



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

**Chris Tatum**  
President and Chief Executive Officer

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

**REGULAR BOARD MEETING  
HAWAII' TOURISM AUTHORITY**

*Po'ahā, lā 22 o Aukake 2019, 9:30 a.m.*  
**Thursday, August 22, 2019 at 9:30 a.m.**

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

**Hawai'i Convention Center  
Executive Board Room A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815**

***Papa Kumumana'o Ho'ololi 'Ia***  
**AMENDED AGENDA**

1. *Ho'omaka A Pule*  
Call to Order and Pule
2. *'Āpono I Ka Mo'o'ōlelo Hālāwai*  
Approval of Minutes of the July 25, 2019 Board Meeting
3. *Hō'ike Lālā*  
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. *Hō'ike A Ka Luna Ho'okele*  
Report of the CEO Relating to Staff's Implementation of HTA's Programs During July 2019:
  - Major Market Management including Destination Marketing Management Services, Global Meetings, Conventions and Incentives (MCI) Program Management Services, Japan Summit – Hawai'i Island, Fall Tourism Update, and Responsible Tourism
  - Hawaiian Culture Initiatives including an Update on Activities within the Kūkulu Ola Program, Native Hawai'i Festivals and Events such as Prince Lot Festival, Duke's Ocean Fest, Queen Lili'uokalani Long Distance Canoe Race, Aloha Festivals, and the 2020 Polynesian Football Hall of Fame
  - Natural Resources Initiatives including an Update on Activities within the Aloha 'Āina Program, DLNR Partnerships including Na Ala Hele Trails and Access, Mālama Hawai'i, Rapid 'Ōhi'a Death, and the Ambassador Program



- Communication and Outreach Update from the CEO and the Communications Director on News Releases and Reports Issued During the Month, Media Interviews with Staff that were Conducted, Publicity Support that was Provided to HTA's Various Programs, Social Media Activity and Posts, the HTA's Communications Strategy, the Tourism Marketing Plan, and International News Media Inquiries
  
- 5. *Nā'ana I Nā Kānāwai Akaaka Aupuni Na Ke Ke'ena Lawelawe 'Ikepili*  
Overview by the Office of Information Practices of the Sunshine Law and Uniform Information Practice Act
  
- 6. *Hō'ike A Kūkākūkā Na Lunamaka'āinana Ed Case No Nā Nīnūnē Pekelala Pili I Ka 'Oihana Ho'okipa Ma Hawai'i*  
A Report and Discussion on Federal Issues and their Effect on Tourism in Hawai'i by Congressman Ed Case:
  - *Brand USA*. Marketing Effort to Brand the United States (and Hawai'i) as a Tourist Destination
  - *Appropriations*. Discussion on the House Appropriations Committee, Which Oversees a \$1.3 Trillion Federal Budget, and its Impact on the Tourism Industry Both Nationally and for the State of Hawaii
  - *Visas* – What Visas are Needed to Come to Hawai'i
  - *Vacation Rentals*. What Needs to be Done on the Federal Level to Regulate Illegal Short-Term Rentals
  - *Tour Helicopters*. Safety Concerns – Both in the Air and on the Ground – Especially after that Fatal Crash of a Tour Helicopter in Kailua Town
  
- 7. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*  
Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise
  
- 8. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*  
Presentation, Discussion and Action on HTA's Financial Reports for July 2019
  
- 9. *Hō'ike No Ka Papahana Ho'oponopono*  
Update on the Status of the 2018 Audit Action Plan
  
- 10. *Hō'ike No Ka Hana A Ke Kōmike Noi'i Papahana Ho'okele*  
Report of the Strategic Plan Investigative Committee's Activities



11. *Hō'ike A Ke Kōmike Hokona Kūmau*

Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Action by the Board

12. *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

13. *Ho'oku'u*

Adjournment

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

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

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

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

# **Agenda Item**

## **2**

**Approval of Minutes of the  
July 25, 2019 Board Meeting**



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, July 25, 2019**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), David Arakawa, Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Sherry Menor-McNamara, Benjamin Rafter, Kimi Yuen, Kelly Sanders

**MEMBER NOT PRESENT:**

Micah Alameda, Ku'uipo Kumukahi

**HTA STAFF PRESENT:**

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

**GUESTS:**

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

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

HTA Board Chair Richard Fried called the meeting to order at 9:35 a.m. Kalani Ka'anā'anā gave a chant to open the meeting.

**2. Approval of Minutes of the June 27, 2019 Board Meeting**

Chair Fried requested a motion to approve the minutes of the June 27, 2019 Board meeting.

George Kam made a motion to approve. Fred Atkins seconded the motion, which was then unanimously approved by the Board. Chair Fried thanked Representative Richard Onishi and Senator Glenn Wakai for attending the meeting.

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

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

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

Chair Fried recognized HTA CEO Chris Tatum to provide his monthly report. Mr. Tatum began by discussing Mauna Kea. He said that HTA has received calls about HTA's position regarding Mauna Kea, and emphasized that with Hawai'i culture as a pillar of HTA, it was important to consider that perspective. He recognized Mr. Ka'anā'anā to discuss the sacredness of Mauna Kea and provide context for the protest. Mr. Ka'anā'anā said that, in the genealogy story of the Hawaiian people, Maunakea is the child of Wākea and Papahānaumoku, the parents of the Hawaiian Islands. The kupuna have affirmed their royal lineage to Mauna Kea. He said that he believes that much of the frustration is over the Office of Mauna Kea Management, and this is also an opportunity to reassess the eight operators that are currently permitted to take tours to Mauna Kea. He added that understanding the history of the conflict informs what is happening now.

Mr. Kam noted that these protests are distinct from the protests regarding Kaho'olawe, and are about aloha and the human spirit. He said that this is an opportunity, and everyone who has been up to Mauna Kea feels changed. He said that the protests have been peaceful and it may be affecting the industry, but it is also strengthening the industry to allow it to find balance.

Mr. Tatum noted that the HTA Board member Micah Alameda has been up on Mauna Kea for eight days. Mr. Atkins asked whether Mr. Ka'anā'anā saw a balance and whether there is a way for HTA to help foster a balance. Mr. Ka'anā'anā responded that Hawaiians have a complicated relationship with money, but it is a new frontier for Hawaiians to be able to manage their rich resources. Mr. Kam added that a happy, healthy, strong community fosters happy visitors. He said that he believes that we are at a tipping point to start healing, but the quest is to improve the quality of life for all people in Hawai'i. Mr. Kam said that he is confident there will be a resolution and that everyone will walk away better from this event. Ms. Kimura asked whether HTA is taking any action regarding this issue, and Mr. Tatum responded that it was not.

Chair Fried introduced Mondy Jamshidi Kent from Travel2change. Travel2change is a "voluntourism" non-profit that facilitates volunteer experiences for visitors. HTA has been funding Travel2change for the past two years. The vision of the organization is a healthy and

resilient Hawai'i that benefits hosts and travelers through in-kind and donation-based activities. Since 2018, Travel2change has served 1,800 travelers. HTA funding goes towards purchasing supplies, paying for administrative costs, and providing transportation for volunteers, among other things.

Chair Fried introduced HTA Director of Communications Marisa Yamane to discuss updates to HTA's Facebook page, but first noted that he was sent an article about Volcanoes National Park that read like an article about reasons *not* to come to the park. He said that he had discussed it with Ms. Yamane and that she had said that she believed that her counterpart at Volcanoes National Park may be receptive to recommendations to editing the piece so that it reflects that there are still a lot of activities at the park.

Ms. Yamane said that HTA's Facebook page highlights many of the programs that HTA funds, like Travel2change. The Facebook page is part of HTA's effort to get the word out about what HTA is doing in the community, through social media. HTA also funds athletes, like Tristan Santos, who recently competed in the Gorge Outrigger Canoe Race in Oregon. Mr. Atkins, who attended the event, said that Mr. Santos came in fourth in the race, beating the top paddler from California. He recommended that in the future that it would be great if the Facebook page could also feature footage from the actual race. He also noted that there was a Hawai'i Night event that was well-attended and well-received, and brought together people from Hawai'i living in the region to share Hawaiian culture.

Chair Fried introduced Jay Talwar to discuss HTA's Kuleana campaign. Mr. Talwar discussed HTA's effort to respectfully show visitors how to act in a way that is consistent with local values. He said that the Kuleana campaign shows visitors what our values and kuleana are, with the intention that respectful actions will follow. The team developed brand statements for each island, identified individuals that align with those brand statements, and asked them to share their stories. There is different messaging for visitors in pre-selection and post-selection of Hawai'i as a destination. The airlines have been cooperative by playing the messaging for visitors before they arrive, and HTA directs the messaging towards visitors once they are already in Hawai'i through social media.

Mr. Tatum concluded his monthly report by discussing his recent trip to a meeting of the Travel Directors Board in California. He said one of the things that was discussed was educating visitors on the importance of respecting the destination, and that he believes that Hawai'i can be a benchmark in this effort. There were a number of markets that the similar challenge of a small population but a large number of visitors. He said that he believes that Hawai'i can be a leader on the best way to educated visitors on respecting the destination and protecting the environment. Mr. Tatum said that it is also important to perpetuate the Hawaiian culture through people that are from Hawai'i but no longer live here and that he recently met with David Matlin to work on collaborating with UH and focusing on specific events in target markets, like the upcoming football game between UH and the University of Washington in Seattle. He said that it is a great opportunity to bring Hawai'i to Seattle and engage the community.

Mr. Tatum also noted that the football game between the LA Rams and the Dallas Cowboys is coming up soon and he introduced Mufi Hannemann to discuss the community engagement events that are associated with the game. Mr. Hannemann said that the week of the event of the game there will be activities with the military and county-wide. Not everyone will be able to go to attend the game so it is important for those without tickets to also have an opportunity to have an experience. Mr. Kam asked whether the Cowboys were having any events. Mr. Hannemann responded that the Cowboys had initially reached out to HTA for funding to do events but that HTA had already invested in the Rams. Mr. Tatum said the Rams have reached out to discuss a longer-term relationship, and that they would like to have Hawai'i be a part of Rams Nation. Mr. Tatum said that he believes there is a huge value there for the Hawai'i brand.

## **5. Recap of the U.S. Conference of Mayors in Honolulu, June 28-July 1, 2019**

Chair Fried discussed his experience attending the U.S. Conference of Mayors, which was held in Honolulu from June 28 to July 1, 2019. He said that he was very impressed by the event. The feedback that he received from the attendees was that they were struck by the openness of the people in Hawai'i. Events were held throughout O'ahu, including at the USS Missouri Battleship, 'Iolani Palace, and the Hawai'i Convention Center (HCC). Chair Fried said that the Conference was apolitical and mayors are dealing with the same issues like water, climate change, homelessness, and illegal guns. HTA contributed \$500,000 to the Conference. Mr. Atkins asked how many people attended the event that was held at HCC. Chair Fried said that at that point in the Conference some of the attendees had left already, but that there were still approximately 700-800 attendees. He said that he heard a lot of feedback that the attendees would like to return to Hawai'i with their families. Ms. Kimura noted that the Governor of Tokyo attended, but that it was disappointing there was not more coverage in Japan.

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

Chair Fried recognized Jennifer Chun to provide a presentation on current market insights. Ms. Chun said that HTA is not ready to release visitor statistics report until the next week, so HTA will provide June Market Insights and the Dashboards at the next meeting. Next month, the Board meeting will also be earlier in the month and July Market Insights and Dashboards will be presented at the September meeting.

On Monday, HTA released the June 2019 Hawai'i Hotel Performance report. Hawai'i ended the month at 84.1% occupancy, with an ADR of \$280 and a RevPAR of \$236, which are increases year-over-year from the prior year. The Board packet included a comparison with other destinations. Ms. Chun said that Hawai'i fares well compared to similar destinations.

HTA has also been monitoring hotel occupancy on a weekly basis since Kīlauea began erupting. On the island of Hawai‘i, the Kohala coast saw a significant increase compared to last year and 2017. She noted that occupancy rates on Kaua‘i have not been as strong as 2018, but there is not a significant change in RevPAR from 2017.

Chair Fried said that he was interested to see what effect the new City and County of Honolulu ordinance regulating Airbnb on RevPAR, when it takes effect. Benjamin Rafter asked if the lower occupancy on Kauai was due to fewer air seats, but Ms. Chun said that there has not been a decrease in air seats. She also noted that the flooding affected only a limited part of Kauai. Chair Fried said that there may have been some confusion about the reservation system to Haena and access to certain parts of the island. Mr. Atkins said that there are only a limited number of reservations allowed. He noted that the large number of negative comments he heard when the reservation system took effect has begun to calm down. He said that there has been negativity with the weather and other issues, but that overall it could be worse. Mr. Tatum said that this emphasizes the importance of comparing numbers from 2017 as well as numbers from 2018. Ms. Chun said that Kaua‘i had reported strong, significant growth in 2018, so less growth this year is not quite as troubling as it could be. Mr. Tatum said that the good news is the growth from Hawai‘i Island but that there is still a lot of work to be done.

## **7. Presentation, Discussion and Action on HTA’s Financial Reports for May and June 2019**

Chair Fried recognized Mr. Regan to provide the consolidated May and June financial reports. Mr. Regan thanked the Board for providing extra time to submit the May financial reports. He recognized Marc Togashi to present further detail. Mr. Togashi directed the Board to the financial information contained in the Board Packet, which includes a budget statement, executive summary, and a list of all the year’s budget reallocations. Chair Fried requested a motion to approve the May and June financial reports. George Kam made a motion, which was seconded by Kelly Sanders.

Mr. Atkins noted that it did not look like a significant amount was spent on cultural allocations, but the allocation was \$1.5 million. Mr. Ka‘anā‘anā said that HTA has to allocate \$1 million for the Center of Hawaiian Music and Dance, which made up the largest portion. Mr. Regan said that HTA is required, by statute, to allocate \$1 million a year to the Center of Hawaiian Music and Dance. The law was recently changed so that the Center for Hawaiian Music and Dance is no longer required to be housed at HCC. HTA is now working to identify a new location. Mr. Tatum asked if the new law requires the project to go out for RFP. Mr. Regan responded that an RFP is not required but it will be an open, transparent process that will engage the community. Mr. Tatum said that they planned to meet with the legislators to ensure they are aligned on that process. The motion to approve the May and June financial reports was unanimously approved.

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

Mr. Regan said that HTA has been working on the procedure reviews, which are taking longer than expected. They were initially anticipated to be completed in July, but the new completion date is scheduled for mid-August. That item represents the bulk of what needs to be completed for the 2018 Audit Action Plan. Some of those procedure reviews included procurement integrity, contract monitoring, contract enforcement, and budget amendment procedures. There are other financial processes that still need to be completed. Mr. Regan says that the review requires a great deal of focus beyond just a cursory review.

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

Mr. Regan said that the Governor has signed off on the bills that passed the legislature that HTA supported, including the bill on the Hawaiian Center for Music and Dance, and the bill separating the HCC management contract. City and County of Honolulu Bill 89 was signed by the mayor and will go into effect in August. HTA submitted testimony in support of both Bill 89 and 85 and is eager to see the result and how it will be carried out. DBEDT has asked HTA to begin looking forward to the 2020 legislative session and what kinds of legislation HTA would like to have introduced.

Chair Fried noted that Bill 89 has created a great deal of controversy and some people believe that it went too far in prohibiting people from using their entire homes for short-term rentals, so it will be interesting to see if there will be attempts to revise that legislation.

## **10. Report of the Strategic Plan Investigative Committee's Activities**

Chair Fried recognized Kimi Yuen to discuss the activities of the Strategic Plan Investigative Committee. They kicked off their efforts following the June Board meeting. Ms. Yuen said that there is a very short time frame for updating the Strategic Plan. The plan is to present it to the Board at the December meeting. Some of the ideas that have emerged so far are the importance of communicating the plan to the community and ensuring the plan works for each island. She said that the team is still in the information-gathering phase and three working meetings are scheduled for August.

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

Chair Fried recognized Lee Conching to provide an update on HCC. Mr. Conching said that Teri Orton is in Chicago for the International Association of Venue Managers, and meeting with the American Dental Association to discuss their return to HCC in 2028. Mr. Conching provided a sales and marketing update, and a CIP update. He said that tentative pipeline for June year-to-date is 117,842 room nights but that number is anticipated to increase in the coming months because the team is working with several city-wide events to rebook room nights. Mr. Conching said HCC has received confirmation for a December 2019 group of approximately 1,000 attendees that will generate \$350,000 in food and beverage revenue at HCC, 4,350 room nights, and \$2.6 million in visitor spending. HCC just completed an attendance promotion in

Hamburg, Germany for the Rotary International Convention in 2020. There is huge excitement among Rotarians eager to attend the Rotary International Convention in Honolulu, and 23,000 attendees are expected. Rooms will be difficult to book during this period. The Rotarians' Hawai'i Host Committee is meeting at HCC once a month and representatives from HCC are also attending those meetings to make sure that everything goes as planned. The sales team attended a number of shows recently and will be attending the American Society of Association Executives in August in Columbus, Ohio. This month, HCC hosted AVID, the U.S. Conference of Mayors, and two local sports tournaments. The sales team is now focusing on business for the second half of 2019 for local sales to generate revenue, discussions with third party planners, and incentives to drive business to Hawai'i. In regards to CIP updates, Mr. Conching said that there were no major changes from the update last month.

Mr. Tatum said that HCC has a challenge with room availability for city-wide events, so HTA met with the major hotels on the process on engaging them with decision-making. He said that they will continue that dialogue and will put together a process that can be a win-win for everyone.

Mr. Rafter asked about the outlook for 2021. Mr. Conching said that 2021, 2022, and 2023 are focus years for HCC, and they are looking at ways better impact those years. He said they are beginning to see more interest for 2021.

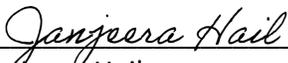
Mr. Atkins asked about the RFI for the Convention Center. Mr. Tatum said that only one organization has responded with the qualifications for the RFI. The plan is to complete the transition by the end of the year, and HTA will continue to keep the Board updated.

Chair Fried noted that the next Board meeting will be longer because Congressman Ed Case will be presenting on the federal role in tourism.

## **12. Adjournment**

Chair Fried requested a motion to adjourn. George Kam made a motion and Kimi Yuen seconded motion, the meeting was adjourned at 11:24 a.m.

Respectfully submitted

  
\_\_\_\_\_  
Janjeera Hail  
Recorder

# **Agenda Item**

## **4**

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



AUTHORITY

## MEMORANDUM

TO: HTA Board of Directors  
FROM: Chris Tatum, President and CEO  
DATE: August 22, 2019  
RE: Report of the CEO

The following narrative utilizes the 2019 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated July 25, 2019. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

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

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

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

HTA continued the request for proposal (RFP) process for inbound destination marketing management services regarding the major market areas of Korea, China, Southeast Asia and Taiwan by reviewing all questions submitted by potential bidders and providing aggregated answers. At this time, a total of 26 companies have provided their intent to submit proposals for the four RFPs. HTA staff also confirmed evaluation committee members representing retail, destination management companies (DMC), hotel, airline and attraction sectors.

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

HTA issued a request for information (RFI) to seek an established global meetings, conventions and incentives (MCI) sales and marketing organization based in Hawai'i, which would provide a full range of comprehensive sales and marketing management services for the Hawaiian Islands in the global MCI market. Prior to the July 19 deadline, HTA received one response, which met the requirements set forth in the RFI. Accordingly, HTA will move forward with requesting a formal proposal for review and negotiation.

##### **Japan Summit – Hawai'i Island**

HTA staff attended the Japan Summit held on Hawai'i Island, July 17-19. The summit brought 54 Japanese agents, including airline and wholesaler executives, five travel trade media and four airline representatives to the island of Hawai'i. Agents met with more than 20 attraction partners and hotels in a table top meeting format where marketing and product development discussions took place. In addition, attendees participated in a comprehensive Hawai'i Island familiarization trip. This was the first time the summit was held on Hawai'i Island and the response from both partners and agents was overwhelmingly positive as the island continues to recover and reposition itself in this market.

## **Fall Tourism Update**

The Market Management team continued to prepare for the Fall Tourism Update to be held at Hilton Waikoloa Village from November 18-19. Speakers and content for both the marketing and breakout sessions have been finalized. HTA staff is working with the Island of Hawai'i Visitors Bureau to coordinate Global Marketing Team (GMT) familiarization tours and cultural training, as well as develop plans for island-based exhibitors.

