$1.182,500 less than budgeted, a net loss of \$986,500, \$375,300 more than planned, and 29 percent occupancy. HCC's 2018 year-end reforecast reflects a net loss of \$2,545,700M which is \$586,400 higher than the budget of \$1.959,300.*

*The summary below highlights why HCC's year-end reforecast is not meeting budget.*

1. *Cancellations resulting in over \$1.1 million in lost revenue.*
  - a. *Applied Materials, 1,000 delegates, budgeted \$85,000 in event revenue and \$628,000 in F&B revenue in June 2018. On a positive note, however, HCC does expect this event to return in 2019.*
  - b. *Youth Basketball of America, 3,000 delegates, budgeted \$84,000 in event revenue and \$34,000 in F&B revenue in June 2018.*
  - c. *C.KAY International, 1,500 delegates, budgeted \$20,000 in event revenue and \$224,000 in F&B revenue in September 2018.*
  - d. *Art Hawai'i, 12,000 delegates, budgeted \$60,000 in event revenue and \$34,000 in F&B revenue in November 2018.*
2. *Business Mix*
  - a. *No U.S. corporate business in 2018 (vs 2017 – 4 events, Homeaway Summit, Taco Bell, Aflac, Applied Materials and 2016 – one event, Applied Materials).*
  - b. *No association event in 2018 that singularly generates over \$1 million in revenue (vs 2017 – 1 event, IEEE CVPR, 4,730 delegates generated over \$1.8 million; 2016 – three*

*events, BMT Tandem, 5,171 delegates generated \$1 million, and CPCU, 11,014 delegates generated over \$2.7 million, International Union for the Conservation Nature, 10,000 delegates generated over \$1.1 million).*

- c. The business mix has impacted HCC's F&B bottom line results. HCC's prior two-year average flow through in F&B was 49 percent. With lower spend events in 2018 HCC's F&B flow through is 35 percent.*

*For the year to date, visitor spending and tax revenue are on target. Occupancy, attendance, total events and revenue per attendee are all short of meeting targets and all of these targets were impacted by Hurricane Lane.*

## DEFINITIONS

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

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

<b>September 2018</b>					
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Dollar Amount</b>	<b>Start Date</b>	<b>End Date</b>
17039 S2	Anthology Marketing Group	Out-of-Pocket Expenses for PR and Communications Activities	(+ \$25,000.00) \$59,000.00	10/1/2018	1/31/2020
•18001 S1	Pro Tennis Group, LLC	Hawaiian Open Tennis	\$225,000.00	9/21/2018	12/31/2019
•18135 S2	ClimbHI	LEI Program 2018	(+ \$80,000.00) \$150,000.00	9/27/2018	10/31/2019
•18146 S1	Hale Mua Cultural Group	2019 King Kamehameha Day Celebration Parade – Kona	\$20,000.00	9/24/2018	9/30/2019
•18147 S1	Hale Mua Cultural Group	2019 Kamehameha Festival – Hilo	\$20,000.00	9/24/2018	9/30/2019
•18148 S1	Lōkahi Pacific	2019 Na Kamehameha Commemorative Pau Parade & Ho'olaule'a – Maui	\$20,000.00	9/24/2018	9/30/2019

Contract Type:  
 • Sole Source  
 † Procurement Exemption

# **Agenda Item**

## **5**

Recap of the Global Tourism  
Summit

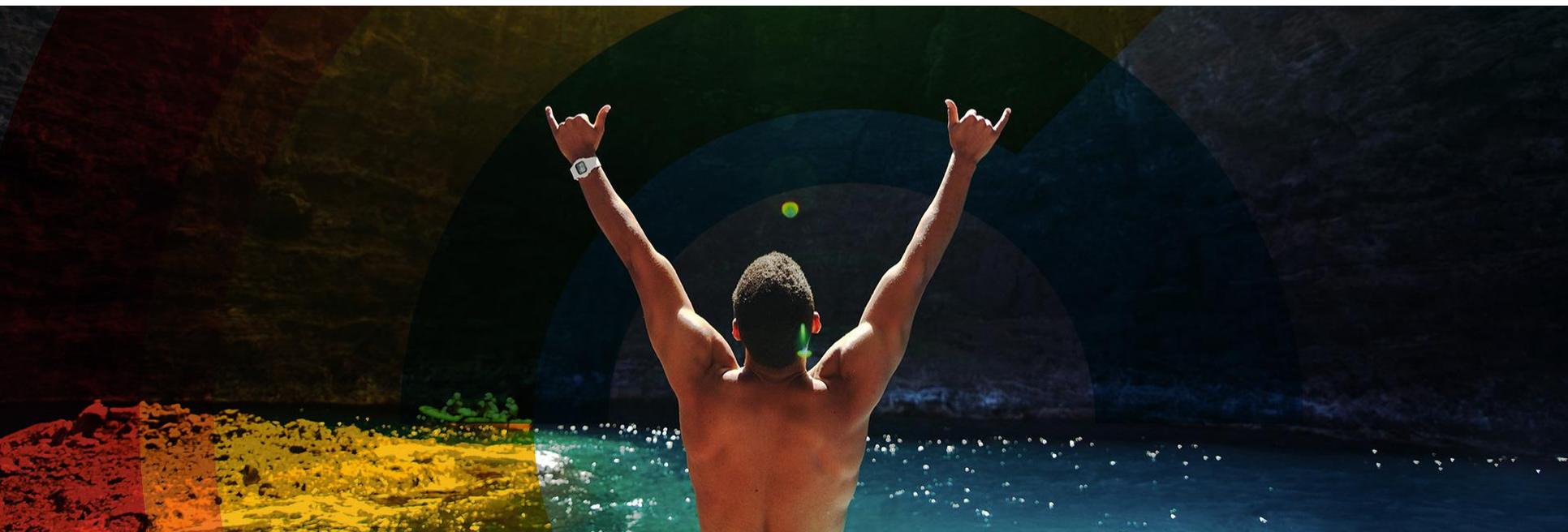
# Global Tourism Summit

## Post Event Recap

### 10/25/18 – Board Meeting

2018  
GLOBAL  
TOURISM  
SUMMIT

HAWAII TOURISM  
AUTHORITY



# Registration Snapshot

- **Opened:** May 18<sup>th</sup>
- **Registration Goal:** 2500
- **Total Registrations:** 2010
  - Including PATA Student Forum: 2192
- **Paid:** 1357
  - Sponsor Codes Used: 225
- **Comp'd:** 653
  - Innovation Days Comps: 108
- **Registration Income:** \$265,140.00
- **Final Registrations in 2017:** 1946
- **Full Summit:** 1199
- **Group (minimum of 8):** 5
- **2 Day:** 441
- **Faculty:** 85
- **Student:** 206
- **Aloha Reception:** 5
- **Legacy Luncheon:** 68
- **Student Donation:** 2
- **Japan Summit:** 219