## **Responsible Tourism**

HTA staff is working through the Hawai'i Visitors and Convention Bureau (HVCB) team to complete a three-pronged pre- and post-arrival responsible tourism program that will be distributed globally. Content development for this program will continue to be coordinated between the Island Chapters, HTA's cultural advisors, relevant RFP program awardees and GMT members to ensure appropriateness and alignment. The targeted timeframe for completion of the plan and key elements is November 2019.

## **Global Marketing Team Monthly Reporting**

HTA staff worked with the GMT's to ensure consistency in monthly reporting. The objective is to report on key market intelligence and initiatives in each major area of their sales and marketing responsibility and also tie it to how they anticipate it will impact Hawai'i tourism. The team will continue to fine tune this reporting to make it relevant and easy to decipher.

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

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

#### **1. Kūkulu Ola Program**

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

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

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

The RFP for Kūkulu Ola programs to be supported in calendar year 2020 closed on July 19. HTA staff held committee meetings to select the 2020 contract awardees. The notice of selection or non-selection is being sent to applicants.

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

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

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

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

### Prince Lot Hula Festival

Moanalua Gardens Foundation hosted the 2019 Prince Lot Hula Festival, July 20-21. Hawai'i Tourism was the title sponsor. The festival was held at 'Iolani Palace featuring hālau from across the state and was a great success. Upon initial review, the event was well attended, especially considering the large number of people who were away at Pu'uhuluhulu on Hawai'i Island.

### Duke's Ocean Fest

The 18th Annual Duke's OceanFest will take place from August 17-25 at various locations in Waikīkī. Emphasis is being placed on integrating new partnerships to invigorate long-standing festival traditions.

### Queen Lili'uokalani Long Distance Canoe Race

Workplans are being finalized with HTA staff for the 2019 Queen Lili'uokalani Long Distance Canoe Race. There have been major shifts in the event's implementation following the passing of Uncle Bo Campos. Kai 'Opua Canoe Club has implemented a new team that HTA is working with to ensure a solid delivery of the events in Kona from August 29 through September 2.

### Aloha Festivals

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

### 2020 Polynesian Football Hall of Fame

HTA staff met with Polynesian Football Hall of Fame organizers and reached agreement on a three-year contract with two one-year extensions. Funding will continue to support the game and other activities. Added to the new contract terms are statewide clinics and outreach with Polynesian Football Hall of Fame inductees, active NFL players and other leaders to help mentor and inspire Hawai'i youth. Appropriate paperwork will be drafted to move the approval process forward.

## **4. Kāheha Greetings Program**

### Harbors

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

## Airports

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

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

Contracts are finalized for 2019 events with workplans having been submitted for various programs in Waikīkī, Lahaina, Hilo and Kona. New to the Waikīkī program this year is a seven-month pilot program to bring back Sunset on the Beach, which began on May 11. The Waikīkī Improvement Association is producing the Sunset on the Beach events, which feature Hawaiian music concerts with hula preceding the screenings of films. Residents are the target audience for the new events. HTA has done media outreach to promote the events. The third screening took place on July 6 featuring the movie "Mary Poppins Returns."

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

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

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

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

### **8. HTA Legacy Awards**

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

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

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

### **10. Market Support**

HTA staff helped to support Hawai'i Tourism Taiwan's Hawai'i Aloha Festival 2019 from July 5-7.

## **B. Natural Resources**

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

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

HTA staff is still in receipt of final reports for the 2018 Aloha 'Āina projects, a majority of which ended work on December 31, 2018. Five contracts were granted no-cost extensions due to extenuating

circumstances, two of which are still open. One contract was mutually terminated which lowered the total projects funded to 25 active contracts. An additional six projects have missing items, and one contractor has not submitted a final report. From this funding year, 15 of the 25 projects are fully completed and have been evaluated.

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

The RFP for Aloha 'Āina programs to be supported in calendar year 2020 closed on July 5, 2019. HTA staff held committee meetings to select the 2020 contract awardees. The notice of selection or non-selection is being sent out to applicants.

## **2. DLNR Partnership**

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

### Nā Ala Hele Trails and Access

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

### Mālama Hawai'i

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

### Rapid 'Ōhi'a Death

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

### Carbon Sequestration Certification

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

### Social Media Specialist

HTA continues its work with the social media specialist, a tourism funded position, to mitigate illegal tours on state lands, as well as develop visitor messaging focused on responsible behavior while

exploring Hawai'i. Since the position was funded, DLNR reactivated its previously suspended social media accounts.

#### Ambassador Program

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

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

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

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

The Hawai'i Ecotourism Association and HTA has finalized the scope of work for the 2019-2020 program. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. Further, it will provide for trainings that will be made available online, including YouTube.

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

HTA has finalized a memorandum of agreement (MOA) with the Hawai'i Green Business Program. The primary focus of this work is to assist and recognize businesses that strive to operate in an environmentally, culturally and socially responsible manner. The program has a proven record of reducing energy consumption, water savings and waste diverted, which are three key metrics in HTA's strategic plan. The Hawai'i Green Business Program Ceremony took place on August 1.

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

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

## **C. Safety and Security**

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

During the month of July, the Visitor Aloha Society of Hawai'i (VASH) was active and provided support in each of the four counties. In Maui County, VASH handled 27 cases and helped 68 visitors (year-to-date: 139 cases/323 visitors). On the island of Hawai'i, VASH handled 35 cases and provided assistance to 98 visitors (year-to-date: 240 cases/532 visitors). On O'ahu, VASH handled 69 cases and helped 147 visitors (year-to-date: 458 cases/1005 visitors). On Kaua'i, VASH handled 5 cases and provided assistance to 26 visitors (year-to-date: 38 cases/117 visitors).

### **Lifeguard Support Program**

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

### **Waikīkī Camera Program**

The MOA providing the City and County of Honolulu with a total of \$300,000 in funding to purchase security cameras in Waikīkī has been executed. HTA staff received their first invoice in the week of August 5, which has been processed.

### **Ocean Safety Advertising Campaign**

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

### **Snorkel Safety Study**

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

### **Hā'ena Emergency Support**

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

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

### **2020 Request for Proposals**

The Community Enrichment Program's evaluation committees (one for each county and statewide) met on August 1, 5, 6 and 7 to discuss and award funding for 2020 CEP projects. The evaluation committee members consist of representatives from the visitor industry, community and HTA staff. The notice of selection or non-selection will be sent to applicants the week of August 12. The list of 2020 CEP projects will be made public in late August/early September.

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

HTA staff has received a number of final reports from contractors who have finished their events for 2019. HTA will begin working on final evaluations and the closing of these contract files. The 2019 CEP program includes 71 awardees statewide with total funding of more than \$1.2 million allocated. For a listing of 2019 CEP awardees, visit: <https://www.hawaiitourismauthority.org/what-we-do/hta-programs/community-enrichment-programs/>.

## Community Engagement

HTA staff participated in the County of Hawai'i's Kilauea Eruption Speakout Event in July 27th at Kea'au Highschool. This was part of the County's Kilauea Eruption Recovery Activities. The staff was part of a panel discussion to share information on the HTA and its Community Enrichment Program.

### August Events

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

### September Events

Event Name	Organization	Island(s)	Start Date	End Date
Lā 'Ulu: Breadfruit Day	Maui Nui Botanical Gardens	Maui	9/7/2019	9/7/2019
The Pailolo Challenge 2019	Hawaiian Canoe Clue	Maui/Moloka'i	9/14/2019	9/14/2019

### CEP Year-Round Projects

Event Name	Organization	Island(s)
Hāna Arts Presents! - A Workshops & Events Program for East Maui	Hāna Arts	Maui
Visual Arts Exhibition Program 2019	Maui Arts & Cultural Center	Maui
History Theatre	The Hawaiian Mission Children's Society dba Hawaiian Mission Houses Historic Site and Archives	Maui, Kaua'i, Hawai'i
Market of Possibilities	AccesSurf Hawai'i Inc.	O'ahu

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

## Major Festivals/Events

### September Events

Event Name	Organization	Island(s)	Start Date	End Date
Kaua'i Marathon & Half Marathon	Kaua'i Marathon	Kaua'i	9/1/2019	9/1/2019

## **E. Ho'okaulike**

### **Honolulu Parks Security Cameras**

HTA partnered with the City and County of Honolulu's Department of Parks and Recreation to provide funding of \$204,000 for the installation of 192 surveillance cameras in 13 parks. The MOA has been fully executed, and the work is underway. Keith Regan was interviewed about this program by reporter Rick Daysog of Hawai'i News Now, which aired on July 13.

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

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

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

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

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

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

### **Maui Coral Reef Signage**

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

## **III. KNOWLEDGE AND COLLABORATION**

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

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

- News Release: HTA Issues RFI for Global Meetings, Conventions, and Incentives Program Management Services (July 3)
- News Release in partnership with the City and County of Honolulu: City Officials Urge Preparedness This Hurricane Season as Tropical Storm Barbara Nears the State (July 5)
- Report: Hawai'i Hotel Performance Report for First Half of 2019 (July 22)
- News Release: Hawai'i Visitor Statistics Released for the First Half of 2019 (July 30)

## **Media Relations**

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

- Press conference with the Department of Land and Natural Resources (DLNR): Kalani Ka'anā'anā (KK) spoke about HTA funding to do major improvements to Mānoa Falls Trail, other hiking trail improvements and to help protect Kaniakapupu Ruins. (July 2)
- Honolulu Civil Beat: KK interview with reporter Anita Hofschneider regarding Native Hawaiian cultural appropriation in the tourism industry. (July 10)
- Hawaii News Now: Keith Regan (KR) interview with reporter Rick Daysog regarding HTA paying for the installation of security cameras in O'ahu city parks. (July 11)
- Honolulu Civil Beat: KR responses to writer Danny de Gracia regarding tourism safety in the islands. (July 23)
- Los Angeles Times: Chris Tatum (CT) interview with freelance reporter Heidi Chang regarding HTA's focus on tourism management and how it's addressing issues related to overtourism. (July 23)
- Hawaii News Now: Jennifer Chun (JC) interview with digital media intern Alexandria Ng regarding visitor numbers for the first half of 2019. (July 30)
- KHON: Responded to executive producer Jennifer Brink and reporter Kathy Muneno with information on the former Rams football player who now lives in Mākaha. HTA is giving Brad and Nancy Myers tickets to the upcoming game at Aloha Stadium. Helped coordinate an interview with the Myers. (July 30)
- West Hawaii Today: JC interview with reporter Cameron Miculka regarding visitor statistics for the first half of 2019. (July 30)
- Honolulu Star-Advertiser: CT interview with reporter Allison Schaefer regarding impacts from the city's Bill 89. (July 31)

### **Publicity Support:** Provided the following information and/or assistance:

- Travel Weekly: Responded to news editor Johanna Jainchill regarding tourism management. Provided a CT quote and link to information about how HTA board members are selected. Referred her to the authors of the UHERO report she referenced. (July 2)
- Climatewire: Responded to reporter Maya Earls regarding HTA's Aloha 'Āina program. KK provided comment. (July 2)
- Honolulu Star-Advertiser: Answered questions from reporter Ferd Lewis regarding the Los Angeles Clippers coming to Hawai'i for preseason games and the upcoming training camp. (July 8)
- This Week Hawaii: Provided HTA logo and CT welcome message, e-signature and headshot to appear in free magazines distributed at airports statewide beginning in September, including This Week/Oahu, This Week/Maui, This Week/Kauai and This Week/Hawaii Island. (July 8)

- Honolulu Star-Advertiser: Per request from reporter Ferd Lewis, provided HTA contract no. 19009 between HTA and the Los Angeles Clippers. (July 9)
- KHON: Per request from sports director Rob DeMello, provided HTA contract no. 19009 between HTA and the Los Angeles Clippers. (July 9)
- Hawaii News Now: Per request from executive producer Linda Siu, provided HTA contract no. 19009 between HTA and the Los Angeles Clippers. (July 9)
- KITV: Per request from sports director Brandi Higa, provided HTA contract no. 19009 between HTA and the Los Angeles Clippers. (July 9)
- Hawaii Green Growth: Received request from Alexandria Nakao-Eligado regarding the “Do Not Promote” list. KK responded to the request. (July 9)
- CNBC: Declined reporter Amanda Macias’ request for an interview regarding the impact of the U.S.-China trade war on Hawai‘i’s tourism industry. Referred her to Mufi Hannemann (HLTA) and Senator Glenn Wakai, who had already spoken to local media about the topic. (July 12)
- The Wall Street Journal: Responded to request from photo editor Ryan Mesina for photos of night time snorkeling with manta rays. Referred him to HTA’s Knowledge Bank and suggested he contact the companies that offer the experience. (July 15)
- Hawaii Business Magazine: Coordinated CT photo shoot with associate art director Shana Yoshinaga for an upcoming article in which he will be profiled. (July 17)
- Honolulu Civil Beat: Responded to reporter Brittany Lyte’s request for comment for an article about tourism and over-tourism. Advised her to check with her co-worker Stewart Yerton since he interviewed CT a few weeks prior for his article on the same topic. (July 17)
- Hawaii Business Magazine: Sent reporter Gina Gelber the updated Hawai‘i Tourism logo. (July 19)
- Hawaii Business Magazine: Responded to reporter Noelle Fujii’s request for a CT interview about visitor spending. Also sent her a per person per day spending chart showing that people who stay in non-hotel accommodations in Hawai‘i tend to spend less. (July 19)
- Hawaii News Now: Responded to request from producer Mike Kasper for comment regarding the one-day hospitality boycott in association with the Thirty Meter Telescope (TMT) protest. Deferred comment to Governor Ige’s office and recommended he directly contact the hotels and companies that hire entertainers. (July 21)
- KHON: Responded to request from reporter Sara Mattison for comment regarding the one-day hospitality boycott in association with the TMT protest. Deferred comment to Governor Ige’s office and recommended she directly contact the hotels and companies that hire entertainers. (July 21)
- KITV: Responded to request from reporter Mackenzie Stasko for comment regarding the one-day hospitality boycott in association with the TMT protest. Deferred comment to

Governor Ige's office and recommended she directly contact the hotels and companies that hire entertainers. (July 22)

- Hawaii News Now: Responded to request from reporter Lisa Kubota for comment regarding the one-day hospitality boycott in association with the TMT protest. Deferred comment to Governor Ige's office and recommended she directly contact the hotels and companies that hire entertainers. (July 22)
- Associated Press: Responded to request from reporter Audrey McAvoy for comment regarding the one-day hospitality boycott in association with the TMT protest. Deferred comment to Governor Ige's office and recommended she directly contact the hotels and companies that hire entertainers. (July 22)
- Honolulu Star-Advertiser: Responded to request from reporter Allison Schaefer for Maui story ideas for upcoming coverage. Suggested several Maui County programs that HTA provides funding to. (July 22)
- MidWeek: Responded to inquiry from managing editor YuShing Ting about whether or not the Dallas Cowboys cheerleaders will be coming to Hawai'i for the Cowboys/Los Angeles Rams preseason game. Suggested she contact Matt Levi whose daughter is a Cowboys cheerleader and from Hawai'i. (July 22)
- Hawai'i Hospitality: Declined request from associate editor Brett Alexander-Estes for comment on upcoming hotel debuts and renovations and suggested she contact Mufi Hannemann (HLTA), Senator Glenn Wakai, and/or DBEDT. (July 19)
- Los Angeles Times: Provided freelance reporter Heidi Chang with the resident sentiment survey, per person per day spending charts, HTA organization chart, and Kuleana Campaign videos as background information following CT's interview regarding HTA's focus on tourism management and how it's addressing issues related to overtourism. (July 23)
- Honolulu Civil Beat: Responded to request from reporter Nathan Eagle for information about snorkel safety. KR provided answers and a quote. (July 23 and 26)
- Hawai'i Magazine: Responded to request from reporter Christine Hitt for information about what visitors should know about visiting Maunakea due to the TMT protest. Provided link to the GoHawaii.com Alert page. (July 25)
- Hawaii Public Radio: Responded to request from reporter Ryan Finnerty for an interview regarding the local impacts of the trade dispute between China and the US. Referred him to Mufi Hannemann (HLTA) and Senator Glenn Wakai, who had already spoken to media about the topic. Provided a link to HTA's research page. (July 26)
- Hawaii Business Magazine: Coordinated CT photo shoot at the Hawai'i Convention Center for an upcoming article. (July 29)
- Honolulu Civil Beat: Responded to request from reporter Christina Jedra for information regarding hotel room rates. JC provided comment. (July 30)

- Hawaii News Now: Responded to request from managing editor Daryl Huff for an interview regarding HTA funding safety equipment for lifeguards. Keith will do the interview early August. (July 30)
- Hawaii Business Magazine: Responded to request by reporter Noelle Fujii for a CT interview regarding possible solutions to increase visitor spending. Set up CT interview for Aug. 2. (July 31)
- The Maui News: Responded to reporter Kehau Cerizo regarding hotel and visitor statistics. Provided a JC quote plus the per person per day spending charts based on accommodations. (July 31)

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

- Department of Land and Natural Resources (DLNR): Reviewed DLNR's news release, "Kaniakapupu Ruins Get More Protection After Vandalism." (July 1)
- DLNR: Reviewed DLNR's news release, "Hawai'i Tourism Provides Money for Trail Improvements." (July 1)
- DLNR: Reviewed DLNR's news release, "Mānoa Falls Trail to Undergo Major Improvements." (July 1)
- Kensington Tours: Responded to request from product development analyst Julie Taylor for help using HTA's Knowledge Bank. (July 8)
- U.S. Travel Association: Responded to request from director of research products Jamie Mageau for input on Hawai'i's destination management and efforts to raise resident sentiment. Provided information about the Hawaiian culture, natural resources, sports, and community programs and events that HTA funds. (July 10)
- Congressman Ed Case: Responded to a request from communications director Nestor Garcia about coordinating a meeting between CT and Congressman Case. (July 10)
- Paniolo Heritage Rodeo: Assisted event organizer Jana Rothenberg Blay with outreach to television media for her HTA-funded event. (July 10)
- Hawai'i State Department of Transportation (DOT) & Honua Consulting: Reviewed the news release, "Community and Government Groups Align in Effort to Implement Area Master Plan." (July 11)
- University of Hawai'i at Mānoa William S. Richardson School of Law: Responded to request from attorney and teacher Mark Shklov for the Los Angeles Clippers contract as he plans to use it as an example of a contract to show the law students. Emailed him contract no. 19009. (July 12)
- AAA Club of Ohio: Responded to request from travel consultant Sonya Pennington for island guidebooks. Referred her to HVCB. (July 12)
- Lionsgate: Received proposal from vice president of global partnerships and promotions Cheryl Dalton to have co-promotional opportunities for the new movie about the Battle of Midway,

which was shot in Hawai'i and will have a premiere screening at the Pearl Harbor Museum. Introduced her to O'ahu Visitors Bureau Executive Director Noelani Schilling-Wheeler, who expressed interest. (July 12)

- M13 Studios: Received request from documentary film director Lindell Singleton to have HTA advertise during a new tv series, "Journey of Hope" that airs in Texas. Referred him to HVCB. (July 12)
- Fall Tourism Update: Created e-blast and distributed save-the-date. (July 12)
- "Field Trip with Curtis Stone" TV series: Responded to inquiry from director of communications Laryl Garcia for a potential sponsorship of an episode. Referred her to HVCB. (July 15)
- HTA 2020-2025 Strategic Plan: Created e-blast and distributed reminder requests for industry and community stakeholders to participate in online survey. (July 8 and 16)
- First Insurance Company of Hawaii: Responded to request from president and CEO Jeff Shonka to have executives from Tokio Marine Silicon Valley and Panasonic Corporation speak with CT about Hawai'i's transportation challenges for residents and visitors. (July 16)
- Los Angeles Clippers Partnership
  - Conducted communications call with director of communications Dennis Rogers following the contract being signed. Also provided Hawai'i Tourism logo for integration. (July 18)
  - Provided CT quote and edits to the Clippers' news release, "L.A. Clippers to Return to Hawaii for Training Camp Through Partnership with Hawaii Tourism". Also provided Hawai'i media contacts. (July 26 and 29)
- Outrigger Hospitality Group: Provided corporate communications vice president Monica Salter talking points to share with guests if they have questions about the TMT. (July 23)
- Hawaiian Airlines: Responded to request from external communications specialist Marissa Villegas on ideas for hotel partners to support a group of Korean social media influencers traveling to Hawai'i for the Hawai'i Food and Wine Festival. Recommended she contact HFWF's public relations manager as some hotels offered to assist with such requests during last month's marketing meeting. (July 23)
- Maui Marathon: Provided guidance to race director Jon Emerson on outreach to media for this HTA-funded program. (July 24)
- Hawaii Business Magazine's 6th Annual Leadership Conference: CT appeared on a panel for the closing general session. (July 25)
- North Shore stakeholders meeting: KR and Marisa Yamane coordinated and conducted a meeting in Honolulu Mayor Kirk Caldwell's conference room to discuss the traffic issue near Laniakea Beach, and how to work towards a solution. Lawmakers, Honolulu Police Department, state and county leaders, and hotel managers attended the meeting. (July 26)

- Hawai'i Volcanoes National Park: Contacted director of interpretation Benjamin Hayes to connect him with HTA Board Chair Rick Fried regarding his concerns about the park and website. (July 28)
- Responded to request from Biff Graper and Mimi Beams to put up more signage notifying visitors that the Pali Lookout is closed. Forwarded the message to Department of Transportation communications director Tim Sakahara. (July 28)
- Evolve Workshops: Responded to request from photographer Jamie Findlay to collaborate with HTA for their upcoming trip to O'ahu. Referred them to HVCB. (July 29)

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

- July 2: Video post on Mānoa Falls Trail being intermittently closed for improvements using HTA funding. **Total Reach 810 | Total Reactions 54**
- July 3: Post on Sunset on the Beach. **Total Reach 449 | Total Reactions 19**
- July 3: Post on ocean safety tips for the holiday. **Total Reach 435 | Total Reactions 12**
- July 5: Post on U.S. Conference of Mayors' annual meeting in Honolulu. **Total Reach 600 | Total Reactions 19**
- July 8: Post on the new rules at Hā'ena State Park. **Total Reach 518 | Total Reactions 17**
- July 9: Post on the Hawai'i Performing Arts Festival. **Total Reach 630 | Total Reactions 14**
- July 10: Post on KK taking part in a panel discussion for the 26th Annual Hawai'i Conservation Conference. **Total Reach 668 | Total Reactions 41**
- July 10: Video post from Triston Kahookele-Santos of Maui, who received HTA funding to compete in the Gorge Downwind Champs. **Total Reach 238 | Total Reactions 9**
- July 11: Post on the Maui Nui Botanical Gardens' seed banking initiative. **Total Reach 685 | Total Reactions 15**
- July 11: Post on the Maui brush fire forcing evacuations, along with flights diverted from Kahului Airport. **Total Reach 736 | Total Reactions 16**
- July 11: Post on the latest on the Maui brush fire. **Total Reach 408 | Total Reactions 10**
- July 11: Post on the brush fire updates regarding Kahului Airport from DOT. **Total Reach 431 | Total Reactions 6**
- July 11: Post on the message from the Maui Hotel and Lodging Association regarding the brush fire. **Total Reach 530 | Total Reactions 18**
- July 12: Post on the latest on the Maui brush fire. **Total Reach 513 | Total Reactions 18**
- July 12: Post sharing the Maui County press conference on the brush fire on Facebook Live. **Total Reach 310 | Total Reactions 5**

- July 12: Post on the brush fire update regarding Kahului Airport from DOT. **Total Reach 392 | Total Reactions 9**
- July 12: Post on the latest on the Maui brush fire from Maui County. **Total Reach 374 | Total Reactions 10**
- July 12: Post sharing the Maui County press conference on the brush fire on Facebook Live. **Total Reach 319 | Total Reactions 10**
- July 12: Post on the latest on the Maui brush fires from Maui County. **Total Reach 406 | Total Reactions 8**
- July 12: Post on the Maui brush fires' effect on flights. **Total Reach 596 | Total Reactions 6**
- July 17: Post on the closure of the Daniel K. Inouye Highway on Hawai'i Island because of the TMT protest. **Total Reach 385 | Total Reactions 33**
- July 17: Post on the special alerts regarding Hā'ena State Park, USS Arizona Memorial, Mānoa Falls Trail, and Mauna Kea Access Road. **Total Reach 395 | Total Reactions 30**
- July 17: Post from Kahookele-Santos thanking HTA from Oregon. **Total Reach 280 | Total Reactions 22**
- July 17: Post on the reopening of the Daniel K. Inouye Highway on Hawai'i Island. **Total Reach 438 | Total Reactions 40**
- July 17: Post to save the date for HTA's Fall Tourism Update. **Total Reach 576 | Total Reactions 30**
- July 18: Post on the Koloa Plantation Days Festival. **Total Reach 530 | Total Reactions 21**
- July 19: Post congratulating Kahookele-Santos on a 4th place finish in the Gorge Downwind Champs. **Total Reach 359 | Total Reactions 2**
- July 19: Post on the 42nd Annual Prince Lot Hula Festival. **Total Reach 451 | Total Reactions 12**
- July 20: Post on the Tropical Inspirations Quilt Show. **Total Reach 411 | Total Reactions 9**
- July 21: Post on the 49th Annual 'Ukulele Festival. **Total Reach 463 | Total Reactions 8**
- July 22: Post on the Asia Pacific Dance Festival. **Total Reach 889 | Total Reactions 70**
- July 24: Post on an entrepreneurial development workshop in West Maui. **Total Reach 278 | Total Reactions 3**
- July 24: Post on the Queen Lili'uokalani Keiki Hula Competition. **Total Reach 889 | Total Reactions 80**
- July 24: Post sharing a KITV story about HTA funding to help address homelessness and security issues in Chinatown. **Total Reach 396 | Total Reactions 17**
- July 24: Post sharing a Honolulu Star-Advertiser story about HTA funding to help address homelessness and security issues in Chinatown. **Total Reach 471 | Total Reactions 10**

- July 25: Post on Hawaii Business Magazine's Leadership Conference, which CT is participating in as a panel speaker. **Total Reach 417 | Total Reactions 15**
- July 25: Post on the 60th Hawaiian International Billfish Tournament. **Total Reach 759 | Total Reactions 49**
- July 25: Post on Hawaii Business Magazine's Leadership Conference, with CT on the panel. **Total Reach 511 | Total Reactions 19**
- July 27: Post on HTA participating in an economic recovery workshop on Hawai'i Island. **Total Reach 591 | Total Reactions 29**
- July 30: Post on Heiva I Kauai. **Total Reach 642 | Total Reactions 28**
- July 31: Post on HTA monitoring two approaching storms with a link to the Alert Page. **Total Reach 423 | Total Reactions 22**

#### **Social Media Posts on HTA's Instagram Page**

- July 11: Post on the Maui Nui Botanical Gardens' seed banking initiative.
- July 18: Post on the Kōloa Plantation Days Festival.
- July 19: Post on the 42nd Annual Prince Lot Hula Festival.
- July 21: Post on the 49th Annual 'Ukulele Festival.
- July 22: Post on the Asia Pacific Dance Festival.
- July 24: Post on the Queen Lili'uokalani Keiki Hula Competition.
- July 25: Post on the 60th Hawaiian International Billfish Tournament.
- July 30: Post on Heiva I Kauai.

#### **Social Media Posts on HTA's Twitter Page**

- July 8: Post on the new rules at Hā'ena State Park.
- July 9: Post on the Hawai'i Performing Arts Festival.
- July 11: Post on the Maui Nui Botanical Gardens' seed banking initiative.
- July 11: Retweet from DOT on the Maui brush fire – flights diverted from Kahului Airport.
- July 11: Retweet from DOT on the Maui brush fire – road closures.
- July 11: Retweet from Honolulu Star-Advertiser on the Maui brush fire.
- July 11: Retweet from DOT on the Maui brush fire.
- July 11: Post on the Maui brush fire – advice for visitors heading to or from Kahului Airport.
- July 11: Post on the Maui brush fire – update from DOT regarding Kahului Airport.
- July 11: Retweet on the Maui brush fire – update from DOT regarding Kahului Airport.

- July 11: Retweet on the Maui brush fire – update from DOT regarding highways reopening.
- July 11: Retweet on the Maui brush fire – update from DOT regarding Kahului Airport.
- July 11: Retweet of Gov. Ige thanking Oprah Winfrey for giving the county access to her private road during the Maui brush fire.
- July 12: Retweet on the Maui brush fire -- update from DOT regarding Kahului Airport.
- July 18: Post on the Kōloa Plantation Days Festival.
- July 19: Post on the 42nd Annual Prince Lot Hula Festival.
- July 20: Post on the Tropical Inspirations Quilt Show.
- July 21: Post on the 49th Annual 'Ukulele Festival.
- July 22: Post on the Asia Pacific Dance Festival.
- July 24: Post on the Queen Lili'uokalani Keiki Hula Competition.
- July 25: Post on the 60th Hawaiian International Billfish Tournament.
- July 30: Post on Heiva I Kauai.

### **Communications Strategy**

- Created new hashtag (#HawaiiTourism) for use on social media. (July 11)
- Sent out a request for qualifications (RFQ no. 20-12) for producer/writer services to help create a series of video stories on Community Enrichment, Aloha 'Āina, and Kūkulu Ola programs that HTA funds. Stories will be placed on HTA's YouTube page and promoted on social media. (July 24)
- Sent out a request for qualifications (RFQ no. 20-11) for videographer/editor services to help create a series of video stories on Community Enrichment, Aloha 'Āina, and Kūkulu Ola programs that HTA funds. Stories will be placed on HTA's YouTube page and promoted on social media. (July 24)

### **Tourism Marketing Plan**

- Reviewed and provided edits to HTA's 2020 tourism marketing plan. (July 23)

### **Internal Communications**

- Provided updates to the International News Bureau/Media Assistance Protocols for GMT FAMs. (July 8)
- Updated staff and GMTs about situation on Maui due to the brush fires. HTA's department operations center (DOC) was partially activated. (July 11)
- Updated staff, HVCB and HTA about situation on Hawai'i Island surrounding the TMT. (July 19)
- Storm Watch

- Updated staff and GMTs about approaching storms Erick and Flossie. (Starting July 28)
- Took part in daily conference calls hosted by the Hawai'i Emergency Management Agency (HI-EMA). (Starting July 28)
- Created Alert Page on HTA website and distributed e-blast to industry stakeholders. (July 31)

## **International News Bureau**

### Media and Public Assistance

- Germany: Responded to request by Wolfgang Ball of Germany's Rotarian Club, for photos ahead of next year's Rotary World Convention in Honolulu. Provided links to Barberstock and GoHawaii.com. (July 1)
- Italy: Responded to request by freelance journalist Manuela Mimosa Ravasio for information on the Hawai'i sunscreen ban. Provided Governor Ige's news release. (July 3)
- Canada: Directed radio host Marie-Lou St-Onge of Radio-Canada to GoHawaii.com for more information on visitor sites in Hawaii. (July 7)
- Australia: Provided the GoHawaii.com site to Rachel Gray, editor and coordinator of the Diary for Jetstar Magazine, as she inquired about the biggest events in Hawai'i. (July 15)
- China: Responded to inquiry from Vanness Liu, regional manager of Shanghai Toptown International Travel Agency, regarding expanding business in Hawai'i. Introduced her to Karen Hughes. (July 15)
- Japan: Responded to request from Mitsue Tokuyama, professor of informatics at Kansai University, for an interview about HTA's branding. Introduced her to Karen Hughes. (July 15)
- Italy: Responded to request from contributing writer Emanuele Bompan of Meridiani magazine, who is planning a 130-page issue on Hawai'i for December. Provided island of Hawai'i and O'ahu activity recommendations and contacts. (July 22)
- The Netherlands: Responded to request from freelance journalist Marieke de Ruijter, who asked for assistance in arranging a press trip to Hawai'i. Referred her to Hawai'i Tourism Europe in Germany. (July 27)

## **B. Research and Planning**

The Tourism Research Division (TRD) issued the visitor statistics for the first half of 2019 and month of June on July 30, 2019, which included monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Air Seat Outlook data tables for August through October 2019 to the Infrastructure Research Section of the HTA website.

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

TRD issued the Hawai'i Hotel Performance Report for the first half of 2019 and month of June on July 22, 2019. This month's report included comparisons to the top U.S. markets and other international destinations. The report and related June 2019 data tables were posted to the Infrastructure Research section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

The Q1 2019 Visitor Satisfaction & Activity Report and accompanying infographic were posted to the HTA website on July 8, 2019.

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

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

TRD continues to reply to requests for information from HTA's Global Marketing Team, industry, media, and the general public. Data requests completed include:

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests
- Research inquiries routed through DBEDT
- Characteristics of 2018 visitors who stayed in Ko Olina Resort for Meetings Today
- 2013-2018 Visitor Characteristics by Age and Gender for HVCB
- 2012 vs. 2017 visitor characteristics and spending data for InterVISTAS Consulting, Inc.

**Update of the 2020 Tourism Strategic Plan.** The Strategic Planning Investigative Committee (SPICOM) met on August 2 to review findings by John Knox and Frank Haas, the consultants for HTA's strategic plan update. They provided an overview of their strategic assessment, interviews with staff and board members, and destination management perspectives and approaches. Staff continues to work with John Knox and Frank Haas to develop the pillars of the plan, goals, objectives and measurements. The next SPICOM meeting is set for August 22-23, and the Committee will be reviewing the work that staff has come up with. The 2025 Tourism Strategic Plan will be approved by the HTA board at its December 2019 meeting.

## **C. Career Development**

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

University of Hawai'i – Kapi'olani Community College and its sister community colleges on the neighbor islands will offer the Certificate for Customer Service in Hawai'i Training Program and Certification for Hawai'i's Professional Tour Guides for the Fall 2019. On O'ahu, the classes will run from September 10-November 12. HTA is waiting to hear from KCC on the dates of the neighbor island courses. HTA is supporting 50% of student class fees (with the employer paying the other 50%). Participants of this training programing will be able to:

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

## **D. Educational Workshops**

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

HTA has contracted with Ho'ola Na Pua to conduct four workshops across the state of Hawai'i to train and educate the visitor industry, particularly the hotel industry, on the topic of sex trafficking. By participating in the workshop, attendees will be able to know the signs of illegal acts of trafficking so that it can be appropriately identified and reported. Tentative 2019 workshop dates are: November 4 (O'ahu), November 5 (Maui), November 6 (Hawai'i Island), and November 7 (Kaua'i). Exact workshop locations are being finalized.

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

### **Contracts List**

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

## Hawai'i Tourism United States 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### Economy

- The U.S. economy grew at a solid +3.1 percent annual rate in the January-March quarter — a pace that will likely prove to be the high-water mark for the year before growth potentially weakens in the coming months.
- U.S. consumer confidence remains at high levels, but trade and tariff tensions could sap consumer optimism. While consumers appear to be affected by trade tensions, low unemployment and decent employment growth are still supporting consumer expectations. Ample availability of jobs and rising wages support the outlook for consumer spending. This will help the U.S. economy in the second half of the year to recover from the slower growth of the second quarter.
- Inflation-adjusted gross domestic product (real GDP) will remain positive but decelerate through the end of 2020. Following an increase of +3.2 percent at a seasonally adjusted annual rate in the fourth quarter of 2018, the median forecast is for real GDP growth to slow to a +2.1 percent rate by Q4 2019 and +1.9 percent by Q4 2020.
- The Conference Board *Consumer Confidence Index*® declined in June, following an increase in May. The Index now stands at 121.5 (1985=100), down from 131.3 in May.
- The *Present Situation Index* – based on consumers' assessment of current business and labor market conditions – decreased from 170.7 to 162.6.
- The *Expectations Index* – based on consumers' short-term outlook for income, business and labor market conditions – decreased from 105.0 last month to 94.1 this month, according to *Conference Board Consumer Confidence Index*®.

#### Outbound Travel Market

Wholesalers are reporting a pick-up of business. Additional business has been booked due to HTUSA's co-op program kicking in the last couple of weeks.

#### Competitive Environment

The U.S. dollar is considerably stronger against both UK sterling and the Euro than it was a year ago. This continues to make Europe a more affordable destination for U.S. tourists. Therefore, it is not surprising that most European destinations saw continued strong growth in travel from the U.S. In contrast to what was seen over much of 2018, the strongest gains in arrivals have tended to be in relatively mature Mediterranean destinations, including Malta and Turkey (which were the strongest growth destinations with 40.1 percent and 34.3 percent growth in arrivals, respectively).

#### Consumer Trends

“Immersible Tourism” and “Accessible Adventures” as well as “feel good commerce” were the top three most notable consumer trends. Wellness plays an important role in the rise of immersible tourism. “With today's travel trends, you don't have to sacrifice your priorities just because you're away from home,”

the Trendalytics researchers said. “It’s estimated that the wellness component of travel will reach \$808 billion by 2020.

Hotels, like Westin, are offering running concierge services, complete with guided runs, pocket-size route maps, and even New Balance gear to borrow. Outdoor activities also play into the immersible tourism trend which includes “weekend adventures” such as hiking and camping as well as trips for “urban adventurers” such as an Airbnb stay-over to explore a new city. This is all geared for thrifty Millennials and opens opportunities for turning amateurs into outdoor guides and experts. The shared economy has made adventure activities accessible to the masses and opened options for the weekend getaway.

### **Travel Trends**

Domestic travel demand increased 3.6 percent in May, supported by both business and leisure segment growth. Business travel demand made a strong recovery from negative calendar shift impacts in April. Looking ahead, leisure travel is expected to grow at a faster pace than business travel. Vacation intentions from January-April 2019 are above 2018 levels over the same period, and forward-looking bookings and searches point to continued growth.

Domestic travel is expected to grow around 2.0 percent year-over-year through November 2019, with leisure travel contributing to the expansion moderately more than business travel. Consumer confidence rose to nearly end-of-2018 levels, but subdued consumer spending and business investment are expected to weigh upon both the leisure and business segments. New, enduring or escalating trade conflicts pose additional downside risks and contribute to cooler expectations for business investment growth in 2019.

### **Media Trends**

*Facebook* is rolling out a new option that enables Pages to publish updates targeted to their top Page fans specifically. Some users have had the option available to them for the last few months. Targeting Top Fans could provide another way to facilitate more community engagement and foster stronger connection.

While traditional TV still dominates time spent with video for all Adults (18+), TV-Connected devices have seen the most growth YoY (+18%). Connected TV will continue to rise with the all the emerging platforms/services that are going to be released in 2019/20 (Disney, NBCU, etc.). Viewing of Connected TV on smartphone is consumed by 34 percent of the 18-34 demographic.

### **Airlift**

The U.S. domestic carriers to Hawai'i continue to operate a full schedule. U.S. seats for July are 948,803, an +8.9 percent increase over 2018. August and September are 890,334, and 713,209, respectively, with a +8.4 percent and +3.8 percent increase over 2018. Much of the increase in capacity is the addition of the markets by Southwest Airlines. The grounding of MAX aircraft has been extended through the end of the year by all U.S. domestic carriers as well as Air Canada and WestJet. This could result in reductions of some additional planned seats during the holiday season. HTUSA continues to monitor this closely.

**Market Intelligence/Market Conditions Impact on Hawai'i Travel**

While many key metrics continue to be positive, growth is decelerating and there are signals of storm clouds on the horizon. Additionally, O'ahu's new crackdown on illegal vacation rentals went into effect August 1 and may have a dampening effect on overall visitation.

**Leisure Activity Update**

**Consumer**

On-Line

Digital Campaign July Estimates - Estimated Impressions Per Island

PARTNERS	Central	OVB	MVB	KVB	IHVB	LVB	DMVB
<b>Zefr</b>	-	674,387	1,044,903	812,335	1,160,163	299,095	299,119
<b>Trip Advisor</b>	-	448,891	340,173	564,507	705,345	103,291	103,291
<b>Programmatic</b>	-	1,989,049	3,730,571	2,252,430	2,705,126	208,130	208,130
<b>Search</b>	-	6,321	14,234	15,689	13,642	6,531	6,531
<b>Reddit</b>	-	8,239	16,685	11,262	13,605	1,048	877
<b>Facebook</b>	5,129,639	463,582	390,459	565,322	888,686	170,639	179,750
<b>Instagram</b>	6,022,599	-	-	-	-	-	-
<b>Total</b>	11,152,238	3,590,469	5,537,025	4,221,545	5,486,567	788,734	797,698

In July, HTUSA continued the Hawai'i Rooted video series which featured master distiller Kyle Reutner through an adapted Facebook mini-story, as well as Instagram teaser ads.