# Sponsorship Totals

- Total Cash Committed: \$320,600
- Total In-Kind Value Committed : \$179,923.38
- **Total Cash and In-Kind Committed : \$500,623.38**
- 38 Exhibitors in the Networking Lounge
- 27 Sponsors of the Summit

# Year-To-Year Review

Item	2016	2017	2018
<b>Overall Attendance</b>	1916	1946	2192
<b>Registration Income</b>	\$241,604.25	\$260,090.01	\$265,140.00
<b>Sponsorship Income</b>	\$178,151.25	\$275,675.00	\$320,600.00

**44% increase in sponsorship sales since 2016**  
**Over 350 more paid attendees since 2016**

# Business to Business

- Total Meetings – 1,404 scheduled
- Participants
  - Buyers: 85
  - Suppliers: 99

# Marketing & Website Statistics Year to Year Comparison

Item	2017	2018
<b>Emails Sent</b>	12	16
<b>Emails Opened</b>	20,023	20,150
<b>Website Views</b>	82,760	84,078
<b>Website Users</b>	12,012	14,004
<b>Social Wall Posts</b>	712	603

# Preliminary Survey Results

209 respondents as of  
10/17/18



# Breakdown of Survey Attendees

Day	Amount of Respondents
Full Summit	135
Monday/Tuesday	42
Tuesday/Wednesday	17
Tourism Legacy Awards Luncheon Only	1

# Overall Satisfaction Rate of General Sessions

General Session – Day	Satisfaction Rate
Monday	2.2
Tuesday	1.8
Wednesday	1.9

**Scale: 1= Exceeded Expectations 2 = Matched Expectations 3= Less Than Expected**

# Overall Satisfaction Rate of Luncheons

Luncheon – Day	Satisfaction Rate
Monday	2.1
Tuesday	1.2
Wednesday	1.8

**Scale: 1= Exceeded Expectations 2 = Matched Expectations 3= Less Than Expected**

# Overall Satisfaction Rate of the following items:

Item	Satisfaction Rate
Networking Lounge	2.0
Networking Lounge Reception	1.9
Student Debate	1.8
PATA Student Forum	1.8
Japan Summit	1.9
Innovation Days	2.0
Aloha Reception	1.2

**Scale: 1= Exceeded Expectations 2 = Matched Expectations 3= Less Than Expected**

# Did you find the concurrent sessions to be informative and meet your expectations?

Answer	0%	100%	Number of Responses	Response Ratio
Yes			<u>160</u>	84.6%
No			<u>28</u>	14.8%
No Responses			1	<1%
<b>Totals</b>			<b>189</b>	<b>100%</b>

The speakers and topics for the Cultural Tourism tracks were amazing, very informative and interesting!

You should have a concurrent session with an AIRLINE speaker, another session with a HOTEL speaker, another session with an ACTIVITY speaker, another session with a TECHNOLOGY speaker, etc.. Having speakers for key verticals or segments would add more interest for the attendees and their specific area.

Found the sessions on alternative accommodations interesting and informative. This information is important to know as more and more alternative accommodations enter our marketplace. Would have been great to have someone represent the city and/or state on this topic.

# Attendee Feedback/Suggestions

- Reduce summit to 2 days with pre/post options
- Try to secure more exciting guest speakers for the general sessions
- Additional concurrent sessions
- Review pricing structure

# Survey Year –To –Year Comparison

Post Summit Survey:	2016	2017	2018
<b>Final Overall Experience of GTS Hawaii:</b>	19% Excellent 60% Average 17% Below average	53% Excellent 34% Average 4.5% Below average	55.9% Excellent 36.6% Average 6.0% Below Average
<b>Anticipate signing up for next year:</b>	62% Yes 5% No 32% Maybe	92% Yes 8% No	89% Yes 7% No 4% Unsure *

\* Reasons for being unsure – cost, approval from management, and programming

# Attendee Testimonials

This summit was extremely well put together with thoughtful and relevant content that appeals beyond the local market. It was often hard to pick sessions there was so much to take in. Every day had something valuable and the conference did not shy away from controversial or uncomfortable views or topics which is refreshing!

This summit was a terrific experience and definitely worthwhile. All of the sessions provided valuable information. The keynote speakers were particularly engaging and interesting. The summit exceeded expectations.

A great opportunity to learn about what is going on in many areas of the tourism industry in Hawaii and to connect with new and existing partners. I returned back to the office with the knowledge of what is happening in the destination, tourism trends and what we need to do to continue to move business forward.

The Global Tourism Summit is recommended to anyone doing business in the travel industry. In addition to informative marketing and air transportation information, there are numerous networking opportunities. The Aloha Reception is a must.

The Event organizers were on top of their game! We've been attending from 3 years ago. In the last 2 years, the event has grown in caliber and the experience and quality has reach new highs!

Fantastic summit. As a first-time attendee, I was impressed. I would definitely consider returning.

# Giving Back

- All fabric signs were donated to local charities to make reusable totes, pillows, and blankets
- Cups, water bottles, tote bags
  - Donated to local charities
- All leftover food was given to “Aloha Harvest”

# **Agenda Item**

## **6**

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



# Hotel Market Insights – September 2018

## Hawai'i and Competitive Destinations

Destination	Year-To-Date September 2018								
	Occupancy			Average Daily Rate (USD)			RevPAR (USD)		
	2018	2017	% Pt. Δ	2018	2017	% Δ	2018	2017	% Δ
State of Hawai'i	81.0%	80.7%	0.3%	\$278.31	\$263.40	5.7%	\$225.47	\$212.55	6.1%
O'ahu	84.8%	84.0%	0.8%	\$237.80	\$232.58	2.2%	\$201.65	\$195.37	3.2%
Maui County	77.4%	77.7%	-0.3%	\$386.63	\$350.46	10.3%	\$299.14	\$272.31	9.9%
Kaua'i	77.1%	76.3%	0.8%	\$294.31	\$264.90	11.1%	\$226.99	\$202.21	12.3%
Hawai'i Island	73.9%	75.0%	-1.1%	\$260.67	\$246.92	5.6%	\$192.59	\$185.08	4.1%
Aruba	75.4%	74.8%	0.6%	\$318.67	\$284.39	12.1%	\$240.23	\$212.67	13.0%
Bali	71.2%	72.4%	-1.3%	\$106.37	\$106.45	-0.1%	\$75.69	\$77.12	-1.9%
Bangkok	79.7%	78.8%	0.9%	\$105.69	\$95.08	11.2%	\$84.23	\$74.97	12.4%
Beijing	77.1%	75.2%	1.9%	\$94.58	\$84.41	12.0%	\$72.90	\$63.46	14.9%
Cabo San Lucas	47.6%	58.8%	-11.2%	\$388.79	\$329.44	18.0%	\$185.11	\$193.79	-4.5%
Cancun	72.9%	75.4%	-2.5%	\$215.57	\$217.22	-0.8%	\$157.17	\$163.72	-4.0%
Caribbean	66.9%	67.4%	-0.5%	\$208.83	\$206.00	1.4%	\$139.80	\$138.86	0.7%
Costa Rica	70.3%	70.1%	0.2%	\$163.64	\$151.84	7.8%	\$115.03	\$106.42	8.1%
Fiji	73.7%	71.5%	2.2%	\$154.77	\$151.76	2.0%	\$114.04	\$108.50	5.1%
French Polynesia	66.1%	70.0%	-3.9%	\$553.80	\$492.06	12.5%	\$365.85	\$344.43	6.2%
Hong Kong	87.9%	87.0%	0.9%	\$181.88	\$165.68	9.8%	\$159.90	\$144.10	11.0%
Los Angeles/Long Beach, CA	80.9%	81.6%	-0.7%	\$182.24	\$177.84	2.5%	\$147.40	\$145.08	1.6%
Maldives	63.8%	63.2%	0.6%	\$608.04	\$603.74	0.7%	\$387.69	\$381.35	1.7%
Miami/Hialeah, FL	77.8%	76.4%	1.5%	\$198.60	\$184.99	7.4%	\$154.57	\$141.25	9.4%
New Zealand	79.2%	79.1%	0.0%	\$133.73	\$133.73	0.0%	\$105.90	\$105.83	0.1%
Orlando, FL	78.8%	79.3%	-0.5%	\$127.62	\$121.17	5.3%	\$100.59	\$96.09	4.7%
Philippines	68.6%	68.2%	0.4%	\$98.80	\$101.49	-2.6%	\$67.81	\$69.22	-2.0%
Phuket	74.5%	76.4%	-1.9%	\$125.87	\$109.34	15.1%	\$93.76	\$83.50	12.3%
Puerto Rico	73.0%	70.6%	2.5%	\$203.07	\$179.93	12.9%	\$148.29	\$126.95	16.8%
Puerto Vallarta	62.4%	68.9%	-6.5%	\$103.27	\$113.09	-8.7%	\$64.42	\$77.95	-17.4%
San Diego, CA	80.8%	79.6%	1.1%	\$169.45	\$165.07	2.7%	\$136.83	\$131.45	4.1%
San Francisco/San Mateo, CA	83.7%	84.4%	-0.8%	\$243.34	\$229.31	6.1%	\$203.61	\$193.65	5.1%
Seoul	66.1%	67.7%	-1.6%	\$148.64	\$145.68	2.0%	\$98.30	\$98.66	-0.4%
Shanghai	72.9%	75.1%	-2.2%	\$99.30	\$92.21	7.7%	\$72.35	\$69.21	4.5%
Sydney	83.7%	85.5%	-1.8%	\$167.33	\$170.10	-1.6%	\$140.05	\$145.38	-3.7%
Taiwan	60.8%	58.5%	2.3%	\$168.74	\$171.12	-1.4%	\$102.58	\$100.06	2.5%
Vancouver	81.6%	80.7%	0.9%	\$169.11	\$153.22	10.4%	\$137.94	\$123.67	11.5%
Vietnam	70.3%	70.7%	-0.4%	\$127.60	\$121.18	5.3%	\$89.69	\$85.72	4.6%

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

# **Agenda Item**

## **7**

**Presentation, Discussion and  
Action on HTA's Financial  
Reports for September 2018**



Financial Statements – Executive Summary  
September 1, 2018 - September 30, 2018

***Tourism Special Fund:***

1. \$90.8M in cash and investments
  - a. Includes \$5M in Emergency Fund held as investments
  - b. Increase from August of \$3.0M due primarily to the following:
    - i. Recording \$6.6M in TAT revenues
    - ii. Offset by \$3.0M in expenditures
2. \$40.2M of prior year encumbrances being spent down
3. \$22.5M in Board allocations projected for June 30, 2019. 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. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
  - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$2.1M of the \$85.5M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures.
5. Operating Income:
  - a. Recorded \$6.6M in TAT for September 2018, and \$19.7M in TAT YTD.
  - b. Incurred \$3.0M in program and other expenditures for September 2018.

***Convention Center Enterprise Special Fund:***

6. \$26.1M in cash
  - a. Increase of \$2.8M from August due to the following:
    - i. Receiving \$1.4M in TAT and \$1.4M in HCC operations revenue
7. \$20.5M in cash with contractor or with DAGS, for R&M projects (as of August 2018).

- a. Includes \$2M Emergency
  - b. Remaining 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 \$10.6M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
9. \$2.5M of prior year encumbrances being spent down.
10. \$267K in accounts receivable for HCC F&B revenue as of September 30, 2018.
11. Operating Income:
- a. Recorded \$1.4M in TAT for September 2018, and \$4.2M in TAT YTD.
  - b. Convention Center operations:
    - i. \$407K operating loss year-to-date (As of August 2018).
12. Spending according to Budget.

**Hawaii Tourism Authority**  
 Balance Sheet  
 348 - Tourism Special Fund  
 As of 9/30/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	85,752,101.25
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	85,757,101.25
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	85,757,101.25
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	(740.38)
Credit Card Payable	1,205.90
Total Current year payables	465.52
Current year net assets	
	13,582,865.35
Total Current year net assets	13,582,865.35
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
FY 2018 Funds	40,696,801.61
Unreserved Fund Balance	(115,627,854.44)
Total Prior years	72,173,770.38
Total Fund Balance	85,757,101.25

**Hawaii Tourism Authority**  
 Balance Sheet  
 361 - Convention Center Enterprise Special Fund  
 As of 9/30/2018

	Current Year
<b>Assets</b>	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	26,086,001.47
Other	0.00
Total Current Assets	26,086,001.47
Accounts Receivable	
Accounts Receivable	266,952.70
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	266,952.70
Total Assets	26,352,954.17
<b>Fund Balance</b>	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	5,508,836.44
Total Current year net assets	5,508,836.44
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	1,139,398.30
FY 2019 Funds	18,353,058.99
Unreserved Fund Balance	(22,277,135.20)
Total Prior years	20,844,117.73
Total Fund Balance	26,352,954.17