PGA TOUR Golf Marketing. A digital media program continued in July to extend Hawai'i golf messaging beyond the primary Q4-Q1 *Aloha Season* Hawai'i golf tournament window. Animated banners rotated on the leaderboard and scorecard pages of *pgatour.com* throughout the tournament media flight (May 29-Aug. 26), reinforcing a connection for Hawai'i with tournament winners who have qualified to play at Sentry Tournament of Champions on Maui in January. The program also included a cooperative marketing element with MVCB and partner golf courses.

**Travel Trade**

*Travel Agent Academy* (travAlliance), newsletter (Affiliate Link), July TBD.

**Public Relations**

Continuing efforts to position Hawai'i as a culinary destination, HTUSA PR team assisted "Tasting America" that airs on DirectTV, with an episode that is expected to air late August 2019. The episode

will feature Roy's Hawai'i Kai, The Beachhouse at the Moana, and Merriman's Honolulu to discuss Hawai'i's evolving culinary industry and Hawai'i Regional Cuisine. Micah Suderman, director of restaurants and bars at The Royal Hawaiian, a Luxury Resort Collection, was the "local guide" who traveled around with host, Gary Takle, exploring the menu and stories behind all three restaurants.

HTUSA hosted a Hawaiian culture mini press trip to island of Hawai'i and O'ahu with Jackie Bryant (*Thrillist*, *Condé Nast Traveler*) as the ring-leader. Utilizing the ring-leader approach, the following journalists were secured to attend the trip: Amanda Castleman (*AFAR*), Jill Robinson (*Travel + Leisure*) and Stacey McKenna (*National Geographic*). The group was able to gather an appreciation and understanding of Hawaiian perspective and culture as they engaged with cultural practitioners, community programs and partners.

#### KVB

- Kaua'i was featured in the following media:
  - *TravelAge West* (53,486 uvpm; circ. 21,000)
  - *Hawaii Hospitality* (circ. 5,000)
  - *TravelPulse* (698,359 uvpm)
  - *Forbes.com* (826,907 uvpm)
  - *Golfweek* (190,844 uvpm)
- Liaised with six media in July.
- Drafted and distributed "Kaua'i Golf Courses Honored by Golfweek" news release.
- Drafted and distributed "New Rules To Visit Hā'ena State Park On Kaua'i's North Shore" news release.
- Continued working with State, County and private organizations on implementation of the Hā'ena Master Plan and the reopening of the North Shore road from Wainiha to Ke'e. Continued sharing new guidelines for visiting and accessing the Nāpali Coast State Wilderness Park.
- Over 125 media outlets and publications picked up an Associated Press article, "Small Island of Kauai Dotted with Spectacular Golf Courses," by John Marshall as a result of an individual media visit, Nov. 13-17, 2018.
- KVB Spring 2019 enewsletter was distributed to an opt-in list of partners.

#### OVB

O'ahu was featured in:

- *NBC News* (9,582,315 uvpm). Coverage resulted from Lucy Sherriff's participation in the Millennial Eco Travel & Discovery Press Trip in May 2019. Her article, "Sacred Hawaiian tree species

threatened by deadly fungus; tourists can help save it,” highlights the ‘ōhi‘a trees, Bishop Museum and Gunstock Ranch.

- *USA Today* (36,842,180 uvpm). Coverage was a result of an individual media visit by Marla Cimini in May 2019. Her article, “Where to see dogs surf (and how to get your pet surf,” features Duke’s OceanFest and AccesSurf.
- *Houstonia Magazine* (circ. 65,000; 29,810 uvpm). Coverage resulted from an individual media visit by Mai Pham in October 2018. Her article, “Waikīkī Beach Is a Great Girls’ Foodie Trip,” featured the Outrigger Waikīkī Beach Resort, Duke’s Waikīkī, Hawai‘i Food & Wine Festival, The Street Food Hall by Michael Mina, and Shirokiya Japan Village Walk.

#### MVCB

- Maui was featured in the following publications and websites:
  - *Sunset Magazine* (2,118,150 uvpm), “The Best Hotels in Our Favorite Surf Towns, from Maui to Malibu.”
  - *NPR* (49,044,540 uvpm), “Aloha Rodeo Offers Alternative to The Cowboy Cliché.”
  - *Travel + Leisure* (3,963,060 uvpm), “The Best Maui Hikes for Stunning Views and Spectacular Wildlife.”
  - *USA Today 10 Best* (491,310 uvpm), “Surf’s up! 10 of the best beaches for beginners to catch waves”
  - *Forbes* (142,969,500 uvpm), “The Best Hotels in Maui.”
- Distributed MVCB’s bi-monthly enewsletter, Message from Maui Nui. The latest Maui Nui news and events were shared with over 500+ national and local media, travel agents and industry partners.
- Liaised with 23 media in July.

#### IHVB

- The island of Hawai‘i was featured in:
  - *HawaiiAAA* (circ. 91,189), “Hawaii Volcanoes National Park’s Altered Landscape,” coverage resulting from providing Bill Harby with ground transportation support in Dec. 2019.
  - *Women’s Health Magazine* (circ. 1,529,982), “You Have Arrived,” coverage resulted from providing Cassie Shortsleeve with recommendations in Apr. 2019.
  - *Hawaii Business Magazine* (circ. 12,542; 52,456 uvpm), “Hawai‘i Island Identity Crisis,” clip as a result of coordinating interview with R. Birch in Jan. 2019.
- Liaised with 13 media in July.

**Sales Activities**

	Airline	Wholesaler/ TA/TO/OTA	Other	Total
<b>HTUSA</b>	-	6	1	7
<b>KVB</b>	1	5	4	10
<b>OVB</b>	-	3	-	3
<b>MVCB</b>	-	5	-	5
<b>IHVB</b>	-	6	2	8

**HTUSA**

- For the month of July, the HTUSA regional team conducted a total of 7 educational/training events, including 3 trade shows, and had the opportunity to meet with or present to more than 559 travel advisors.
- Additionally, an estimated 500 travel advisors are estimated to have taken one or more of the online educational modules available at *agents.gohawaii.com* for the month of July. The June monthly metrics report showed a total of 800 online graduates having earned either their Hawai'i Destination Specialist or Island Specialist (Kaua'i, Maui Nui, O'ahu or Island of Hawai'i) certification.

**OVB**

- Global Travel Marketplace (GTM) Conference
  - Pre-conference travel agent training seminar, Boca Raton, FL, July 25, 18 agents trained.
  - During GTM, July 26-28, one-on-one meetings held with 51 travel agents.
  - During Travel Agent Boardroom Training Seminar, 46 travel agents participated.
- NorCal Hawai'i 'Ohana, July 30-Aug 1
  - Fresno, CA, 37 agents participated in travel agent destination training.
  - Sacramento, CA, 45 agents participated in travel agent destination training.

**IHVB**

- Global Travel Marketplace Conference, Ft. Lauderdale, FL, July 26-29, two training events and 52 one-on-one travel agent appointments.

- NorCal Hawai'i 'Ohana, Fresno, CA, and Sacramento, CA, July 30-Aug. 1, two training events and two tradeshow.

**Key Performance Indicators – Leisure Market for June 2019**

Digital Campaign June Actuals – Estimated Impressions Per Island

PARTNERS	Central	OVB	MVB	KVB	IHVB	LVB	DMVB
<b>Zefr</b>	-	789,340	1,384,348	973,708	1,145,450	56,448	64,292
<b>Trip Advisor</b>	-	557,021	7,875	244,451	430,997	411,481	94,072
<b>Programmatic</b>	-	27,189	5,824,346	2,915,357	-	296,514	321,204
<b>Search</b>	-	8,311	9,227	9,754	8,702	1,954	1,393
<b>Reddit</b>	-		432,362	-	351,755	-	55,065
<b>Facebook</b>	4,306,981	309,022	390,416	565,528	888,134	170,723	179,892
<b>Instagram</b>	5,061,275	-	-	-	-	-	-
<b>Total</b>	9,368,256	1,690,883	8,048,574	4,708,798	2,825,038	937,120	715,918

Travel Trade Paid Media Recap – June Results

HTUSA

- *Travel Agent Academy Newsletter* (travAlliance), 26,000 digital impressions, enewsletter (Affiliate Link), June 26
- *Northstar* (Northstar run of site), 185,987 digital impressions, 300x600 display, June 1-30.

June month-end impressions and publicity values for articles that included Hawai'i.

**June Impressions**

Print: 19,892,415  
 Online: 31,762,119,586  
 Broadcast: 6,510,582  
**Total: 31,788,522,583**

**June Publicity Values**

Print: \$7,878,496  
 Online: \$21,175,797  
 Broadcast: \$495,826  
**Total: \$29,550,119**

Media Coverage Highlights

- “The Best Hiking Trails in Every State”– Reader’s Digest – Mallory Creveling – June 10

- “Deep in Hawaiian Cowboy Country, Female Pau Riders Keep Family Traditions Alive” – Vogue – Rachel Hahn – June 13
- “This Hawaiian Beach May be the Best in the U.S.” – Los Angeles Times – Jay Jones – June 20

### **Brand Experience Update (Leisure and MCI)**

#### HTUSA

Seven Hawai'i-grown ingredients and their uses were featured in the June *Islands of Aloha Express* (IOAX) enewsletter (200,000 consumers), along with small features on the Eo e 'Emalani I Alaka'i Festival and the Made in Hawai'i Festival. The Hawai'i State Farm Fair was featured in the Upcoming Events section in both the July IOAX and *E-xpressly for Travel Professionals* (EXTP) enewsletter (120,000 travel professionals). Other events highlighted in the Events section included Po'ipū Food & Wine Festival, 42<sup>nd</sup> Annual Prince Lot Hula Festival, Duke's OceanFest, La 'Ulu: Breadfruit Day and Queen Lili'uokalani Long Distance Canoe Races.

Delivered media assets for HTA-supported events and initiatives:

- Los Angeles Rams sponsorship. HTUSA continued to provide direction and review media/exposure assets on behalf of HTA for the LA Rams sponsorship.
- Association of Volleyball Professionals (AVP). Delivered tv/video/in-stadium media assets.
- Ironman. Delivered tv/video media assets.
- Hawai'i Food and Wine Festival. Included a customized version of the Hawai'i Tourism post arrival print ad.
- Kōloa Plantation Days. Included a print ad for their program guide.

In July, the travel trade team participated in a total of 7 trade shows and industry events while sharing overall destination information with 559 travel agents. Some of these events included fresh flower *lei* greeting and live *hula* performances, either *kahiko* or *'auana*, to share the culture with travel advisors in key markets. The team highlighted major Hawai'i news, all-island updates and shared the *Hawai'i Rooted* and *Kuleana* campaign videos.

#### Island Chapters

##### KVB

- Continually promoted Signature and Community Enrichment Programs (CEP) by including a slide about key Kaua'i festivals and events in all presentations.
- Promoted and supported HTA product enrichments during the month.

- Discussions with agents and walk-in visitors included but was not limited to information about the following local events and festivals on the island, with mention of [kauaifestivals.com](http://kauaifestivals.com):
  - America's Most West Freedom Fest – PMRF Independence Day Celebration
  - 30th Annual Kaua'i Hospice Concert in the Sky – 4th of July Fireworks
  - 20th Annual Kōloa Plantation Days

#### OVB

- Featured the following CEP, HTA Heritage Sites and Signature and Hawaiian Culture Events in its consumer, media and/or travel agent newsletters:
  - Bishop Museum Living Culture Series
  - Nu'uuanu Pali Lookout
  - Biki Bike Audio Tours
  - Hololea Visitor Tour Program
  - Travel2Change
  - Hawaiian Slack Key Guitar Festival
  - Korean Festival
  - Aloha Festivals
  - Hawai'i Food & Wine Festival
  - Honolulu Pride Parade and Festival
  - Hawai'i International Film Festival
- Promoted the following HTA Signature and CEP Events in social media channels and TripAdvisor tourism pages:
  - Bishop Museum Living Culture Series
  - Biki Bike Audio Tours
  - Hololea Visitor Tour Program
  - Travel2Change
  - Hawaiian Slack Key Guitar Festival
  - Korean Festival

- Aloha Festivals
- Hawai'i Food & Wine Festival
- Honolulu Pride Parade and Festival
- Hawai'i International Film Festival

#### MVCB

- Recommended visits to coincide with upcoming HTA sponsored events.
- Recommended visits to cultural attractions and activities.
- Promoted the following HTA Signature and CEP Events in correspondence, social media channels, and media visits to coincide whenever possible:
  - First Friday in Wailuku
  - Second Friday in Lāhainā
  - Third Friday in Makawao
  - Fourth Friday in Kīhei
  - Fifth Friday on Lāna'i
  - Lāna'i Farmers Market
  - Moloka'i Farmers Market, Kaunakakai
  - Lāna'i Pineapple Festival
  - Makawao Rodeo
  - Obon Dance & Festival Season

#### IHVB

- Promoted the following upcoming HTA Signature and CEP events during presentations, to walk-ins, in visitor correspondence and whenever possible:
  - Hilo Hula Tuesday at the Bandstand
  - Kōkua Kailua in Historic Kailua Village
  - Obon Dance & Festival Season
  - Hawaiian International Billfish Tournament
  - Queen Lili'uokalani Long Distance Canoe Race

- Ledward Ka'apana at the Palace Theatre
- Don the Beachcomber Mai Tai Festival
- Kona Historical Society Hands on History at the Kona Coffee Living History Farm
- Hula Arts at Kīlauea
- Hawai'i Island Festival – 30 Days of Aloha
- 'Ōhi'a Love Fest
- Taste of the Hawaiian Range
- Hawai'i Island Festival – 30 Days of Aloha
- HawaiiCon 2019

### **Island Chapters Engagement Update (Leisure and MCI)**

#### KVB

- Hawai'i Tourism China (HTC)
  - Assisted, coordinated and arranged itinerary for three-day stay on Kaua'i for six travel agents and one HTC representative during China Top Luxury Agent FAM, July 21-23. Provided welcome amenities, airport *lei* greeting. Co-hosted with HTC accommodations for two nights, ground transfers for three days, activities and meals.
- Hawai'i Tourism Oceania (HTO)
  - Provided welcome amenity bag for Kay Shrimpton, Director of Supplier Relations Australia for BCD Travel, July 9-11.
  - Provided welcome amenity bag for Joanna Bates, writer with Kia Ora Magazine (New Zealand) and hosted helicopter tour, July 29-Aug. 4.

#### OVB

- Hawai'i Tourism Canada (HTCAN)
  - Assisted with recommendations of itinerary and supported transportation for the group of six agents during the China Top Luxury Tours Agencies FAM, July 23-25.
- Hawai'i Tourism China (HTC)
  - Assisted with development of itinerary and met with the group of 12 agents during the 'Iolani Palace excursion for the HelloWorld Ad Hoc FAM, July 30-31.

## MVCB

- Hawai'i Tourism China (HTC)
  - Hosted Luxury Lāna'i and Maui FAM, Jul. 19 -21, including activities, meals, and ground transportation on Lāna'i and Maui. Seven travel trade executives and one HTC manager/escort participated.
- Hawai'i Tourism Europe (HTE)
  - Provided HTE Germany with information on new openings (luxury/boutique, no big brand/chain) in fall/winter/spring on Maui.
- Hawai'i Tourism Japan (HTJ)
  - Coordinated Island Chapter program for HTJ Workshop and Seminar on island of Hawai'i, July 18.
- Hawai'i Tourism Korea (HTK)
  - Arranged a Haleakalā sunrise tour and snorkel sail for Hyojin Kim, a Korean A-level celebrity and her family, July 10-17.
- Hawai'i Tourism Oceania (HTO)
  - Hosted Fortis Events site inspection and helicopter tour, July 23. Attendees were two Fortis Events meeting planners and one end client.

## IHVB

- Hawai'i Tourism Canada (HTCAN)
  - HTC and IHVB conducted a travel agent webinar on July 18<sup>th</sup> with approximately 30 agents in attendance.
- Hawai'i Tourism Oceania (HTO)
  - Assisted with booking activities and transportation at discounted rates for HelloWorld 12 top agents from Australia and New Zealand focused on selling Hawai'i packages to high value clients.

**“Coming Attractions” for Leisure Market**

	<b>What (Event)</b>	<b>When (Date(s))</b>	<b>Where (City, State)</b>
<b>HTUSA Travel Trade</b>	Cruise Planners Luxury & River Cruise Forum	Aug. 4-9	Cancun, Mexico
	2019 Virtuoso Travel Week	Aug. 10-16	Las Vegas, NV
	HTUSA Leisure Sales Blitz	Aug. 19-22	Minneapolis, MN; Atlanta, GA; Dallas, Houston, TX
	ASTA Global Convention	Aug. 23-26	Fort Lauderdale, FL
	Avoya Land Summit	Aug. 27-29	Fort Lauderdale, FL
	Apple Vacations Tradeshow	Sept. 9	Chicago, IL
	E3 Classic Vacations Educational Event	Sept. 10-13	Cabo San Lucas, Mexico
	Signature Travel Network Owners Meeting	Sept. 11-14	Austin, TX
	Affluent Traveler Collection Symposium	Sept. 11-14	Dana Point, CA
	Apple Leisure Group Summit	Sept. 16-18	King of Prussia, PA
	Travel Industry Exchange	Sept. 18-20	New Orleans, LA
	Delta Vacations University	Sept. 21-22	Detroit, MI
	AAA MidAtlantic Hawai'i Destination Specialist Training	Sept. 25	Baltimore, MD
	ASTA Small Business Network Conference	Sept. 29-Oct. 1	Aurora, CO
	ALG Hawai'i Dinner Events	Oct. 15-17	Atlanta, GA; Baltimore, MD; Pittsburgh, PA
	NEST FEST	Oct. 15-19	Vancouver, BC, Canada
	Ensemble Travel Group Conference	Oct. 23-27	Seattle, WA
<b>HTUSA PR</b>	Individual Media Trip: Sherrie Nachman ( <i>Forbes</i> )	July 28-Aug. 4	Lāna'i, O'ahu
<b>KVB</b>	HTUSA Leisure Sales Blitz	Aug. 18-23	Minneapolis, MN;

			Atlanta, GA; Dallas, Houston, TX
	Kaua'i Master Specialist Program	Sept. 9-14	Kaua'i
	ALG Summit	Sept. 16-19	King of Prussia, PA
	KVB West Coast Media Blitz	Sept. 16-21	Portland, OR; Orange County, Los Angeles, CA
	Kaua'i Master Specialist Program	Oct. 13-18	Kaua'i
<b>OVB</b>	Mailpound Webinar	Aug. 8	
	HTUSA Leisure Sales Blitz	Aug. 19-23	Minneapolis, MN; Atlanta, GA; Dallas, Houston, San Antonio, TX
	Mailpound Webinar	Sept. 12	
	Secondary City Media Blitz	Sept. 9-13	Chicago, IL; Atlanta, GA; Washington, DC; Phoenix, AZ
	IMEX America	Sept. 10-12	Las Vegas, NV
	Wedding Salon	Sept. 16	Washington D.C.
	Wedding Salon Post Sales Training	Sept. 17-20	Richman, VA; Baltimore, MD; Philadelphia, PA; New York, NY
	Mailpound Webinar	Oct. 7	
	Wedding Salon	Oct. 14	Los Angeles, CA
	Wedding Salon Post Sales Training	Oct. 15-19	SoCal Cities TBD
	Pleasant Holidays/Journese OMS FAM	Oct. 21-26	Honolulu, HI
<b>MVCB</b>	NorCal Hawai'i 'Ohana Mahalo Dinner	Aug. 1	Sacramento, CA
	Classic Vacations Maui Nui Presentation	Aug. 2	Corte Madera, CA
	ABC7 KGO "Foodie Call" Chef Promo	Aug. 17-21	San Francisco, CA

	HTUSA Leisure Sales Blitz	Aug. 19-22	Minneapolis, MN; Atlanta, GA; Dallas, Houston, TX
	MVCB Maui Nui Signature Travel Master Specialist Program	Sept. 18-24	Maui, Moloka'i, Lāna'i
	Media Blitz	Oct. 7-11	Boston, MA; Minneapolis, MN; Washington, DC
	Aloha Canada FAM	Oct. 21-25	Maui
<b>IHVB</b>	HTUSA Leisure Sales Blitz	Aug. 19-22	Minneapolis, MN; Atlanta, GA; Dallas, Houston, TX;
	Southwest Airlines Island Training Seminar	Aug. 23	Dallas, TX
	Island of Hawai'i on the Road	Sept. 14-25	Anaheim, San Diego, Costa Mesa, Westlake Village, San Jose, Sacramento, CA; Portland, OR; Seattle, WA
	IHVB Media Blitz	Sept. 30-Oct. 4	New York, NY
	Culture and Mini Press Trip	Oct. 24-29	Hawai'i Island

## Hawai'i Tourism Japan 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### Economy

- Continued stable strengthening of the Japanese Yen against the US Dollar has been observed. The 2019 July average JPY to USD rate finished at 108.22. Gradual strengthening of the Yen raises potential for growth in consumption of travelers as they can purchase more during travels, relative to when the JPY was weaker.
- Japan and Korea continue trade disputes with effects beginning to impact businesses across various sectors, causing some to predict repercussions on the global economy. Should conflicts continue, prices of various goods will rise for consumers, while profits will decline for companies. Drops in tourism between the two nations were observed with airlines trimming flights.
- The Japanese Center for Economic Research announced results of studies on long-term economic landscape for Japan through 2060, indicating that stalled productivity and shrinking population will cause the economy to struggle. The value of intangible assets, need for data sharing mechanisms, and maintenance of an open global economy are viewed as being crucial.

#### Outbound Travel Market

- The Japan National Tourism Organization announced that 2019 June outbound travelers grew by 7% YoY to 1.52 million travelers, recording 16 consecutive months of growth. YTD growth was at 8.6% to 9.54 million travelers, indicating that if just 2.9% growth is achieved in the latter half of 2019, total outbound travelers will surpass 20 million for the first time.
- JTB's studies on outbound travels in the 2019 Summer vacation period found that travels abroad grew by 3.5%, with travel expenditures on international travels growing by 6.2%. Survey studies also found that while travelers grew, more consumers wished to reduce travel expenditures. Most popular travel companions were family members.
- HIS' studies on outbound travels for the summer vacation period found that Honolulu continued to be the most popular destination for travels amongst all travel types. Strong performance is attributed to the additional airlift from ANA's Airbus A380. Popularity of Honolulu was followed by Seoul, Guam, Taipei and Singapore respectively.

#### Competitive Environment

- The Tourism Authority of Thailand announced strategies for 2020, which marks their 60th anniversary. Strategies included the incorporation of sustainability initiatives combined with economic contributions being made, targeting a 10% growth in expenditures. Specific initiatives included the targeting of affluent consumers and first-timers, revitalization of low travel seasons, encouragement of local services/foods and utilization of digital mediums.

- The Indonesian Ministry of Tourism launched a program to promote travels to their Batam and Bintan islands with Singapore held as a hub for visits. The program was launched to encourage foreign travelers from Japan, China, Korea and India to visit the islands via ferry when traveling to Singapore. Singapore was selected for its strong global access and with Indonesia.
- Hong Kong Tourism Board enhanced benefits for their campaign celebrating the Japan-Hong Kong year of tourism. In addition to discount tickets to be used at various hotels and restaurants, benefits for children such as coloring books were added. Campaigns were also launched with travel agencies, whereby participants of select products will be given vouchers to attractions.

### **Consumer Trends**

- Services such as WeChat Pay and LINE Pay are alleviating needs for consumers to carry wallets, as they increasingly store money in digital currency. These services are becoming widely used for all purposes including travels and accommodations.
- As convenience of payment improves and half of all travel bookings now being made via mobile devices, smartphone app developers are beginning to enter the travel trade industry. Japan's main chat app, LINE established a new online booking platform where consumers are able to also search various events, activities and restaurants at their destination.
- Studies found that close to half of Japanese consumers are more inclined to refrain from travels and enjoy their summer vacation holidays locally. Economists suggest that uncertainties relating to the economic outlook are prompting conservative consumption and reduced expenditures.

### **Travel Trends**

- Overall Japanese consumers who have traveled abroad has been growing since 2012. Of the Japanese travelers, females in their 20s traveled abroad most frequently. This segment was characterized as having a strong sense of longing for foreign countries by frequently being exposed to it in their daily lives through factors such as music and SNS.
- Cruise travels are becoming adopted by Japanese consumers. Japanese cruise traveler populations have grown by 1.8% to record levels of roughly 321,000 in 2018. Strong growth in the cruise populations are attributed to the growth in foreign cruise lines increasing frequency to Japan, as the nation becomes a popular destination.
- As the digitization of society continues to grow, connectivity to the internet is viewed as essential even during travels. In response to this demand, Japanese cellular data providers KDDI and Okinawa Cellular launched the waiving of fees for data service for consumers traveling to certain popular destinations including Hawaii during the summer vacation period.

### **Media Trends**

- The rapid aging population, and studies finding that women in their 60s are interested in interacting with friends with high potential to spend on beauty and appearance, are

prompting publishers to adjust strategies to accommodate the new market. A major publisher, Takarajimasha announced the launch of a new monthly magazine targeting women specifically in their 60s.

### **Airlift**

- Inaugural flight for the Fukuoka – Honolulu service by Hawaiian Airlines was announced to be November 26 with ticket sales starting. The service will be operated four times per week with 278 seats. Special inaugural flight rates of 55,000 yen were sold until July 19, raising buzz for the service. To further strengthen positioning in the market, HA and HTJ will be arranging a FAM tour for planning department staff on the island of Hawaii and Oahu in September.
- Studies on consumer airline satisfaction found that overall, Singapore Airlines was the most popular airline amongst Japanese consumers, followed by ANA and JAL in a tie for second. ANA ranked as the most popular for flight attendant service, ground crew service and in-flight entertainment.
- Delta Air Lines announced the revitalization of customer service on international flights in the economy class cabin from November. New services will include the provision of welcome drinks, hot towel service and options for both appetizers and main dishes. This service was initially suggested by cabin crew, for Delta to differentiate themselves from competitors.
- Fuel surcharge rates were raised from 12,000 yen to 17,000 yen from tickets issued after August 1.

### **Market Intelligence/Market Conditions Impact to Hawai'i Travel**

Overall booking pace for Hawaii has been positive, with double digit growth being reported in bookings to Hawaii by major wholesalers. Some difficulties have been reported in sales of charter flight products from the disparity in prices with regularly scheduled flights.

Bookings to the island of Hawaii have also been strong for the summer vacation period, but the issue with the TMT construction may become a limiting factor for bookings should protests continue.

Scheduling for the Fukuoka service was decided with ticket sales beginning, but because reach period is relatively imminent to the launch of service, some predictions for initial struggles have been made. HTJ will work with Hawaiian Airlines to fully support initiatives in revitalizing the Kyushu market, starting with the planned FAM tour in September.

### **Leisure Activity Update**

#### **Consumer**

- Hakken Hawaii (Discover Hawaii) Campaign
  - Japan's most popular TV show covering Hawaii, "Ariyoshi's Summer Vacation", agreed to have the appearing celebrities partake and introduce the Hakken Hawaii

examinations, and will be visiting in July for filming. The show will air in September with an estimated 18,272,371 impressions.

- The music video filmed on the island of Hawaii by Japanese hip hop group, M-Flo, was released to the public on June 25, with sales of the album starting on July 3. A release statement was made together with the launch of sales, resulting in 165 exposures and 3,130,536,680 impressions.
- Collaborative posters and flyers with JCB were displayed and distributed from July 16 at the JCB Lounge in Honolulu. As part of JCB's support for the Hakken Hawaii campaign, all members of the credit card will be offered the benefit of free rides on the pink trolley line. A survey campaign was also launched, set to run through January 15, to collect consumer data.
- The Hakken Hawaii press tour in late May resulted in 40 exposures and 2,827,990,374 impressions.
- The second series of the Hakken Hawai'i Hunter campaign conducted from May through July finished, allowing for collection of over 2,800 consumers' marketing data. The third campaign will start from August and end in November.
- Aloha Program
  - Aloha Program held Hawaii specialist advanced-level seminar and test in Osaka on 7/8. Total 31 members attended and passed the advanced-level test.
  - A webinar titled "Hawaiian myth and history" was held on 7/27. Over 120 specialists attended the webinar to deepen their understanding of Hawaiian mythology and history.
  - A popular Japanese TV program focusing on Hawaii, "Hawaii ni Koishite", continued showcasing the Island of Hawaii and promoted the Aloha Program and Hawaii Specialist Program through its weekly airtime in July to enhance rebranding initiatives, making 159,315 impressions each week. The show also promoted the Aloha Program's new registration campaign from 6/16-7/17, resulting in member growth of 2,898 members and 3,117 consumer marketing data.
  - The third edition of the Aloha Program newsletter focusing on Hawaiian culture was published. This edition featured activities and volunteer opportunities for families during their summer vacation, an interview with Mr. Monte McComber, initiatives of Iolani Palace, a historical tour of downtown, event calendars and a report on the 'Olelo Hawaii seminar.
- HTJ Certified "Konin" Product Campaign
  - The 2019 HTJ Konin (Certified) product campaign with McDonalds Japan was launched on July 3. Starting from June 26, a Twitter campaign was held for four consecutive weeks with a total of 26,859 applications received, allowing for HTJ Twitter followers to increase from 24,826 to 40,413. McDonalds also launched a

commercial for the campaign, while all in store tray mats featured contents of the campaign, including a link to VR footage of the island of Hawaii.

- The Certified product campaign with Kappa Sushi finished on June 15, with the survey campaign being open through June 30. Total applications received reached 48,069, with 44,615 being new records, indicating the campaign's effectiveness in obtaining new consumer data.

## **Travel Trade**

- 2019 Japan Summit on the island of Hawaii
  - As part of recovery initiatives for the island of Hawai'i, HTJ worked with IHVB to arrange a Japan summit on the island of Hawaii. 60 representatives from 24 airlines and travel agencies were invited from Japan, along with 20 local suppliers and 5 travel trade media.
  - Itineraries included a reception party, trade show and a FAM tour to showcase the readiness of travels and various opportunities on the island to the key stakeholders. For the tradeshow portion, 46 marketing partners from 26 entities on the island, together with 70 marketing partners from 41 entities on the other islands participated to discuss opportunities and product development.
  - Participants expressed that the summit was a highly valuable experience and allowed them to better understand the current situation of the island to utilize in their line of work. Attendees also reported that the summit provided a great opportunity to enhance their network amongst local partners.
  - Invitations to influential travel trade media were also arranged, helping to facilitate exposure of branding initiatives. Contents focused on the education of the island of Hawaii within the travel trade industry by sharing its diversity and experiences in each area of the island. Exposures from the summit resulted in 7 exposures with 2,863,300 impressions and AVE of \$71,423.44.
- Island of Hawaii Photo Contest
  - HTJ supported a SNS photo contest campaign with JTB, KNT and JALPAK, aimed at revitalizing Japanese travels to the island of Hawaii. The campaign is called "Island of Hawaii you want to learn about", set to continue through December 31.
  - The campaign entails consumers to upload photos of their experience on the island of Hawaii to raise awareness of the beauty of the island amongst consumers. To recover popularity of travels, a theme of "your memorable experience on the island of Hawaii" was established. In July, a total of 128 images were posted, with campaign page views reaching 4,262.
- Travel Trade Stakeholder Initiatives

- HTJ collaborated with Japanese stakeholder group, Hawaii Association, to arrange a seminar and workshop for travel agents in Sapporo and Sendai. A total of 79 travel agents participated in the educational sessions and will be sharing with their respective companies upon their return. With first-time travelers from regional cities raised as a key target segment, the seminar and workshops were also an ideal opportunity to strengthen relationships with agents in the target region.
- HTJ participated in the bi-monthly JHTA (local stakeholder group) meeting on July 24. Close to 30 members attended the meeting and were shared a report of the Japan Summit, along with updates to the market conditions. Additional topics discussed included the stakeholders' concerns on the expansion of services subject to TAT, such as portorage.

**Public Relations**

During the month of July, HTJ worked with 2 TV, 4 print, and 1 online media. With the 2020 Tokyo Olympics being held in Japan and surfing becoming a new competitive event, HTJ is pitching the story of surfing history and its importance to Hawaiian culture to the media. Additional topics pitched included Hawaii as an ideal destination for workation (work + vacation) and how farm to table concepts are carried out in the Hawaiian Islands through the sharing of various facilities and entities respectively, which engage in these activities.

Total media exposure in July was 130 exposures with 4,044,451,714 impressions and \$2,413,597.36 AVE.

**Sales Activities**

SALES CALLS

Airline	Wholesaler/TA/TO/OTA	Other	Total
2 companies 4 representatives	46 companies 97 representatives	15 companies 27 representatives	63 companies 128 representatives

Summary of key SALES ACTIVITES:

- Overall performance to Hawaii has been relatively positive. Bookings made have exhibited strong growth, but concerns have been raised for the revenue of the industry as growth was achieved mainly through the reduction of prices.
  - Despite reduction of airlift from Osaka balancing demand and supply, package product providers are now reporting a shift where difficulties are observed in securing seats. This is attributed mainly to the heavy discount on package products, prompting FIT travelers to return to package products.
- Travel Trade Industry
    - The second Airbus A380 aircraft came into service in July, being used now on 10 flights per week, leading to a surge in airlift from the market. JTB and HIS currently regularly secure seats on the aircraft, but struggles have been reported for its business and

premium economy classes. Should difficulties in selling seats continue, travel agencies may reduce seat buyouts.

- Although some difficulties were observed for Q2 sales with the Global Destination Campaign, Q3 and Q4 have shown strong growth from most Japanese regions. The Fukuoka market has however showed some signs of lagging from the rest of the market, mainly from the cancellation of services by Delta.
- HIS also began their super summer sale discounts, with strong growth in sales over those of 2018 reported in both Tokyo and Osaka.
- Performance of products incorporating charter flights have been sluggish, with travel agencies leading to reducing prices. Charter products with service from airports that operate regular scheduled flights are showing greater difficulties in attracting consumers over those without. Main reasons for lack of performance are attributed to the disparity in prices with scheduled flights.
- Island of Hawai'i
  - Load factors for direct service to Kona are reported to be returning. Concerns have been raised for the effects that the TMT protests may entail to cause visitors to the island to decline again.
  - Travel trade partners participating in the Japan Summit all provided positive response to their attendance of the event. Arrangement of meetings with local suppliers in the actual atmosphere of the island, combined with the opportunity to experience Volcanoes National Park was reported as being a truly beneficial experience.

### **Brand Experience Update**

- Hawaii Food and Wine Festival: HTJ accompanied the CEO of the Hawaii Food and Wine Festival's sales initiatives in Japan to enhance participation. Meetings were held with credit card companies to discuss promoting attendance to members.
- Responsible Tourism: HTJ was interviewed by Mainichi Newspaper sustainable and responsible tourism initiatives in Hawaii. As Japan is facing over-tourism from the growth in inbound visitors, Hawaii is being viewed as a sample for sustainable initiatives. 9,885,138 impressions with AVE of \$210,643.63 was obtained.
- Prince Lots Festival: HTJ promoted and raised awareness of the Prince Lots Festival through the official portal site and various SNS platforms.
- NOAA: HTJ assisted NOAA to proofread their Japanese rack card for protecting marine life. HTJ presented redesign and typesets of the Japanese rack card to NOAA for their review.
- Workshops and webinars were conducted through the Aloha Program to raise awareness of Hawaiian culture and history amongst roughly 150 members.

**Island Chapters Engagement Update**

- HTJ worked with IHVB to plan the Japan Summit on the Island of Hawaii. IHVB assisted HTJ in reaching out to the Island’s stakeholders including Hilton Waikoloa Village, Waikoloa Beach Marriott and Four Seasons Resort Hualalai to be main accommodation and/or venues for the event. Partner attendee lists from both Japan and Hawaii, along with planned itineraries were also shared with all Island Chapters.
- Discussed with IHVB on new product development. Because July is a key season for Japanese wholesalers, many potential opportunities including the Puna situation were discussed.
- HTJ worked with KVB to share information on recovery of Kauai’s North Shore, including Haena State Park on the allhawaii.jp site.
- Continued working with OVB on Kuleana "Share the Aloha" Educational Videos

**“Coming Attractions” for Leisure Market**

What	When	Where
Aloha Program Advance Seminar & Test	August 2	Tokyo
Ukulele Paina	August 24 – 25	Kanazawa
JATA Hokkaido Seminar	August 28	Sapporo
Hawaii Camera Girls Photo Shoot	September 9 – 17	Maui
Aloha Program Members event & talk show	September 12	Tokyo
HA x HTJ Kyushu Planning FAM	September 16 – 21	Island of Hawaii & Oahu
RKB Fukuoka	September 21 – 24	Fukuoka
Hawaii Specialist Seminar at RKB Fukuoka	September 22	Fukuoka
Tourism Expo	October 24 – 27	Osaka

## Hawai'i Tourism Canada MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### **Economy**

Since the end of the recession in 2009, Canada's economy grew at a rate that supported outbound leisure travel. This trend began to change along with weak economic performance in 2014 and faltered through 2016 before regaining momentum. In 2017, the economy strengthened significantly boosting real disposable income, household spending, and the value of the Canadian dollar, which in turn bolstered outbound travel activity. Then, the landscape changed in 2018. While GDP growth was more normal, the economy advanced just 1.8 per cent.

Looking forward, amidst trade wars, political uncertainty, and instability in emerging markets, Canada's economy is expected to grow just 1.4 per cent in 2019. Nevertheless, job and wage growth remain strong and household income is on the rise. Furthermore, even though consumer spending has slowed, it is expected to pick up again in the latter half of 2019.

Price continues to be a deterrent for some markets, but the exchange rate is no longer an acute shock and travellers have been known to adapt their spending patterns when value is less accessible. The loonie did experience a backward slide in the second half of 2018 losing all the growth recorded at the beginning of the year but has not fluctuated significantly since then. This pattern of stability is expected to continue with the dollar forecasted to see an average value in the mid- to high-seventy cent (\$USD) range through 2023. In addition, the Euro is expected to average \$1.45 CAD over the next few years and the Pound is forecast to average \$1.50 CAD, though additional devaluation can be expected if a "no deal" Brexit occurs.

#### **Outbound Travel Market**

Canadians made 14.37 million overnight trips to the U.S. and other outbound destinations during the first five months of 2019, an estimated increase of 1.3 per cent compared to the same period in 2018. Of this total, more than 11.1 million trips were for leisure purposes. During the period, overseas leisure travel increased slightly (0.5%), while trips to the U.S. grew an estimated 1.4 per cent. The first month of the 2019 summer travel season saw Canadians take almost 2.67 million overnight outbound trips, compared to 2.62 million in May 2018.

#### United States

Canadians made an estimated 8.18 million overnight trips to the U.S. throughout the first five months of 2019, compared to 8.03 million in 2018. During the period, overnight trips by automobile declined -3.9 per cent while travel by other modes grew 7.7 per cent<sup>2</sup> as direct air arrivals in a number of popular destinations experienced increases. Almost all of the tracked destinations in Florida, California, Texas, Nevada and Hawaii have posted increases in direct air arrivals so far this year. During the period, the average CAD/USD exchange rate was just \$0.75, a decline of -4.8 per cent compared to 2018.

#### Hawai'i

After faltering in 2016 as the loonie plummeted, pent-up demand and new capacity boosted tourist activity in the subsequent years. Hawaii saw 534 thousand Canadian visitors in 2018, a new record volume. Historically, the majority of arrivals were indirect, in that the flights departed from or connected through a U.S. airport. However, as new capacity has become available, the share of direct arrivals

has increased substantially. Direct arrivals increased 3.0 per cent in 2018 to account for three-quarters of visitors. Prior to 2014, lower taxes and fees and a loonie that averaged in the high-ninety cent range prompted 4-in-10 Canadians to travel to Hawaii via the U.S.

Looking forward, carriers are currently reporting a small increase in direct capacity (1.7%), which is expected to result in 400 thousand direct visitors in 2019; a similar volume as in 2018. Along with indirect arrivals, overall visitation to Hawaii is forecast grow at an average annual rate of 2.4 percent through 2023.

## **Competitive Environment**

### Asia, Oceania and the South Pacific

There were 1.6 million Canadian arrivals in key destinations in the Asia/Pacific region throughout the first five months of 2019, a 1.6 per cent increase compared to the previous year. During the period, Japan, Singapore and Australia saw the largest proportional increases in visitors, while arrivals in China and Hong Kong saw a decline in activity. After recording a 2.4 per cent increase in arrivals throughout the winter travel season, the first month of the summer saw a slowdown in activity with arrivals from Canada growing 1.7 percent.