<p><b>Annual Budgets:</b>  <b>-\$84.2M HTA Tourism Special Fund</b>                  (\$79M TAT + \$4.9M prior year carryover + \$300K Funds set aside last year by HTA Board for FY19)</p> <p><b>-Convention Center Fund</b> (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&amp;M Reserve)</p>
---

<b>\$8M Emergency Funds</b>	
<p><b>\$5M Emergency Fund Reserve</b>                  (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p><b>\$2.98M Mandated by Board</b> (to be used in the event of a significant economic downturn upon Board approval)                  [\$4.3M at June 30 2018; In FY 19, the Board allocated an additional \$1.25M out of this fund for Hawaii'i Island.]</p>

	Projected			Projected	
	6/30/2018	6/30/2019		6/30/2018	6/30/2019
<b>Tourism Special Fund Long-Term Obligations and Commitments:</b>					
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	Reserve for Operations	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	Funds for R&M - (Of which, \$6,797,393 is designated by law) **	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,969	HCC MFF Commitments	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233			
Center for Hawaiian Music & Dance	4,153,000	4,153,000			
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	442,245	442,245			
HCC MFF Commitments *	-	-			
<b>Total Long-Term Obligations and Commitments</b>	<b>21,662,556</b>	<b>14,453,448</b>		<b>18,353,059</b>	<b>19,355,440</b>
<p>** In an effort to build available funds for future significant HCC R&amp;M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&amp;M reserves.</p>					
<p>*Used to replenish Emergency Funds.</p>					

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
348 - Tourism Special Fund  
19 - FY 2019 Funds  
From 9/1/2018 Through 9/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
<b>Revenue</b>				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	19,749,999.99	(59,250,000.01)
Interest and Dividends	0.00	(178.27)	(529.21)	(529.21)
Miscellaneous	0.00	0.00	766.44	766.44
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>79,000,000.00</u>	<u>6,583,155.06</u>	<u>19,750,237.22</u>	<u>(59,249,762.78)</u>
<b>Expense</b>				
Hawaiian Culture	3,735,000.00	20,713.59	20,906.09	3,714,093.91
Natural Resources	2,180,000.00	713.60	906.10	2,179,093.90
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	0.00	0.00	636,000.00
Career Development	720,000.00	0.00	0.00	720,000.00
Major Market Management	44,496,000.00	0.00	0.00	44,496,000.00
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	0.00	0.00	2,713,000.00
Industry Collaboration and Coordination	55,000.00	256.54	(928.46)	55,928.46
Digital Marketing Projects	1,400,000.00	0.00	0.00	1,400,000.00
HTA Product Development	654,000.00	0.00	0.00	654,000.00
Sports Marketing	6,135,000.00	0.00	0.00	6,135,000.00
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	0.00	275,000.00
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	5,000.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	20,590.00	20,590.00	4,210,624.00
Governance	4,977,894.00	5,109.84	7,112.42	4,970,781.58
Industry Relations	1,357,000.00	430.52	430.52	1,356,569.48
<b>Total Expense</b>	<u>84,194,108.00</u>	<u>52,814.09</u>	<u>54,016.67</u>	<u>84,140,091.33</u>
<b>Net Income</b>	<u>(5,194,108.00)</u>	<u>6,530,340.97</u>	<u>19,696,220.55</u>	<u>24,890,328.55</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures - Unposted Transactions Included In Report  
361 - Convention Center Enterprise Special Fund  
19 - FY 2019 Funds  
From 9/1/2018 Through 9/30/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	0.00	1,375,000.00	4,125,000.00	4,125,000.00
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	0.00	1,383,836.44	1,383,836.44	1,383,836.44
Total Revenue	<u>0.00</u>	<u>2,758,836.44</u>	<u>5,508,836.44</u>	<u>5,508,836.44</u>
Expense				
Governance	555,167.00	0.00	0.00	555,167.00
Total Expense	<u>555,167.00</u>	<u>0.00</u>	<u>0.00</u>	<u>555,167.00</u>
Net Income	<u>(555,167.00)</u>	<u>2,758,836.44</u>	<u>5,508,836.44</u>	<u>6,064,003.44</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Tourism Special Fund  
From 9/1/2018 Through 9/30/2018

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,703,716.94	144,217.40	350,446.59	1,353,270.35
Natural Resources	1,266,954.83	95,792.50	655,233.69	611,721.14
Community	1,465,470.95	139,809.77	219,809.77	1,245,661.18
Communications	434,050.58	92,848.80	93,324.02	340,726.56
Career Development	280,750.00	0.00	0.00	280,750.00
Major Market Management	24,998,960.33	1,306,755.26	2,102,582.46	22,896,377.87
Business Destination Management	623,119.53	86,875.25	122,542.25	500,577.28
Access	3,530,331.50	12,500.00	822,500.00	2,707,831.50
Industry Collaboration and Coordination	24,101.97	2,028.72	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	128,583.00	300,649.00	2,164,458.02
HTA Product Development	120,794.30	600.00	48,600.00	72,194.30
Sports Marketing	2,775,102.26	250,000.00	268,000.00	2,507,102.26
Festivals and Events	958,381.11	157,000.00	279,000.00	679,381.11
Brand Development Projects	234,896.80	88,627.50	88,627.50	146,269.30
Greetings	905,595.44	5,000.00	59,000.00	846,595.44
Safety and Security	558,213.31	9,031.41	108,031.41	450,181.90
Tourism Research	2,152,865.34	195,913.67	331,213.41	1,821,651.93
Governance	946,904.96	39,999.96	56,098.93	890,806.03
Industry Relations	837,458.99	204,862.86	205,117.86	632,341.13
<b>Total Expense</b>	<u>46,282,776.16</u>	<u>2,960,446.10</u>	<u>6,113,355.20</u>	<u>40,169,420.96</u>
<b>Net Income</b>	<u>(46,282,776.16)</u>	<u>(2,960,446.10)</u>	<u>(6,113,355.20)</u>	<u>40,169,420.96</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Convention Center Enterprise Special Fund  
From 9/1/2018 Through 9/30/2018

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
<b>Revenue</b>				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Expense</b>				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	0.00	0.00	2,089,065.81
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
<b>Total Expense</b>	<u>2,492,694.48</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>
<b>Net Income</b>	<u>(2,492,694.48)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>