### Caribbean, Mexico, and Central America

There were almost 3.3 million Canadian arrivals in destinations in Mexico, the Caribbean, and Central America throughout the first five months of 2019, a year-over-year increase of 5.6 per cent. Of the larger volume destinations, arrivals in Mexico grew 8.6 per cent, while travel to Cuba grew 2.8 per cent and the Dominican Republic recorded an increase of 0.4 per cent. Following a strong winter season, the first month of the summer saw activity in sun destinations grow 4.6 per to 284 thousand arrivals.

## **Consumer Trends**

The national consumer confidence rating was 121.0 points in July, an annual increase of 4.2-points, and a 1.7-point increase compared to the score recorded in June. The improvement in the index is linked to better scores related to finances as almost one-fifth (18.8%) of respondents indicated that their current financial situation had improved over the last six months, a significant improvement from June. The overall attitude regarding purchase intentions also increased compared to last year, as one-third of Canadians indicated now would be a good time to make a major purchase.

## **Travel Trends**

While the recent influx in consumer activity did contribute to record levels of consumer debt, Canadians' continue to be interested in consuming experiences like tourism rather than buying material items.

This trend is applicable to most demographic cohorts but is particularly true for Gen Z and Millennials. A U.S.-based study by Expedia found that nearly half of Millennials would sell their clothes or furniture in order to travel more. More than one third of Gen Z said they've chosen a travel destination because they saw it on social media, and one-fifth said they have stayed at a specific hotel or destination in order to score social media "likes". Overall, three-quarters of respondents said they prioritize their discretionary spending on experiences rather than products.

## **Media Trends**

Branded content ads have now been rolled out for Instagram. This allows businesses to run ad campaigns from partnered creators/influencers to help them reach new audiences in new ways. Previously, we were unable to boost creator/influencer posts that were associated with our brand, but now we can like they are our own.

## **Airlift**

- Air Canada and WestJet offered 290 thousand direct seats to Hawai'i throughout the first five months of 2019.
- During the period, Air Canada offered 10.8% more seats and WestJet increased direct capacity by 3.7%.
- So far this year, Air Canada has increased service from Toronto and Vancouver, while WestJet expanded service from Calgary and Vancouver.

## **Market Intelligence/Market Conditions Impact on Hawai'i Travel**

- Direct competing destinations have seen growth in the arrival of Canadians as well as Hawai'i. The sustainable employment rate and strength of the loonie is inspiring Canadians to travel abroad.
- Increased non-stop service to Hawai'i (Air Canada 10.8%/ WestJet 3.7%) vs. the same first six months of 2018.

## **Leisure Activity Update**

### **Consumer**

- Social media activity has been ongoing for Twitter, Instagram, and Facebook.
- HTCAN continues to fulfill a significant number of requests for Travel Planners and responds to consumer enquiries received from the GoHawaii website, now through Zeta.

### **Travel Trade**

- Preparations for Fall Air Canada Vacations Trade shows are ongoing (Vancouver, BC., Calgary, AB., Halifax, NS., Montreal, QC., and Toronto, ON.)
- Aloha Canada itinerary proposal waiting for authorization by HTA
- Spoiled Agent Webinars are running from July through December, each one of the six islands will have a 30 min webinar
- Plans and communications to arrange the Flight Centre/Flight Centre Holidays O'ahu and other island, tentative Island of Hawai'i.
- Weddings and Honeymoons Webinar with Romantic Planet Vacations
- All dressed in White Bridal show in partnership with Maritime Travel

### Public Relations

- Jim Byers was in destination from July 22- 31. Molokai & Lanai.
- Group press trip confirmed for November 4-8 for Island of Hawaii
- Media outreach for individual press trips for remainder of 2019
- Press release distribution: What’s New in Hawaii.
- 2020 planning in progress.
- Updated Meltwater keywords for better capture of media coverage.

### Sales Activities

Airline	Wholesaler/TA/TO/OTA	Other	Total
2	30		32

#### Flight Centre, Richmond, BC – Lance Panerio, International Travel Consultant

Lance is Hawai'i specialist born and Raised in Hawai'i with a lot of knowledge and experience. 90% of his sales consist of packages to the islands that he customized under the Flight Centre “Better Beaches” program.

#### Flight Centre Premium West, West Vancouver, BC – Clea Elosie, Travel Manager

Clea requested a lunch and training for 10 agents during the LDV conference at Flight Centre headquarters in Vancouver. The training covered Hawai'i culture, geography, flight options, main attractions and weddings and honeymoons. Laurier Du Vallon (LDV) has partnered with Flight Centre to offer its clients a refined selection of luxury-focused products and services. This partnership will catalyze the growth of Laurier Du Vallon across the country, which now includes their first location in Western Canada, “Flight Centre Premium West.” The company is a proud member of Virtuoso Travel, the most exclusive network of travel professionals in the world.

#### Expedia CruiseShipCenters, Port Coquitlam, BC – Don Adam, Franchise Owner

Don encourages his staff to book cruise options in conjunction with a land component when visiting Hawai'i. According to him, the islands are trendy among frequent cruisers. They have been there before, and when they travel again, they like to visit different islands and enjoy some time out of the ships. He says that there is always a demand for cruises in Hawai'i, especially during the reposition period when cruises navigate from Vancouver to Hawai'i, it is an excellent option to relax with plenty of days in the sea. He has noticed a few inquiries for Back to Back cruise journeys in Hawai'i.

#### Romantic Planet Vacations, Hamilton, On - Kim Larsen, Agent Program Director

Kim requested a Wedding webinar for 20 agents Travel Agents in her company. “Romantic Planet Vacations” is a Niche Boutique Travel Agency with over 20 certified Destination Wedding and Honeymoon Specialists in Canada. Hawai'i is a common request they receive, but the agents aren't as familiar with Selling Hawaii including off-site Wedding Venues, Planners, Resorts and Hotels and

legalities as they are with Mexico and the Caribbean. We will have an exclusive webinar with them on August 14 with a Q+A at the end.

**Brand Experience Update**

HTCAN continues to actively promote events and festivals through e-communications, social media activity and to journalists

**Island Chapters Engagement Update**

- 6 webinars were offered to the Island Chapters: O’ahu and Island of Hawai’i are already booked for August. One island a month was proposed for the following months:
  - July 18<sup>th</sup> – Island of Hawai’i
  - August 29<sup>th</sup> – O’ahu
  - September 18<sup>th</sup> – Kaua’i
  - October 15<sup>th</sup> – Maui
  - November 20<sup>th</sup> – Moloka’i
  - December 18<sup>th</sup> – Lana’i
- All Island Chapters have confirmed their participation in Aloha Canada 2019.
- O’ahu and Island of Hawai’i supporting Flight Centre Fam trip (Dec 11 – Dec 18).
- All islands engaged on individual media fams and IoH on the group media FAM.

**“Coming Attractions” for Leisure Market**

<b>What</b>	<b>When</b>	<b>Where</b>
Weddings and Honeymoons Webinar with Romantic Planet Agents	August 14 <sup>th</sup> 2019	Across Canada
Spoiled Agent webinars	August 29 <sup>th</sup> – O’ahu September 18 <sup>th</sup> – Kaua’i October 15 <sup>th</sup> – Maui November 20 <sup>th</sup> – Moloka’i December 18 <sup>th</sup> – Lana’i	Across Canada
Air Canada Vacation Product Launch	September 10, 11, 13, 17, 19	Calgary, Vancouver, Halifax, Montreal, Toronto
All dressed in White Bridal show with Maritime Travel	September 29 <sup>th</sup> 2019	Surrey, British Columbia.
Aloha Canada shows	October 22, 23, 24,	Vancouver, Calgary, Toronto
TravelWeek campaign	August – December	Across Canada except Quebec

## Hawai'i Tourism Oceania MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### Economy

##### Australia

The economy remains subdued, weighed down by a protracted period of low income growth and declining housing prices. Increased investment in infrastructure is providing an offset and a pick-up in activity in the resources sector is expected, partly in response to an increase in the prices of Australia's exports. The outlook for the Australian economy remains reasonable, with the main domestic uncertainty around consumption, although a pick-up in growth in household disposable income is expected to support spending. The Australian dollar traded slightly higher in July compared to the previous month, at US\$0.70.

##### New Zealand

The New Zealand economy is still looking for more growth and recent drops in the Official Cash Rate have been designed to help this. On a positive note, the unemployment rate was 3.9% in the June 2019 quarter, down from 4.2% in the March 2019 quarter. Meanwhile the New Zealand dollar has had a soft month dipping below US\$0.65.

#### Outbound Travel Market

##### Australia

##### Short Term Resident Returns May 2019

When comparing figures between May 2018 and May 2019, the highest percentage increases were recorded for India (11.8%), Japan (4.9%) and Indonesia (2.8%). The highest percentage decreases were recorded for Singapore (-9.8%), the United States of America (-4.2%) and Thailand (-0.5%).

	Trend	Seasonally Adjusted	Original	Apr '19 to May '19	May '18 to May '19
Country of Stay(a)	'000	'000	'000	Trend % change	Trend % change
Indonesia	109.8	112.9	113.3	0.5	2.8
United States of America	88.5	91.9	95.0	0.3	-4.2
New Zealand	118.9	120.2	90.2	-0.3	0.3
China (excludes	50.7	53.0	59.6	-0.1	0.5

SARs & Taiwan)					
United Kingdom, Channel Islands and Isle of Man	55.6	59.1	47.8	0.3	0.0
Thailand	47.1	49.0	47.5	0.6	-0.5
Japan	41.2	44.1	41.7	1.4	4.9
Fiji	28.7	29.1	28.4	0.7	0.7
India	35.7	38.7	28.4	1.1	11.8
Singapore	32.3	31.3	27.4	-0.8	-9.8

Source:ABS

The number of Australians visiting the Hawaiian Islands is down 7.0% at the end of June (143,636 compared to 154,461 in 2018). Average length of stay is slightly down (-2.5%) however remains stable at around 9.5 days. The number of repeat visitors is up slightly (52.5% compared to 50% a year ago). As the above table shows there is a downward trend for travel to the USA in general.

**New Zealand**

The number of New Zealand residents travelling overseas in May 2019 was up 3,500 from May 2018, to 235,200. The biggest changes were the following destinations: Australia (up 2,100); United States (down 1,800); United Kingdom (up 1,500).

Source: Statistics New Zealand

**Competitive Environment**

**Australia**

- The Las Vegas Convention and Visitors Authority will hold its annual sales mission in Australia and New Zealand from August 19-22, visiting Auckland, Melbourne and Sydney.
- Singapore Airlines and Japan National Tourism Organization have entered into a cooperative agreement to increase visitors to Japan. They will invest in joint marketing activities to promote tourism to Japan from Australia, Singapore, India, Indonesia and Malaysia.
- Tourism in the South Pacific had a strong year in 2018, with 3.16 million visitor arrivals and visitor spending of US\$3.8 billion

**New Zealand**

- Bali again is the recipient of good news: Air New Zealand is boosting its seasonal Bali service for 2020, increasing capacity on the route by 80%, or 30,000 additional seats, compared with the current season.

**Consumer Trends**

**Australia**

- A Nielsen Holdings study shows that more than 2.2 million Australians intend to have an eco-tourism experience in the next 12 months, both in Australia and overseas. Nearly three quarters of these travelers believe that companies should tell them more about how they are making a positive difference to society.

### **Travel Trends**

- Prices for airfares and hotel rates in Australia are forecast to rise more than the global average in 2020 according to the *Global Travel Forecast*, released by CWT and the Global Business Travel Association. Airfares in Australia will rise by 4.7% and hotel rates will increase by 4.4%, compared to global growth of 1.2% for flights and 1.3% for hotels. With more international routes opening up into Australia and more international travelers, there is compression in the supply of hotel rooms in major and secondary cities. Domestic business travel will also increase due to the weakened Australian dollar.
- Travel Counsellors has achieved a total transaction value of \$1.03 billion between November 2017-October 2018, a 14% increase year on year. In the 12 months ending June 30, total turnover increased 21%, achieving a 13<sup>th</sup> consecutive year of growth.
- A recent report revealed insights into the Gen Z traveler. And that big plans, a sense of adventure and a focus on sustainability, is how Gen Z may help change the future of travel.

### **Media Trends**

- Hoshino Resorts in Japan has launched a year-round 'Digital Detox' stay at its five hotels, allowing guests to hand in their digital devices at check in, allowing them to immerse themselves in cultural activities such as swordsmanship and fishing.
- News Corporation, one of Australia's biggest media companies, is building a one stop travel destination for consumers, as it leverages its new Escape website, by merging print and digital operations.

### **Airlift**

#### Australia

- Hawaiian Airlines will have an additional weekly flight on its Brisbane – Honolulu route over a four week period during September/October.
- Qantas will commence two new US routes from Brisbane in early 2020, with flights to San Francisco and Chicago (three and four times weekly). Fares will start from \$999 to SFO and \$1200 return to Chicago, providing travelers with competitive options to visit alternate US destinations.

#### New Zealand

- As mentioned previously, Air New Zealand is boosting its seasonal Bali service for 2020, increasing capacity on the route by 80%, or 30,000 additional seats, compared with the current season.

### **Market Intelligence/Market Conditions Impact to Hawai'i Travel**

#### Australia

In the first six months of 2019, the downward spiral of the Australian dollar, combined with modest wages growth and an uncertain political environment, stymied spending on discretionary goods. With the Federal Election now over and tax cuts coming into effect, it is hoped this will stimulate spending. There was a decline in airlift in Q2 out of Melbourne as Jetstar reduced its number of flights based on forward demand (-14.9%). HTO continues to promote only in Hawai'i experiences and multi island

itineraries to our target traveler groups. In August, an integrated Romance campaign will launch with consumer and trade campaigns, PR activity and trade show attendance to target the key couples market.

### New Zealand

The market continues to see the impact of the reduction in air seats to Hawai'i with another month of arrival declines. Currently this decline is slightly less than the total air capacity decline. One of the key focusses continues to be around increasing the Neighbor Island share of visitation.

## Leisure Activity Update

### **Consumer**

- **HTO Blog:** Articles published on the blog and promoted on our EDM this month were:
- Perfect Dinner Dates Across the Islands: <https://www.gohawaii.com/blog-down-under/perfect-dinner-dates-for-two-in-the-hawaiian-islands>
- National parks and trails on the Island of Hawaii: <https://www.gohawaii.com/blog-down-under/national-parks-and-trails-on-the-island-of-hawaii>
- **Independence Day:** HTO attended the US Embassy Independence Day event in Wellington which included an opportunity to meet with Embassy and Consulate staff, as well as business and government US partners.
- **Consumer Newsletter July:** HTO sent out a consumer EDM aligning with social media content that had a spotlight soft adventure/ Nature. Results: 118,331 recipients, 26,903 (16.1%) opens and 3,520 link clicks.
- **American Chamber of Commerce:** HTO has been named as a finalist in the Contribution to Travel category. The winner will be announced at the end of August.

### **Travel Trade**

- **Ignite (MyHawaii) Romance Cooperative Campaign (July- Sept)**  
HTO in conjunction with Ignite launched a multi-channel integrated cooperative campaign targeted at couples. The 9-week campaign features package deals and promotes the Hawaiian Islands as the perfect destination for honeymoons, wedding and romantic celebrations. The couples packages will be promoted across MyHawaii's Digital channels, press advertising and social media.
- **Trade e-Newsletter, July Edition**  
This was the third edition of our trade newsletter that was sent on July 3 featuring our annual showcase, Aloha Down Under, along with providing park updates, new products and tours. The newsletter received a 38.7% open rate (10% increase from the May newsletter). Top three articles clicked was Aloha Down Under, Travel Weekly Famil recap and Go Hawai'i blog article "What Type of Foodie are you?". We will continue to send our trade newsletter every second month, alternating with the MICE Trade eDM.
- **Flight Centre Trade Famil – Island of Hawaii Educational Famil - July 22 to 27**  
HTO partnered with Flight Centre in Brisbane on a new initiative for their educational famils. The initiative was tested with the Brisbane retail market only and included a call to action for agents who sought an opportunity to further their knowledge on the destination and increase their conversion in sales. Interested agents were required to have a minimum of 2 years tenure with FC, achieved a revenue benchmark in Hawai'i packages and funded their own flights. The itinerary was a short three nights on the Island of Hawai'i where agents experienced a snorkel adventure, a zipline tour,

a volcano walk along with some time to explore Kona and Hilo on their own. HTO supported with providing connections to island partners.

- **Helloworld/Viva Holidays Trade Famil – Island of Hawaii Specialist Famil - July 25 to 31**  
HTO partnered with Helloworld to award 12 agents from AU and NZ who have achieved top sales during the May Helloworld campaign (May 1 – 31) which focused on selling Hawai'i packages (air and land). The itinerary included five nights on the Island of Hawai'i where agents experienced the natural beauty of the island by zipline, a snorkel adventure and volcano tour. Agents were also able to participate in unique activities such as a royal court luau, coffee roasting and flumin' ride through the Kohala ditch. HTO worked with IHVB on ground support (activities, transfers and meals) and Hawaiian Airlines provided flights. This famil provided island partners valuable exposure to top selling agents with high yielding clientele.
- **House of Travel**  
HTO is partnering House of Travel, Hawaiian Airlines, MVB, KVB & IHVB to showcase Neighbor Island travel from the NZ market. The partnership includes editorial standalone features in the NZ Herald.
- **Aloha Down Under**  
HTO's annual roadshow, Aloha Down Under (ADU), is happening across Brisbane, Melbourne, Sydney, Parramatta, Christchurch and Auckland in August. ADU involves travel agent workshop evenings as well as business-to-business (B2B) and media networking events. It is an opportunity for our Hawai'i industry partners to visit Australia and New Zealand to engage with the local travel industry. Each event provides partners with the opportunity to meet travel professionals face-to-face, share destination and product information, and develop important business relationships with key contacts in the Oceania market.  
In July, HTO liaised with the Hawai'i partners to ensure they were prepared for the week-long event. HTO worked with key trade contacts to distribute and advertise the roadshow through their internal communications. We also leveraged key trade media (Travel Weekly, ETB Travel News) to promote and invigorate a wider audience.
- **Aloha Fridays**  
Every second Friday, Travel Weekly will include an 'Aloha Friday Wrap' featuring Hawai'i news in their newsletter that goes out to 14,200 people in the travel industry. The website can be found at <http://www.travelweekly.com.au/tag/aloha-down-under/>. This month the articles featured the following activities:
  - Say Aloha: Hawai'i Tourism Oceania's Roadshow is Back!
  - How to make the most of summer on the Island of Hawai'i: The Ultimate Guide
  - The Island of Hawai'i's Ultimate Summer Guide, Hawaiian Airlines' Inflight Entertainment Update + MORE
  - New Rules Kick in for Kaua'i's Hā'ena State Park
  - All the Highlights and Photos from Hawai'i Tourism Oceania's Week-Long Sales Mission
  - Hawai'i's Perfect Dinner Date Venues for your Loved-Up Clients
  - Five Ways to Experience Hawai'i's Natural Wonders
  - HTO Wraps a Week-Long Sales Mission, Hawaiian Airlines Agent Incentive Winner + MORE

## Public Relations

During July, Hawai'i Tourism Oceania worked with a number of different media on publicity opportunities across print, digital and broadcast. The purpose of these activities was to continue planning for the remainder of 2019 and the beginning of 2020.

For broadcast activities, Hawai'i Tourism Oceania corresponded with Paul Burt from the television show 'Step Outside With Paul Burt' in regards to his upcoming trip to Hawai'i. Hawai'i Tourism Oceania assisted Paul with ground arrangements, in conjunction with Hilton and Hawaiian Airlines who also assisted.

During July, the protests of the Mauna Kea telescope were featured in print and online media throughout Australia & New Zealand.