**Hawaii Convention Center**  
 Facility  
 Reforecast  
 From 9/1/2018 Through 12/31/2018  
 (In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
<b>Direct Event Income</b>						
Rental Income (Net)	1,750,930	788,350	2,539,280	2,330,000	209,280	2,300,956
Service Revenue	506,146	216,855	723,001	887,100	(164,099)	908,564
<b>Total Direct Event Income</b>	<b>2,257,076</b>	<b>1,005,205</b>	<b>3,262,281</b>	<b>3,217,100</b>	<b>45,181</b>	<b>3,209,520</b>
Direct Service Expenses	1,172,128	625,199	1,797,327	1,790,900	(6,427)	1,870,174
<b>Net Direct Event Income</b>	<b>1,084,948</b>	<b>380,006</b>	<b>1,464,954</b>	<b>1,426,200</b>	<b>38,754</b>	<b>1,339,346</b>
<b>Ancillary Income</b>						
F&B Concession (Net)	461,460	121,416	582,876	605,000	(22,124)	596,056
F&B Catering (Net)	2,876,766	1,379,155	4,255,921	5,822,675	(1,566,754)	7,697,213
Event Parking (Net)	528,081	194,800	722,881	757,400	(34,519)	691,002
Electrical Services	115,101	120,400	235,501	233,400	2,101	261,850
Audio Visual	226,271	88,123	314,394	314,800	(406)	318,910
Internet Services	1,309	19,210	20,519	0	20,519	21,455
Rigging Services	60,408	14,250	74,658	76,900	(2,242)	102,494
First Aid Commissions	2,452	1,290	3,742	4,300	(558)	4,062
<b>Total Ancillary Income</b>	<b>4,271,848</b>	<b>1,938,644</b>	<b>6,210,492</b>	<b>7,814,475</b>	<b>(1,603,983)</b>	<b>9,693,042</b>
<b>Total Event Income</b>	<b>5,356,796</b>	<b>2,318,650</b>	<b>7,675,446</b>	<b>9,240,675</b>	<b>(1,565,229)</b>	<b>11,032,388</b>
<b>Other Operating Income</b>						
Non-Event Parking	41,936	18,400	60,336	55,200	5,136	62,373
Other Income	32,812	12,708	45,520	38,100	7,420	64,129
<b>Total Other Operating Income</b>	<b>74,748</b>	<b>31,108</b>	<b>105,856</b>	<b>93,300</b>	<b>12,556</b>	<b>126,502</b>
<b>Total Gross Income</b>	<b>5,431,544</b>	<b>2,349,758</b>	<b>7,781,302</b>	<b>9,333,975</b>	<b>(1,552,673)</b>	<b>11,158,890</b>
<b>Net Salaries &amp; Benefits</b>						
Salaries & Wages	2,961,071	1,602,401	4,563,472	4,989,000	425,528	4,159,961
Payroll Taxes & Benefits	764,188	410,420	1,174,608	1,169,500	(5,108)	1,102,710
Labor Allocations to Events	(327,979)	(128,562)	(456,541)	(409,251)	47,290	(407,543)
<b>Total Net Salaries &amp; Benefits</b>	<b>3,397,280</b>	<b>1,884,259</b>	<b>5,281,539</b>	<b>5,749,249</b>	<b>467,710</b>	<b>4,855,128</b>
<b>Other Indirect Expenses</b>						
Net Contracted Services	197,728	124,952	322,680	402,396	79,716	349,348
Operations	78,771	66,610	145,381	200,300	54,919	207,311
Repair & Maintenance	399,332	295,205	694,537	795,200	100,663	744,770
Operational Supplies	366,825	189,543	556,368	675,700	119,332	629,579
Insurance	85,458	75,595	161,053	176,100	15,047	202,371
Utilities	1,457,163	837,600	2,294,763	2,337,748	42,985	2,194,274
Meetings & Conventions	13,222	14,050	27,272	24,900	(2,372)	20,109
Promotions & Communications	37,136	24,136	61,272	42,400	(18,872)	39,073
General & Administrative	158,727	110,101	268,828	327,002	58,174	304,339
Management Fees	86,400	166,300	252,700	285,100	32,400	279,840
Other	85,187	18,701	103,888	77,200	(26,688)	569,676
<b>Total Other Indirect Expenses</b>	<b>2,965,949</b>	<b>1,922,793</b>	<b>4,888,742</b>	<b>5,344,046</b>	<b>455,304</b>	<b>5,540,690</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(931,685)</b>	<b>(1,457,294)</b>	<b>(2,388,979)</b>	<b>(1,759,320)</b>	<b>(629,659)</b>	<b>763,072</b>
CIP Funded Expenses	19,259	0	19,259	0	19,259	575,840
<b>Net Income (Loss) from Operations</b>	<b>(912,426)</b>	<b>(1,457,294)</b>	<b>(2,369,720)</b>	<b>(1,759,320)</b>	<b>(610,400)</b>	<b>1,338,912</b>
Fixed Asset Purchases	74,094	101,906	176,000	200,000	24,000	222,331
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(986,520)</b>	<b>(1,559,200)</b>	<b>(2,545,720)</b>	<b>(1,959,320)</b>	<b>(586,400)</b>	<b>1,116,581</b>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 8/1/2018 Through 8/31/2018  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Direct Event Income</b>								
Rental Income (Net)	100,034	190,626	(90,592)	152,202	1,750,930	1,657,192	93,738	1,791,398
Service Revenue	63,709	42,925	20,784	46,383	506,146	568,690	(62,544)	546,813
<b>Total Direct Event Income</b>	<b>163,743</b>	<b>233,551</b>	<b>(69,808)</b>	<b>198,585</b>	<b>2,257,076</b>	<b>2,225,882</b>	<b>31,194</b>	<b>2,338,212</b>
<b>Direct Service Expenses</b>	<b>102,031</b>	<b>111,415</b>	<b>9,384</b>	<b>110,923</b>	<b>1,172,128</b>	<b>1,225,339</b>	<b>53,210</b>	<b>1,324,510</b>
<b>Net Direct Event Income</b>	<b>61,712</b>	<b>122,136</b>	<b>(60,424)</b>	<b>87,662</b>	<b>1,084,948</b>	<b>1,000,544</b>	<b>84,404</b>	<b>1,013,702</b>
<b>Ancillary Income</b>								
F&B Concession (Net)	29,169	51,844	(22,675)	37,916	461,460	421,371	40,089	516,078
F&B Catering (Net)	381,354	462,285	(80,931)	387,429	2,876,766	4,222,587	(1,345,821)	5,114,975
Event Parking (Net)	41,250	74,700	(33,450)	60,870	528,081	527,550	531	540,183
Electrical Services	323	2,800	(2,477)	1,212	115,101	112,200	2,901	227,679
Audio Visual	5,323	8,100	(2,777)	8,606	226,271	172,800	53,471	186,477
Internet Services	615	0	615	197	1,309	0	1,309	197
Rigging Services	2,921	3,600	(679)	2,865	60,408	50,400	10,008	72,523
First Aid Commissions	180	285	(105)	133	2,452	2,990	(538)	3,008
<b>Total Ancillary Income</b>	<b>461,136</b>	<b>603,614</b>	<b>(142,478)</b>	<b>499,227</b>	<b>4,271,848</b>	<b>5,509,898</b>	<b>(1,238,050)</b>	<b>6,661,120</b>
<b>Total Event Income</b>	<b>522,848</b>	<b>725,750</b>	<b>(202,902)</b>	<b>586,890</b>	<b>5,356,796</b>	<b>6,510,442</b>	<b>(1,153,646)</b>	<b>7,674,822</b>
<b>Other Operating Income</b>								
Non-Event Parking	6,130	4,600	1,530	2,993	41,936	36,800	5,136	44,300
Other Income	5,630	3,174	2,456	18,694	32,812	25,392	7,420	45,359
<b>Total Other Operating Income</b>	<b>11,760</b>	<b>7,774</b>	<b>3,986</b>	<b>21,686</b>	<b>74,747</b>	<b>62,192</b>	<b>12,555</b>	<b>89,659</b>
<b>Total Gross Income</b>	<b>534,608</b>	<b>733,524</b>	<b>(198,916)</b>	<b>608,576</b>	<b>5,431,543</b>	<b>6,572,634</b>	<b>(1,141,091)</b>	<b>7,764,481</b>
<b>Net Salaries &amp; Benefits</b>								
Salaries & Wages	369,880	405,883	36,003	334,234	2,961,071	3,247,064	285,993	2,707,639
Payroll Taxes & Benefits	93,716	94,885	1,169	89,241	764,188	759,080	(5,108)	728,349
Labor Allocations to Events	(29,185)	(28,898)	287	(27,105)	(327,979)	(280,689)	47,290	(263,956)
<b>Total Net Salaries &amp; Benefits</b>	<b>434,411</b>	<b>471,870</b>	<b>37,459</b>	<b>396,370</b>	<b>3,397,280</b>	<b>3,725,455</b>	<b>328,175</b>	<b>3,172,032</b>
<b>Other Indirect Expenses</b>								
Net Contracted Services	39,374	32,115	(7,259)	30,606	197,728	255,320	57,592	205,447
Operations	11,671	14,291	2,620	21,849	78,771	119,928	41,157	132,491
Repair & Maintenance	57,806	66,265	8,459	108,724	399,332	530,120	130,788	493,089
Operational Supplies	42,458	53,534	11,076	45,252	366,825	451,828	85,003	372,609
Insurance	10,350	14,455	4,105	9,064	85,458	120,505	35,047	124,887
Utilities	202,806	246,967	44,161	201,864	1,457,163	1,507,888	50,725	1,466,651
Meetings & Conventions	2,178	1,608	(570)	133	13,222	16,044	2,822	12,084
Promotions & Communications	5,943	3,533	(2,410)	5,387	37,136	28,264	(8,872)	27,478
General & Administrative	14,517	23,118	8,602	21,758	158,727	223,761	65,034	195,506
Management Fees	10,800	10,800	0	10,600	86,400	86,400	0	84,800
Other	(129)	6,384	6,513	82,433	85,186	51,672	(33,514)	604,226
<b>Total Other Indirect</b>	<b>397,774</b>	<b>473,070</b>	<b>75,296</b>	<b>537,671</b>	<b>2,965,949</b>	<b>3,391,730</b>	<b>425,781</b>	<b>3,719,267</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(297,577)</b>	<b>(211,416)</b>	<b>(86,161)</b>	<b>(325,464)</b>	<b>(931,686)</b>	<b>(544,551)</b>	<b>(387,135)</b>	<b>873,182</b>
<b>CIP Funded Expenses</b>	<b>2,871</b>	<b>0</b>	<b>2,871</b>	<b>417,283</b>	<b>19,259</b>	<b>0</b>	<b>19,259</b>	<b>551,254</b>
<b>Net Income (Loss) from Operations</b>	<b>(294,706)</b>	<b>(211,416)</b>	<b>(83,290)</b>	<b>91,819</b>	<b>(912,427)</b>	<b>(544,551)</b>	<b>(367,876)</b>	<b>1,424,436</b>
<b>Fixed Asset Purchases</b>	<b>0</b>	<b>33,334</b>	<b>33,334</b>	<b>12,959</b>	<b>74,094</b>	<b>66,668</b>	<b>(7,426)</b>	<b>74,745</b>
<b>Net Income (Loss) After Fixed Asset Purchases</b>	<b>(294,706)</b>	<b>(244,750)</b>	<b>(49,956)</b>	<b>78,860</b>	<b>(986,521)</b>	<b>(611,219)</b>	<b>(375,302)</b>	<b>1,349,691</b>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 8/1/2018 Through 8/31/2018  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Revenues</b>								
Food & Beverage	753,881	816,075	(62,194)	718,597	6,047,389	7,350,944	(1,303,555)	8,593,962
Facility	230,062	337,010	(106,948)	299,738	3,326,182	3,205,164	121,018	3,518,994
<b>Total Revenues</b>	<b>983,943</b>	<b>1,153,085</b>	<b>(169,142)</b>	<b>1,018,335</b>	<b>9,373,571</b>	<b>10,556,108</b>	<b>(1,182,537)</b>	<b>12,112,955</b>
<b>Expenses</b>								
Food & Beverage	486,928	476,418	(10,510)	433,639	3,957,104	4,147,150	190,046	4,206,271
Facility	794,592	888,083	93,491	910,160	6,348,154	6,953,510	605,356	7,033,502
<b>Total Expenses</b>	<b>1,281,520</b>	<b>1,364,501</b>	<b>82,981</b>	<b>1,343,799</b>	<b>10,305,258</b>	<b>11,100,660</b>	<b>795,402</b>	<b>11,239,774</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(297,577)</b>	<b>(211,416)</b>	<b>(86,161)</b>	<b>(325,464)</b>	<b>(931,687)</b>	<b>(544,551)</b>	<b>(387,135)</b>	<b>873,182</b>
<b>CIP Funded Expenses</b>	<b>2,871</b>	<b>0</b>	<b>2,871</b>	<b>417,283</b>	<b>19,259</b>	<b>0</b>	<b>19,259</b>	<b>551,254</b>
<b>Net Income (Loss) from Operations</b>	<b>(294,706)</b>	<b>(211,416)</b>	<b>(83,290)</b>	<b>91,819</b>	<b>(912,428)</b>	<b>(544,551)</b>	<b>(367,876)</b>	<b>1,424,436</b>
<b>Fixed Asset Purchases</b>	<b>0</b>	<b>33,334</b>	<b>33,334</b>	<b>12,959</b>	<b>74,094</b>	<b>66,668</b>	<b>(7,426)</b>	<b>74,745</b>
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(294,706)</b>	<b>(244,750)</b>	<b>(49,956)</b>	<b>78,860</b>	<b>(986,522)</b>	<b>(611,219)</b>	<b>(375,302)</b>	<b>1,349,691</b>