PR Value Total: \$1,028,347.94

- Broadcast Value: N/A
- Print Value: \$701,318.20
- Online Value: \$327,029.75

Reach Total: 23,159,458

- Broadcast Reach: N/A
  - Print Reach: 8,386,381
  - Online Reach: 14,773,077

## Sales Activities

### SALES CALLS

Airline	Wholesaler/TA/TO/OTA	Other	Total
<b>2</b>	<b>7</b>	<b>5</b>	<b>14</b>

### Summary of Key SALES ACTIVITIES:

- Hawaiian Airlines, monthly catch-up with key Business Development Managers
- Flight Centre, partnered on educational fam to Island of Hawai'i
- Viva Holidays, partnered on incentive fam to Island of Hawai'i
- Travel Counsellors, partnering on Top Producers fam at the end of the year and discussed potential conference opportunity next year
- HTA – Jennifer Chun, provided update on HTA priorities and market research
- HVCB – Jeffery Eslinger, provided update on HVCB initiatives and market intel resources
- Hyatt Global Sales – Cathy Sinnett, interested in partnering with HTO on potential agent opportunities later this year
- Aqua-Aston, met new account manager from Linkd Tourism, provided update on how HTO can support and upcoming events
- Call with Qantas regarding NFC
- Webjet – Michael Zhang regarding potential leisure campaign
- Travelport regarding research insights and potential campaign activity
- National Geographic regarding Eco Traveller filming.
- Visit USA meeting, including companies with US connections
- Travel Managers to discuss top sellers fam/incentive

## **Brand Experience Update**

- Sea Cleaners Initiative: The plans for the HTO initiated Sea Cleaners project are coming together. This year the number of Youth Ambassadors travelling to Hawai'i have expanded to encompass NZ, Australia and Japan. This fits well with the concept that the Pacific Rim and Hawai'i are

connected and should have a common goal around reducing the amount of plastics in our oceans. This year’s group will travel the Island of Hawai’i in September for International Coast Clean-up Day. HTO, in partnership with the IHVB are coordinating sustainable tourism experiences alongside the Sea Cleaners beach cleans and school visits.

**Island Chapters Engagement Update**

- HTO has scheduled bi-monthly conference calls with each of the Island Chapter teams. We are currently working on the below activities:
- HTO partnered with IHVB and OVB for a specialist famil with Helloworld/Viva Holidays and educational famil with Flight Centre
- HTO working with MVB on a product manager famil in August, partnership with Brand USA and Hawaiian Airlines
- HTO is working with KVB and OVB on an incentive famil for Travel Counsellors in December
- HTO has confirmed OVB specialist famil for March 2020
- HTO had a conference call with OVB to discuss upcoming Romance campaign
- HTO is partnering MVB, KVB and IHVB as part of a Neighbor Island spotlight with House of Travel and the NZ Herald

**“Coming Attractions” for Leisure Market**

What	When	Where
Aloha Down Under Showcase	August 5 - 13	Brisbane, Melbourne, Sydney, Parramatta, Christchurch, Auckland
Expedia Couples getaways campaign	August 15 – Sep 15	Online
National Geographic Eco Traveller and Sea Cleaners filming	September 16 – 24	Island of Hawai’i
Sea Cleaners Ocean Clean-up Day	September 21	Island of Hawai’i
National Geographic Campaign Launch and broadcast	October 8 - November	Australia - National

## Hawai'i Tourism China 2019 MONTHLY LEISURE MARKETING REPORT – JULY

### Market Intelligence/Market Conditions

#### Economy

##### China Mainland

- **Economy:** In the first-half of 2019, China's GDP grew 6.3% YOY, in line with market expectations.
- **Currency:** In Q2, currency exchange rate depreciated further to 6.9 CNY to USD in light of Sino-U.S. trade tensions.
- **Unemployment Rate:** The unemployment rate decreased to 3.67% in Q1 2019 from 3.8% in the Q4 2018, reaching a record low since 2002.
- **Consumer Confidence:** Consumer confidence decreased to 123.40 Index Points from 125.30 in May 2019.

##### Hong Kong

- **Economy:** Hong Kong's economy expanded modestly by 0.6% YOY in Q2 2019 but fell below market expectations of 1.6%. With the likely deceleration in global economic expansion, continuous protests and the increasing uncertainties from the external environment, the Government's forecast of Hong Kong's economic growth for 2019 is indicating towards south.
- **Currency:** Hong Kong dollar and U.S. dollar maintained an exchange rate of 7.81 HKD to 1 USD as of July 24.
- **Unemployment Rate:** The unemployment rate remained at 2.8% in July.
- **Consumer Confidence:** Government is forecasting Hong Kong's consumer prices to increase by 2.5% in 2019. The prolonged protest may cause a loss of consumer confidence.
- **Political Impact:** Hong Kong's political future is being impacted by the ongoing extradition bill protests. HTHK and industry watchers are keeping a close eye on unfolding events for further updates.

#### Outbound Travel Market

##### China Mainland

- According to *Global Destination Cities Index* by Mastercard, Mainland Chinese are traveling overseas for business and leisure in greater numbers than ever before in 2018, jumping from No. 7 in 2009 to No. 2 today, falling just behind the U.S. With regards to the Chinese top outbound destinations, the U.S. ranked third after Thailand and Japan as a leading favorite destination.

- In the first half of 2019, data from the U.S. National Travel and Tourism Office (NTTO) found that Chinese visitors traveling to the U.S. fell 3.1% to 1.4 million amidst the development of the Sino-U.S. trade war.

### **Hong Kong**

- Hong Kong's Travel Industry Council stated that the number of air tickets transactions in July has risen by 1.8% YOY to 955,503 transactions. The Hong Kong outbound travel market continued to grow.
- Hawai'i was voted as the Best Islands in the World by Travel + Leisure, Condé Nast Traveler and TripAdvisor which also influenced the travelers' mindset in Hong Kong. Maui boasts more publicly accessible beaches than any other Hawai'i island but it's the Road to Hana that captivates the bucket listers.

## **Competitive Environment**

### **China Mainland**

- According to TripAdvisor, Chinese travelers marked the most significant increase in page views in researching UK destinations, growing by 133% YOY.
- As stated by Japan's Ministry of Transport and Tourism, Chinese visitor numbers rose 11.7% YOY to 4.5 million in the first half of 2019. They are also the biggest spenders, generating JPY 895 billion (USD 8.3 billion) in revenue in the same period.

### **Hong Kong**

- Air New Zealand launched a flight ticket sale in July with a price from USD 396 for routes between Australia and Hong Kong. The promotion also included flights from Hong Kong to Sydney, Melbourne, Brisbane, Cairns and Perth.

## **Consumer Trends**

### **China Mainland**

- According to *Chinese Tourist Summer Outbound Travel 2019* released by Fliggy & Alipay, more than 20% of Chinese outbound travelers spent over USD 1,500 (not inclusive of flights and accommodations) on overseas travel. Among which, 50% travelers selected Alipay as their first choice for payment while 40% have used Alipay to process tax refund. Mobile payment will become a primary driving force in travel consumption.
- China Tourism Academy (CTA) and Meituan, a Yelp-like Chinese online City Guide, stated that Chinese Millennials enjoy vibrant nightlife and experiences, a growth of 47%YOY, according to China UnionPay. The mobile social lifestyle led young people to staying awake late into the nights.

### **Hong Kong**

- From adding a brief 24-hour getaway, to an additional week spent on the beach, more travelers extend their work trips to enjoy a holiday in the rising 'Bleisure' trend.

## Travel Trends

### China Mainland

- According to the Summer Holiday Outbound Travels Report released by Tongchen, night tours and experiences are becoming a favorite travel trend e.g. lighting shows of city's landmarks, theme parks and opera houses.
- China's online and offline customized travel market was worth RMB 100 billion (USD 14.56 billion) in 2018, a growth of 15.6% YOY, as reported by China Economic Net. As living standards and spending power continues to improve, the market will aspire for more customized travel itineraries.
- At the 2019 Global Premium Tailor-made Travel Summit, travel professionals stated that customized itineraries, island travel and experiences are trending. With the influx of travelers, travel agents have the responsibility to educate customers on the need for conservation and protecting sensitive eco-environments, these are important findings relevant for the Hawaiian Islands.

### Hong Kong

- Hawai'i is included in the list of the Top 6 Most Insta-grammable Natural Beaches in the World by South China Morning Post.

## Media Trends

### China Mainland

- According to CSM Media Research, radio listenership within vehicles have increased by 4.1% YOY, bucking a worldwide declining trend. China's strong growth in car ownership and strict prohibited mobile usage while driving, imposed by authorities, contributed to the increase. In addition, urban traffic congestion further extended the average length of tuning in. The number of radio listeners reached 401 million in 2018 with an average of daily listening time of 104 minutes. Radio broadcast medium in vehicles are fast becoming an important promotion platform for brands.

### Hong Kong

- Adventure travel is growing exponentially on Hong Kong's social media and represents a huge opportunity to promote uniquely Hawai'i thrilling experiences via Facebook and Instagram.

## Airlift

### China Mainland

- Due to Beijing airport runway repairs and the loss of Boeing 737 MAX, Air China announced its suspension of around 12% of its flights worldwide and the reduction of 10 routes. The North American routes including Beijing-Honolulu as well as Beijing-Vancouver will be discontinued.

## Hong Kong

- With effect from October 27, 2019, United Airlines will discontinue its four-times-weekly Guam-Hong Kong service. As United is the only carrier with a direct service between Hong Kong and Guam, this development will negatively impact the route for HKG – HNL via Guam, the most popular way for Hong Kongers to visit Hawai'i. Hong Kong office is currently in discussion with United on special offers for the alternative route via Tokyo Narita.

## Market Intelligence/Market Conditions Impact on Hawai'i Travel

### China Mainland

Air China recently announced its suspension of direct flights between Beijing - Honolulu. This reduction of air service will impact visitation to Hawai'i from China significantly starting in August. Since the announcement, HTC has reached out to key representatives of China Eastern Airlines, Korean Air, ANA and Hawaiian Airlines to discuss collaborations and special promotions to minimize the potential lost of market share for Hawai'i.

### Hong Kong

Hong Kong is beginning to be impacted by the economic cost of ongoing protests against the government's extradition bill, as the disruption risk driving away local shoppers and tourists. During this sensitive period, HTC-HK's social media campaign took into account local sentiments and made efforts to avoid overly commercialized promotions. Korean Air and United Airlines also forecast a slower booking pace to Hawai'i in the short term.

## Leisure Activity Update

### Consumer

#### China Mainland

- **Responsible Tourism– Rainbow Routes Hawai'i**

HTC kicked off the "Rainbow Routes Hawai'i", a special marketing initiative promoting Responsible Tourism through *FM940 5-Star Radio* and *Shanghai FM101.7* achieving a *captive reach of 1.1 million car owners or high-value travelers*. This initiative aims to educate potential travelers on sustainable travel as well as positioning the Hawaiian Islands as an excellent eco-paradise for the Chinese middle-class and luxury escapees. FM940 5-Star Radio is a leading professional sports and lifestyle radio channel while Shanghai FM101.7 is hailed as the No. 1 radio for morning drive-time for an affluent audience, aged 25 – 44 with private car ownership. Social media influencer Sicilia (西西里玩不停), a leading nature and adventure seeker was invited to share her first eco-vacation at awe-inspiring Hawaiian Islands and what she discovered and learnt about Responsible Travel.

#### Hong Kong

- **HTC-HK x Korean Air x Club Travel: Let's Say Aloha This Summer**

HTC-HK launched a digital promotion with Korean Air and Club Travel, a lifestyle OTA with over 2 million members, to increase the brand visibility of Hawai'i. Designed to encourage Responsible Travel, this marketing initiative featured 25 summer eco-activities, hotels and travel tips for potential visitors.

Korean Air provided special fares at USD 412 with 3-hours Transit Lounge Access service at Incheon Airport. Club Travel offered 1-night Honolulu complimentary stays for participants on a first-come-first-served basis to drive actual sales. The online campaign achieved over 300,000 media impressions via social media, MMS and EDM.

## **Travel Trade**

### **China Mainland**

- **China Aloha Trade FAM – First Tier Cities – Luxury Tour Operators**

HTC invited 6 representatives from China top luxury travel agencies from Beijing, Shanghai and Shenzhen to attend the 2019 Aloha Trade Fam from July 19 – 26. They include HHTravel, FCT Concierge, DLux, Dearisland, Chamdeer and Vonetour.

The FAM went in-depth with hotel site-inspections conducted and activities explored in the islands of Lānaʻi, Kauaʻi and Oʻahu. Kauaʻi Mountain Tubing, Diamond Head Hiking, Allerton Garden and Waikīkī Nautical Sunset are some of the experiences featured. The FAM went further to bridge Chinese luxury buyers with island stakeholders to discuss the needs of the Chinese market to develop mono-Hawai'i premium products.

- **HTC & U.S. Consulate Shanghai – Hangzhou & Wenzhou B2B Roadshow**

HTC partnered with U.S. Consulate Shanghai to conduct B2B roadshows in Hangzhou and Wenzhou, two rapidly growing cities with high spending power in the Zhejiang Province of eastern China. HTC conducted 27 one-on-one trade meetings where the Hawaiian Island tourism resources and dispersal opportunities are highlighted.

HTC will be following up to tap on the sales distribution network through further in-house trainings, trade co-ops and new Hawai'i products development for FIT and leisure groups. Some of the key travel agencies players include Hangzhou Jielv, Hangzhou Holiday, Zhejiang Trip Scene, Zhejiang Everbright, Wenzhou CYTS, Wenzhou OTC, Wenzhou Jingcheng Travel, and Wenzhou Heping Tourism.

- **HTC & Champion Holiday – Travel Aloha VIP Seminar**

To cover the south-west China markets, HTC conducted a Travel Aloha VIP Seminar with Champion Holiday, a leading wholesaler, to promote Hawai'i on July 11. The trade event attracted over 50 agencies from the cities of Chengdu, Mianyang, Deyang and Yibin.

Champion Holiday also launched 3 new U.S. mainland + Hawai'i Island products, promoted via 30 offline stores of CYTS, CTS, Comfort Travel, Grandbright Travel and Ctrip. In addition, Champion Holiday also published a themed article in their WeChat official account to broadcast the event and products' information to over 300 trade partners.

- **HTC & Kuai Bangxing – Star-gazing Travel Seminar 2019**

To reach out to the northern China markets, HTC collaborated with Kuai Bangxing, a travel club to conduct a Stargazing-themed Travel Seminar in Beijing to actively promote Hawai'i as an inspirational family-friendly destination.

HTC invited Dr. Li Haining, well-known for his astronomical research in the Chinese Academy of Sciences to be a special speaker. HTC also took the opportunity to share Aloha and educate both parents and children with eco-travel awareness. The event attracted around 60 attendees from 30 families. Kua Bangxing Travel is promoting 3 Stargazing products for Hawai'i gathering momentum for a winter camp departing in November 2019.

## Public Relations

### Media Activities

#### Aloha Cuisine & Eco-travel Captured by China Media

To share and promote Eco-Travel opportunities in the Hawaiian Islands as well as highlight the Hawai'i Food & Wine Festival 2019 to China media partners, HTC conducted editorial meetings with 5 travel and lifestyle media including iQiyi.com, Personage, Modern Magazine, Fresh and VIVI magazine and successfully secured the following feature stories:

Media	Profile	Stories	Circulation	PR Value
Personage	A high-end lifestyle magazine targeting the affluent spender.	Local Aloha cuisine in The Hawaiian Islands	10,000	\$ 32,000
Fresh	A popular lifestyle media targeting the Chinese Millennials	Eco-tourism resources of The Hawaiian Islands	200,000	\$ 53,000

### Media Exposure

#### China Mainland

#### Media Highlight - Hawai'i Eco-Travel Told By *L'Officiel Hommes*

This prestige men's lifestyle media, featured a 2-page story to introduce eco-tours found in The Hawaiian Islands. The story recommended travel that reduces carbon emission through activities in Hawai'i such as the Hawaiian Legacy Tour, Ho`opulapula Haraguchi Rice Mill and Haleakalā National Park and supporting organic produce at the local food markets.  
**Reach of 557,000 Impressions | PR Value of USD 168,700.**

#### Press Release – Surfing at Hawai'i with the Professionals

With the upcoming summer holidays and trending topic of water activities on China social platforms, HTC released a story to introduce the surfing experiences and popular surfing

spots in Hawai'i. This article acts as a guide for travelers who are interested in Hawai'i's surfing culture or planning to surf at Hawai'i. Waikīkī Beach, North Shore, Lahaina and Paia were introduced and the press release was picked up by 9 lifestyle and sports digital media such as 163.com, QQ.com, and Sohu.com. **Reach of 1.5 million impressions | USD 150,000 PR Value.**

July	Broadcast	Print	Online	Total
Exposure	2	4	30	36
PR Value (USD)	\$352,000	\$318,000	\$624,000	\$1,294,000
Circulation	3,357,000	3,227,000	8,820,000	15,404,000

### Hong Kong

#### Press Release - The First Aloha Festival 2019 in Hong Kong

To introduce and promote the first Aloha Festival 2019 on July 28-29, HTC-HK distributed the release to more than 50 Hong Kong media. The festival offers a variety of workshops and experiences, from Ukulele Experience to Aloha Arts & Crafts Workshops to spread the Hawai'i culture to the potential travelers. This festival brought the Aloha spirit – Love and Harmony to cheer up the city.

#### Media Highlight - Aloha Hawai'i! by Jacky, Travel influencer

Jacky, a key travel influencer in Hong Kong has published 2 episodes (a total of 30 mins) of Hawai'i travel to share his first-hand experiences while capturing the best moments on the Island of Hawai'i and O'ahu. This series of videos have showcased the Hawai'i unique offerings and culture to raise Hawai'i brand awareness.

July	Broadcast	Print	Online	Total
Exposure	-	-	9	9
PR Value	-	-	74,252	74,252
Circulation	-	-	1,526,899	1,526,899

### Sales Activities

#### China Mainland

**SALES CALLS**

Airline	Wholesaler/TA/TO/OTA	Other	Total
6	36	1	43

In eastern China markets, HTC accomplished a total of 12 sales calls. Among which, HTC met with China Eastern Airlines and learned that China Eastern is fast gaining market share for the routes from China to Hawai'i especially on the FIT market, June saw a YOY 23.89% passengers increase on FIT bookings.

In addition, the tour operators visited by HTC, like Zhejiang Trip Scene International Travel Co., Ltd, Hangzhou Holiday Travel, Wenzhou OTC and Wenzhou Youth International Travel Co., Ltd showed strong interest in mono-Hawai'i products. They would like to obtain more information on tourism resources and build connections with local receptive operators.

In northern China markets, HTC accomplished a total of 15 sales calls. Among which, HTC met with Korean Air and discussed the details of upcoming 'Ohana Fun 2019' campaign. In addition, the tour operators visited by HTC have planned to develop mono-Hawai'i product, especially Shandong Channel International Travel Service. They are in the process of developing new mono-Hawai'i product, HTC will be assisting them in images and information required.

In southern China markets, HTC accomplished a total of 6 sales calls. Among which, HTC met with All Nippon Airways and secure further partnerships to support ANA in promoting the Honu flights. HTC will partner ANA in the Trade Show CITIE in August as well as a Trade Event in September to showcase the A380 flights.

In addition, the tour operators visited by HTC, like GZL, Dista and Championship Holidays, shown interest in packaging mono-Hawai'i products with different airlines. They would like to get more information about airlines so they can have different resources and provide more choices to their customers.

In south-western China markets, HTC accomplished a total of 11 sales calls. Among which, HTC built connection with Pacific Links International (China) and discussed potential cooperation targeting the golf segments. Lisheng Travel, Igenwo, Dianshang Travel, Meyouone shown strong interest in Mono – Hawai'i products. HTC is on the ground to share more tourism resources of the Hawaiian Islands.

**Hong Kong**

**SALES CALLS**

Airline	Wholesaler/TA/TO/OTA	Other	Total
4	6	-	10

Hong Kong partners like Air Canada is very excited about exploring potential collaboration opportunities with HTHK as they are currently focusing promotional efforts for several U.S. destinations and sees the potential to drive bookings during the off-shoulder season for Hawai'i. Other key partners such as Kuoni sees growth in smaller groups to Hawai'i.

This month, HTC-HK emphasized the importance of developing more variety of products such as wellness tours geared towards high-end travelers. Miramar travel expressed their keen interest to develop the 1st wellness Hawai'i product in Hong Kong.