# **Agenda Item**

## **8**

Update on the Status of the  
2018 Audit Action Plan

STATUS UPDATE ON  
HTA ACTION PLAN  
ADDRESSING  
RECOMMENDATIONS FROM  
STATE AUDIT 18-04  
OCTOBER BOARD MEETING

# HTA Action Plan Status Summary

This is an update to the audit action plan approved by the Board on March 29, 2018. Change in status from the July update are in bold.

Status	# from Auditors' 21 Recommendations
Completed	4e, 4g, 5, 6, <b>7</b> , 11, 12, 18, 19
In Progress	1, 3, 4a, 4b, 4c, 4d, 4f, 8, 9, 10, 13, 14, 15, 16, 17 (HTA Policies and Procedures need to be updated)
Have Not Started Beyond Initial Discussion	2 (Upon filling the Chief Administrative Officer's position) 20, 21 (Working to identify solutions)

## General Recommendations

1. Update internal Policies and Procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel.

Action Plan	Timeline	Assigned to	Status
Currently updating internal Policies and Procedures in the areas of:	Started: Q3 2017 Completion: Q3 2018	Chief Administrative Officer	In Progress
Finance		VP of Finance	
Procurement		Contract Specialist	
Operations (IT, Board of Directors and HR)		Operations Manager	
Quality Assurance/Compliance		Chief Administrative Officer Quality Assurance Specialist	

## General Recommendations

2. Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.

Action Plan	Timeline	Assigned to	Status
Chief Administrative Officer(CAO) oversees Hawai'i Tourism Authority's (HTA) quality assurance function.	Upon filling the currently vacant CAO position.	President and CEO	Pending
Review current quality assurance process. Implement changes to the process if necessary.	Upon filling the currently vacant CAO position.	Chief Administrative Officer	Pending

## Overall Procurement Recommendations

3. Update internal Policies and Procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.

Action Plan	Timeline	Assigned to	Status
HTA is currently updating internal Policies and Procedures to identify and incorporate any necessary changes in responsibilities and to reflect the Chief Administrative Officer's areas of oversight.	Q3 2018	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - a. Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.

Action Plan	Timeline	Assigned to	Status
Solicitation Procurement Planning Worksheet (PPW) is being updated to require price justification and documentation of market research as applicable.	May 2018	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated accordingly.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Available competitive cost data will be provided prior to solicitation. Contracts Specialist or Chief Administrative Officer will be included in any sole source or 201B-12B HRS procurement process.	Immediately and ongoing	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

b. Requiring proposals for each contract, contract amendment, and extension.

Action Plan	Timeline	Assigned to	Status
The Contract PPW and Contract Supplemental PPW have both been updated to require attachment of a contractor proposal.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff to be trained regarding HTA's expectations of the content that should be included in contractor proposals.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

c. Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

Action Plan	Timeline	Assigned to	Status
CVC is currently required to be filed prior to contract execution for all contracts with a value of \$2,500 or more and for the exercising of contract options. For some RFPs, CVC is being required from applicants as part of their proposal submission and as a condition for award.	Immediately and ongoing.	Program Managers Contracts Specialist Quality Assurance Specialist	Completed
Policies and Procedures are also being updated.	Q3 2018	Chief Administrative Officer	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

d. Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

Action Plan	Timeline	Assigned to	Status
Contract PPW and Supplemental PPW include a requirement to outline contract objectives. The CAO, Contracts Specialist, and Program Manager will work together to ensure that the intended criteria, benchmarks, and deliverables are documented in the PPW and align with these objectives.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - e. Requiring contractors to provide regular progress reports.

Action Plan	Timeline	Assigned to	Status
Existing practices and procedures are in place regarding the submission of progress reports. Staff is being trained to file these reports in a manner that ensures compliance can be evidenced.	Immediately and ongoing.	Chief Administrative Officer Program Managers Quality Assurance Specialist	Completed

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
  - f. Evaluating contractor performance against performance criteria.

Action Plan	Timeline	Assigned to	Status
Policies and Procedures are being updated regarding the evaluation of performance criteria. Program Managers will work with the Vice President of Marketing & Product Development and Chief Administrative Officer to ensure performance is being measured against the criteria.	Immediately and ongoing.	Chief Administrative Officer VP of Marketing & Product Development Program Managers	In Progress

## Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

g. Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.

Action Plan	Timeline	Assigned to	Status
HTA will continue to train staff to ensure a written evaluation of contractor performance is completed before the contract is amended, modified, or extended. Procurement Planning Worksheet will be modified to incorporate a requirement for a written evaluation of contractor performance.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

5. Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State’s ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW and Contract PPW have been modified to ask whether intellectual property is to be waived. HTA is working with Attorney General to craft exceptions to State ownership, including language, where applicable, that differentiates the assets being paid for versus the technology or the process used to gather those assets. Attorney General’s office will have final approval on waivers.	Modified in February 2018	Chief Administrative Officer Contracts Specialist	Completed

## Overall Procurement Recommendations

6. Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.

Action Plan	Timeline	Assigned to	Status
HTA's annual employee performance form will be reviewed and updated to include the above.	June 2018	Chief Administrative Officer	Completed

## Overall Procurement Recommendations

7. Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS,12 and the State Ethics Code, specifically, Section 84-15, HRS.

Action Plan	Timeline	Assigned to	Status
HTA will continue to hold annual agency-wide in-house procurement training, as well as individual training upon hire, to ensure compliance with Policies and Procedures as updated.	Immediately and ongoing.	Chief Administrative Officer	In Progress
All staff will continue to attend annual Ethics Commission training and attorneys will attend additional State attorney ethics training.	Immediately and ongoing.	Chief Administrative Officer	Completed

## Sole Source Procurements Recommendations

8. Limit sole source procurement to where a good or service is deemed available from only one source.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations, such as RFPs.</li> <li>Sole Source Procurements.</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: April 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained in filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

## Sole Source Procurements Recommendations

9. Require completed documentation to support use of sole source procurement.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> <li>Competitive Solicitations such as RFPs.</li> <li>Sole Source Procurements,</li> <li>Procurement Exemptions as allowed for in 201B-12B HRS.</li> </ul>	<p>PPW: Q2 2018</p> <p>Policies &amp; Procedures: Q3 2018</p>	<p>Chief Administrative Officer</p> <p>Contracts Specialist</p> <p>Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer</p> <p>Contracts Specialist</p> <p>Quality Assurance Specialist</p>	Completed
<p>Staff to be trained on filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer</p> <p>Contracts Specialist</p> <p>Quality Assurance Specialist</p>	Completed

## Sole Source Procurements Recommendations

10. Require written confirmation and justification of sole source contract pricing.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW was updated, and Policies and Procedures are being updated, to include questions regarding price justification and market research information.	PPW: May 2018  Policies and Procedures: Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Contracts Specialist or Chief Administrative Officer will provide best available cost data and will be included in any sole source or 201B-12B HRS procurement process prior to award.	May 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff will be trained on definitions and practices.	May 2018	Chief Administrative Officer Contracts Specialist	Completed

## Sole Source Procurements Recommendations

11. Develop a publicly accessible list of sole source procurement contracts.

Action Plan	Timeline	Assigned to	Status
The monthly Board book that is published, and made public in conjunction with the monthly Board meeting, includes a list of contracts executed in the previous month. Starting with the April Board book, that list will include a legend to identify any contracts that were procured by sole source or by 201B-12B HRS procurement process exception.	April 2018	Contracts Specialist	Completed

## Cost Reimbursement Contracts Recommendations

12. Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
Receipts for cost reimbursement contracts will be required from contractors.	April 2018	VP of Finance	Completed

## Cost Reimbursement Contracts Recommendations

13. Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
HTA will draft and develop procedures for cost reimbursement payments to be included in the Policies and Procedures updated manual.	Q3 2018	Chief Administrative Officer VP of Finance	In Progress

## Major Contractors (AEG and HVCB) Recommendations

14. Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.

Action Plan	Timeline	Assigned to	Status
Currently in practice with HTA's Major Market Area (MMA) contractors, HTA will update its Policies and Procedures to include semi-annual performance evaluations of MMA contractors. Performance evaluations for AEG will be increased to a semi-annual basis.	Q3 2018	Chief Administrative Officer	In Progress

## Major Contractors (AEG and HVCB) Recommendations

15. Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

Action Plan	Timeline	Assigned to	Status
Updating Policies and Procedures to require Major Market Area contractors, who are subcontracting individual subcontracts greater than \$50,000 in services, to obtain prior approval by Chief Administrative Officer and Program Managers.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

## Major Contractors (AEG and HVCB) Recommendations

16. Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.

Action Plan	Timeline	Assigned to	Status
HTA Policies and Procedures will be updated to include a form with points (1) to (4) to be completed for HTA's Major Market Area contractors and AEG.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

## Major Contractors (AEG and HVCB) Recommendations

17. For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.

Action Plan	Timeline	Assigned to	Status
Current subcontracts of major contractors will be reviewed and assessed for reasonableness and necessity.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Policies and Procedures will be updated to include prior written approval of all subcontracts of major contractors.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

## Major Contractors (AEG and HVCB) Recommendations

18. Determine whether “agreements” and “arrangements” for goods or services relating to AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.

Action Plan	Timeline	Assigned to	Status
HTA will determine the legal relationship between AEG and Levy.	Q2 2018	Chief Administrative Officer VP of Finance	Completed, discussed with the HCC Investigative Committee

## Major Contractors (AEG and HVCB) Recommendations

19. Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.

Action Plan	Timeline	Assigned to	Status
Once the legal relationship between AEG and Levy is determined, the information will be submitted to the Attorney General's office to determine appropriate action to ensure that the agreement is compliant with the change made to Section 102-2(b) HRS, which previously, but no longer, applied an exception to the bidding requirement for concessions at the Hawai'i Convention Center.	Q2 2018	Chief Administrative Officer VP of Finance Contracts Specialist	Completed

## The Limit on Administrative Expenses Recommendations

20. Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

## The Limit on Administrative Expenses Recommendations

21. Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

# HTA Audit Timeline

Date	Event
July 7, 2017	HTA Audit Entrance Conference with the State auditors was held.
February 21, 2018	HTA Audit Exit Conference with the State auditors was held.
February 22, 2018	The Audit Report 18-04 was issued.
March 16, 2018	Based on the Audit Report, HTA staff created “HTA Audit Action Plan” to address auditor’s recommendations.
March 29, 2018	The HTA Audit Action Plan has been approved by the Board at the March Board meeting.
October, 2018	Staff has been working to address auditor’s recommendations, and is providing updates of progress at each Board meeting.

# **Agenda Item**

## **9**

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

# September 2018

HTA Board of Directors Update  
October 2018 Report



# ***Agenda***

- **Financials – September 2018**
- **HCC ROI**
- **Sales & Marketing, Facility Updates**

# 2018 Facility Financial Update

Facility	2018 September	2018 September YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
Occupancy	14%	27%	31%	31%	0%	33%
Number of Events	20	140	201	205	(4)	182
Gross Revenue	\$685,500	\$10,059,000	\$13,482,300	\$15,072,400	(\$1,590,100)	\$17,586,400
Gross Expenses	\$1,127,900	\$11,488,000	\$15,854,100	\$17,031,700	\$1,177,600	\$16,469,800
Net Income(Loss)	(\$442,400)	(\$1,429,900)	(\$2,371,800)	(\$1,959,300)	(\$412,500)	\$1,116,600

# 2018 Food & Beverage Update

Food & Beverage	2018 September	2018 September YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
<b>F&amp;B Revenue</b>	<b>\$333,500</b>	<b>\$6,380,900</b>	<b>\$8,510,500</b>	<b>\$10,303,900</b>	<b>(\$1,793,400)</b>	<b>\$12,768,900</b>
F&B Expenses	\$309,500	\$4,266,600	\$5,575,100	\$6,025,100	\$450,000	\$6,383,200
Net Income	\$24,000	\$2,114,300	\$2,935,400	\$4,278,800	(\$1,343,400)	\$6,385,700
% of flow through	8%	34%	34%	42%	(8%)	50%

## 2018 ROI SEPTEMBER YTD

HCC Revenue + State Revenue + Tax Revenue  
= \$256.4M

HCC Expense \$14.3M

***ROI = For every dollar spent by HCC we returned  
\$17.86 to the State***

# HCC Sales Updates

- Converted 2,373 room nights in September 2018; bringing YTD room nights thru September 2018 to 75,970.
- On pace to achieve room night goal of 232,000 by year end.
- The tentative pipeline total is 622,819. Focus continues to be to convert these to Definite.
- Customer Advisory Board
- GM's Meeting

Mahalo



CONVENTION CENTER

Where Business and Aloha Meet