**Island Chapters Engagement Update**

Project	Island	Sponsored By	Sponsored Items
<b>China Luxury Trade FAM</b>	Lāna'i	O'ahu Visitors Bureau	Hotels  Eco-Activities  Nature Tour Experiences Attractions  Local Dining
		Kaua'i Visitors Bureau	
	Maui	Maui Visitors and Convention Bureau	
		Four Season Resort Lāna'i	
	Kaua'i	Grand Hyatt Kaua'i Resort & Spa	
	O'ahu	Trump International Hotel Waikiki	
		Ko`a Kea Resort, Kaua'i	
		Hawai'i Forest & Trail	
		Hawai'i Nautical	

**“Coming Attractions” for Leisure Market**

What	When	Where
Rainbow Routes ~ Hawai'i	July - August	China
HTC Media FAM-Sports & Outdoor Adventures	September	O'ahu, Maui
Korean Air 'Ohana Fun 2019'	September - October	China
Aloha Jam Hawai'i Stop	November	Hawai'i

## Hawai'i Tourism Korea 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### Economy

- South Korea's Minimum Wage Commission has agreed to an increase of 2.9% to 8,590 won an hour for 2020. The single-digit hike, the smallest in a decade, was widely anticipated as President Moon Jae-in signaled a more flexible approach to his minimum wage pledge amid an economic slowdown and sluggish job growth. The raise follows a whopping 16.4% hike in 2018 and 10.9% for this year. The labor-friendly president vowed to raise the minimum wage to 10,000 won by 2020, but last year said it might be difficult to meet the goal. Initially, the labor sector had demanded a 19.8% increase for next year, while the business sector proposed a 4.2% cut. Labor circles are expected to fiercely push back as there is time left for negotiation before the labor ministry finalizes its decision in early August.
- The campaign to boycott Japanese products and services in Korea is gaining momentum amid tense bilateral relations following Japan's export curbs on key hi-tech materials crucial for South Korean tech firms. As more Koreans quietly join the boycott, a website called NoNo Japan that provides information on Japanese products and local alternatives had a server crash due to a sudden spike in traffic. At the heart of the quiet, yet widespread boycott, are deep-rooted historical conflicts between Korea and Japan from the latter's wartime atrocities, including military sexual slavery and forced labor. Though Tokyo claims to have settled all issues in a 1965 treaty, the absence of an official and sincere apology remains an unresolved matter for Koreans.
- Korea Won Exchange Rate/Fuel Surcharge: The average USD/WON exchange rate in July was 1174.40 won, a slight decrease from the previous rate of 1177.34 won in June. Fuel surcharges were imposed in July up to 98,400 won (\$83.52) for a round trip between Korea and the U.S.

#### Outbound Travel Market

- Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in June 2019 was 2,495,798, a year-on-year slight increase of 7.0%.
- Outbound Departures by Koreans

Month	Departures	Growth (%)
January	2,912,331	1.5%
February	2,617,946	13.3%
March	2,334,153	3.6%
April	2,246,417	0.7%
May	2,401,204	3.0%
June	2,495,798	7.0%

<b>Total</b>	<b>15,007,849</b>	<b>4.85%</b>
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Source: KTO (Korea Tourism Organization)

### Competitive Environment

- Foreign airlines are increasingly operating flights from Busan (PUS) this year. SilkAir has been flying the Busan-Singapore route four times a week since May, and VietJet Air and Vietnam Airlines started going twice a week on the Busan-Nha Trang route (from June) and Busan-Da Nang route (July). The new long-haul services are scheduled to expand next year beginning with Busan-Helsinki by Fin Air. Short- to mid-distance routes centered on Southeast Asia are still dominant, but long-haul routes are widely anticipated to continue expanding with leading by Fin Air next year. Foreign airlines' increasing operations at Busan are interpreted as a trend to dominate the market in advance of future growth of the outbound market. The Busan expansion demonstrates the growing travel demand beyond Incheon and Seoul into Korea's southeast region.
- Air New Zealand will fly three times a week to Seoul's Incheon International Airport from November 23, 2019 and up to five times a week during the peak holiday period from late December to mid-February. The new service will be operated by Boeing 787-9 Dreamliner aircraft with a flight time of around 12 hours northbound and just over 11 hours southbound. "Seoul is a densely populated city with more than 10 million residents. Inbound leisure travel from South Korea to New Zealand has grown significantly in recent years presenting an important tourism growth opportunity for the airline and for the New Zealand tourism economy," a spokesman said. "We also want to encourage more Kiwi travelers to explore Seoul and South Korea. We're thrilled to be offering customers easy direct access to another vibrant Asian destination to add to their bucket list. The new service will also help connect the estimated 40,000 Koreans already living in New Zealand more conveniently with friends and family in their home country." Tickets for the new service are now on sale and in celebration of its new service the airline is conducting an online promotion offering special fares for the domestic routes.

### Consumer Trends

- Complaints have been rising every year against accommodation and rental car services during the summer holiday season. The Korea Consumer Agency said the number of complaints in May about hotels and other lodging facilities had surged from 346 cases in 2014 to 816 last year. Most complaints were related to contract violations. For rent-a-car services, over 200 complaints have been filed every year, most of which included over-charging for car repairs and not refunding fees after cancellation.

### Travel Trends

- Seven out of ten Koreans who plan to take summer vacation this year are considering traveling within their own country. A joint survey of over 1,000 South Korean citizens by the Ministry of Culture, Sports and Tourism and Korea Tourism Organization showed that 48.2% of respondents were planning to take a summer vacation. Among those who planned to travel, almost 70% said they preferred to do so in country and some 20% opted for a trip abroad. More than 25% of respondents planned to take a vacation in the week starting July 29. The next most popular periods were the first week of August and first week of July. Holidaymakers planned to take 3.7 days of vacation on average and spend around 260,000 KRW, just over US\$230, on their trip.

## Media Trends

- DMC Media, a global internet marketing agency, recently surveyed more than 1,000 social media users in Korea aged between 19 and 59. The results show about three-quarters (74%) of Korean social media users are following influencers and 61.1% are following brands' official accounts. The main reasons for using social media were 'As a pastime (64.0%)', 'To communicate with others' (62.3%) and 'To learn about latest trends and issues' (49.3%). In other results, the most popular content category was 'Daily hobbies and interests (80.8%)' followed by 'Entertainment (59.7%)', 'Latest news (59.2%)' and 'Shopping & brand information (52.2%)'. Reflecting the survey results, HTK will keep providing various travel content which is both entertaining and informative via its social media channels.

## Airlift

- KE to consider additional charter flights: Korean Air is highly likely to operate charter flights on the ICN-HNL route to target Korea's golden holiday week in October (3<sup>rd</sup> to 9<sup>th</sup>) between two national holidays. They are scheduled for Sep 29, Oct 3, and Oct 7 on 276-seat Airbus 333 aircraft, adding a total of 828 seats to the market.
- OZ to extend daily flights: Asiana Airlines confirmed that its daily service for the ICN-HNL route will be extended to the end of March 2020. It will generate an additional 4,675 seats in 2019 and will also serve the high demands for summer travel season, October's golden week, and winter peak seasons.
- LJ to return from flights suspension: Jin Air's ICN-HNL service returned from July 22 after the four-and-half-month suspension since March 2, 2019. It will fly 5 times a week until August 25 to target increasing FIT demands for the busy summer travel season. After a month-long service to Hawai'i, it will be suspended again for aircraft maintenance and possibly resume from early December.
- Korean Airports Corp. (KAC) data showed a record 42.6 million passengers used Gimpo Airport and 13 other provincial airports (Gimhae, Jeju, Daegu, Gwangju, Muan, Cheongju, Yangyang, Yeosu, Ulsan, Sacheon, Pohang, Gunsan and Wonju) in the first half of the year. The growth was mainly attributed to low cost carriers' new international routes. The data showed the total number of passengers who used 14 provincial airports – excluding Incheon – increased by 4.1% compared to the previous year, breaking the record of 40.9 million set last year. The number of outbound flights from Daegu and Cheongju airports rose by 27.8% and 26.2%, respectively, followed by newly added international flights. Jeju Airport had the highest number of passengers at 5.1 million between January and June, followed by Gimpo (12.4 million), Gimhae (8.6 million) and Daegu (2.4 million).

## Market Intelligence/Market Conditions Impact on Hawai'i Travel

- South Koreans are canceling trips to Japan as part of a boycott sparked by the trade conflict. A market insider of Hanjin Travel said that especially premium segments are increasingly seeking Taipei or Hawai'i as the substitute of Japan travel recently and it started replacing the Japan products with Hawai'i Premium package products for the target segments.
- Respondents to a June travel survey by Korea Travel Times who said they would use package tours dropped to 11.6% from last year's figure of 14.2%. In this way, more Koreans are visiting

Hawai'i with self-developed itinerary as FIT travelers, as shown in DBEDT's statistics data in April 2019 that said 57.7 percent were FIT. To adapt the fast-changing market, HTK will be working more closely with not only OTAs and FIT-specialized tour operators but also wholesalers to develop diverse FIT/SIT Hawai'i products.

## **Leisure Activity Update**

### **Consumer**

- **#AlohaEverywhere Hawaiian Lifestyle Day with FIT- influencers:** HTK is in discussion with Men's Health, the no.1 health magazine in Korea, for a Hawaiian lifestyle day event for influencers and general consumers. The aim is to encourage them to experience healthy Hawaiian life through indoor activity such as yoga or pilates and Hawaiian beers and drinks.
- **K-pop Concert in Honolulu with Si-Kyung Sung:** HTK is discussion about a co-promotion with K-pop singer Si-Kyung Sung who is visiting the island for a concert in September. In addition to participating as official sponsor for the concert, HTK will produce social media video content for HTK's owned channels, Facebook, Instagram and YouTube, in partnership with local Korean broadcaster KBF and our local correspondent, Jinyoung Lee (writer/TV news host/influencer),. Also, to fully leverage the opportunity, HTK will co-op with the management company to maximize arrivals during the concert period through HTK-owned communication channels and an online consumer promotion.
- **Mom & Daughter Collaboration with YouTuber:** HTK is working with a YouTuber named Seonmin Joeng, whose number of followers is over 340K, to generate YouTube video content by leveraging her visit to the islands in September. She is visiting with her mother and to generate online video content covering various themes and items on offer. The resulting content will be uploaded on her YouTube and Instagram feeds and will be shared on HTK's owned channel.
- **GoHawaii.com/KR Website Update:** HTK is working on the second phase of GoHawaii.kr website development.

### **Travel Trade**

- **Hawai'i Cruise Travel Promotion:** HTK teamed with Mode Tour and Norwegian Cruise Line (NCL) to pitch Hawai'i as an ultimate cruise trip destination at an educational seminar on July 12 at ALOFT Myeongdong, Korea. During the seminar, Ms. Holly Kong, NCL's director of sales (HK), showcased the features of a 7-day Hawai'i round-trip Honolulu product visiting 4 islands. HTK also shared in-depth destination information and educated the 40 attending Mode Tour retail personnel on authentic Hawaiian culture and history. As a call-to-action, the Korea team will be partnering with the agency's Theme Business department for a co-op promotion to enhance demand for the Hawai'i cruise trip.
- **#LuxuryHawai'i Campaign with EVSION:** HTK has been partnering with the high-end OTA platform Evasion to action a #LuxuryHawai'i campaign to target premium travelers as a follow-up to the June Hawai'i Trade Mission. The co-op promotion will be also sponsored by luxury hotels such as Kahala Hotel & Resort to boost sales volume of room nights during the second half of the year.
- **Second-tier Market Activation:** HTK collaborated with leading honeymoon travel agency Daegu KTB, based in the major second-tier outbound city of Daegu, on a Hawai'i Honeymoon Study Fam Tour that visited O'ahu from June 9 to 14. It invited a total of 12 honeymoon consultants/advisors

and travel agents to launch new honeymoon package products for Daegu during the 4N/6D visit. Participants are currently developing the August honeymooner-target fair in Daegu to showcase new products and are targeting 40% growth in sales.

- Hana Tour Online Hawai'i Expo: HTK will kick off its large-scale 'Destination of the Month' online promotion in collaboration with Hana Tour. This joint promotion will exclusively showcase all types of Hawai'i travel products, including package, airtels, and tours & attractions, during August. It will also highlight Sustainability in Hawai'i with pre/post arrival video content on promotional websites and multiple owned/paid media channels such as Hana Tour's official websites, the NAVER Tour+ platform, and banner advertisements.
- 2019 Mode Tour Travel Mart (MTM): HTK will join the 2019 Mode Tour Travel Mart (Sep 5 to 9) at COEX, Gangnam, Korea. The Hawai'i pavilion will be set up to share up-to-date travel information and authentic Hawaiian hospitality during the 4-day event. It will also accommodate the following 15 Hawai'i partners: Prince Waikiki, Outrigger Hotels & Resorts, Trump Waikiki, Hilton Hawai'i, Waikiki Resort, Hyatt Regency, Hyatt Centric, Hyatt Place, Marriott Hawai'i, Ritz Carlton Waikiki, PCC, Kualoa Ranch, Battleship Missouri Memorial, Waikiki Trolley, and Dolphin & You.

**Public Relations**

- Summer Waves in Hawai'i: HTK held the Summer Waves in Hawai'i consumer promotion (June 26 to August 7) in partnership with Hyundai Department Store. It was the second co-op project held conjointly with the company to target the high-end market after last year's Hawai'i Lifestyle Week. This year's promotion embraced the theme of 'family, culture and responsible tourism' and highlighted various consumer events, including cultural and educational aspects targeting potential family travelers. The 2-week promotion successfully attracted 20,000+ visitors and included:
  - Hello, My Ocean: Hello My Ocean is a digital interactive theme park where kids can indirectly experience the sea world through a wall-sized digital screen. HTK designed a digital aquarium filled with Hawaiian marine animals, such as Manta Ray and humpback whale, and delivered a sea life conservation message. Through the screen, kids were also able to draw or take photos of fish and print a souvenir.
  - Hawaiian Culture Class: To spread Aloha spirit among family visitors, HTK arranged various Hawaiian culture classes including hula dancing, ukulele playing and making a lei.
  - Hawaiian Market: A Hawaiian Market was also a part of the promotion. A variety of Hawai'i-inspired consumer brands from the fashion, lifestyle, and food sectors were invited. The market also pushed the message of zero-waste and eco-friendly products to emphasize Hawai'i as a sustainable travel destination.

**Sales Activities**

SALES CALLS

Airline	Wholesaler/TA/TO/OTA	Other	Total
5 Airlines	34 Wholesalers/OTAs	7 Hotels 3 DMOs 1 Transportation 6 Consumer Brands	57 Meetings / Sales Calls

Summary of key SALES ACTIVITIES:

- Airlines: HTK conducted regular sales call with airline partners to share airlift updates and partnership opportunities in the second half of 2019 as follow: Korean Air for KE053 sales contest follow-up; Asiana Airlines for airlift updates; Jin Air for airlift updates; Hawaiian Airlines for Neighbor Island promotions; Delta Air Lines, United Airlines, and Japan Airlines Busan for future partnership opportunities.
- Tour operators: HTK had sales meetings with Korea’s leading wholesalers/retailers/OTAs and receptive operators to develop various Hawai’i campaigns and share co-op opportunities.
- Others: HTK cultivated working relationship with industry partners from hotels, DMOs, transportation, attractions and consumer brands to collaborate on joint promotions.

**Brand Experience Update**

- HTK distributed 1 press release and secured publication during the month of July in a total of 134 media outlets, with an estimated advertising value of \$1,443,000 and 83,555,000 impressions.
- Press Releases:
  - Hawai’i summer promotion with premium department stores – IPARK MALL & Hyundai Department Store

**Island Chapters Engagement Update**

N/A

**“Coming Attractions” for Leisure Market**

<b>What</b>	<b>When</b>	<b>Where</b>
Hawai’i Lifestyle Week Hyundai Department Store	Jul 26 – Aug 7	Hyundai Department Store COEX, Seoul, Korea
Hana Tour’s Destination of the Month Hawai’i Campaign	Aug 1- Aug 31	Hana Tour’s official website
2019 Mode Tour Travel Mart	Sep 5 – Sep 8	COEX, Seoul, Korea

## Hawai'i Tourism Taiwan 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### **Economy**

- Taiwan's GDP growth for the first quarter was revised to 1.71%, its slowest pace in more than two years. Taiwan's government also lowered its 2019 economic growth forecast to 2.19% (2.27% previously) as sluggish global tech demand dragged on the island's export-reliant economy.
- The unemployment rate in June was 3.73%, increased by 0.06% compared to the previous month.
- Taiwan's consumer confidence index (CCI) rose 1.68 points in July from a month earlier to 81.48.
- The Taiwan currency exchange rate appreciated to 31.089 (average) in July when compared to 31.335 in June.

#### **Outbound Travel Market**

- According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,570,675 in June 2019 with a 3.22% increase compared to June 2018. The outbound number to U.S. decreased by 8.52% to 51,726 in June 2019 compared to the same period last year.

#### **Competitive Environment**

- Responding to the continuous growths in Taiwanese visitors (visitors +47.1% June 2019 YTD), Air New Zealand invited local celebrity Mickey Huang and well-known YouTuber "Li Ke Tai Tai" and launched a series of video marketing campaigns since May for the upcoming promotions in summer. The roundtrip ticket price is about US\$730 excluding taxes. Furthermore, the airline plans to add at least one more direct flight in addition to the existing three direct flights between Taipei and Auckland starting October 2019. However, outbound travel to major North American and European destinations has remained flat or declined since April 2019.

#### **Consumer Trends**

- Taiwan is ranked in the top 10 for the number of nationals visiting overseas destinations, according to Mastercard's 2018 Global Destination Cities Index. The report also found that travelers from mainland China, South Korea, Japan and Taiwan are among the region's biggest spenders, account for almost 20% of global travel spending. For Taiwanese travelers, trying local foods/ dining in famous restaurant is ranked as the most important factor when selecting a destination, while shopping is ranked as the 2nd most important activity for Taiwanese travelers.

## **Travel Trends**

- Taiwanese travel agency EZ Travel has released a report showing the travel trends of Taiwanese travelers. According to the research, 70% of Taiwanese consumers are FITs and 30% of travelers still prefer to travel on group package tours. For those consumers who travel with their senior parents, participating in group tours allows them to take better care of their parents as well as to travel free and easy.

## **Media Trends**

- ETToday, a Taiwan online news platform, has released a report of the future media trend. The report indicated that marketing through users' interests/ hobbies would be an effective way to increase long-term loyal consumers. Marketers can utilize social media platforms such as Facebook to build a strong network of people who trust your brand and promote through the consumer's interests, such as creating Facebook groups, organizing themed activities.

## **Airlift**

- EVA Airways, one of Taiwan's two leading international carriers, will offer a regular service - four flights per week between Taipei and the Italian city of Milan starting February 18, 2020.
- Taiwan-based start-up carrier Starlux Airlines, set to begin operations in January 2020, has received approval from Taiwan's Ministry of Transportation and Communications for 13 new routes to Japan and Thailand. The carrier will fly from Taipei Taoyuan International Airport (TPE) to eight destinations in Japan, including Tokyo Narita, Osaka, Nagoya, Hakodate, Sapporo, Sendai, Fukuoka and Okinawa; and to another three cities in Thailand, including Bangkok, Chiang Mai and Phuket.

## **Leisure Activity Update**

### **Consumer**

- **2019 Hawai'i Aloha Festival**

HTT hosted its 2019 Hawai'i Aloha Festival on July 6-7 at Huashan Cultural Park Lawn to replicate the ambience and experiences of Hawai'i to Taiwanese consumers. A total of 13 vendors including Islander Hawaiian Coffee, The Bowl and Kamekona participated in the two-day event. In addition to the Hawai'i brands and goods, HTT upgraded the event by decorating the event venue with tropical leaves/ flowers and organizing experiential activities at the festival, including ukulele music, Hula dancing and lei workshops. As for stage activities, HTT invited cultural practitioners from Hālau– Ke Kai O Kahiki to Taiwan to share the aloha spirit with Taiwanese audiences. Six of the musicians/dancers including Kumu La'akea Perry brought amazing Hula Kahiko as well as Hula Auana performances. Many of the participants were surprised that they could try local Hawaiian food/ handcrafts as well as feel the aloha vibe through the event and had expressed their strong interest in visiting Hawai'i in the future.

- **Hula Workshop with Ke Kai O Kahiki**

HTT hosted a hula workshop led by Kumu La'akea on July 5 at Spice Cycle Taipei. The main purpose of organizing this workshop is to create an opportunity for Hawaiian hula dancers to interact with experienced hula dancers in Taiwan. A total of 20 local hula dancers with at least six-eight years of hula experience participated in the workshop, and an auana number entitled "Kalaeloa" was taught in the class. The participants were pleased to learn from Kumu La'akea and the professional hula dancers of Ke Kai O Kahiki. The workshop went smoothly and Kuma La'akea was happy to share aloha with these Taiwanese hula dancers.

- **HTT Co-op with Eslite Spectrum to Promote the "Have A Good Time in Hawaii" Campaign**

Since July, HTT has been working closely with Eslite Spectrum, an upscale shopping mall that focuses on delivering cultural and sophisticated products and experiences. The theme of this campaign is to set July as the "Hawai'i month of Eslite Spectrum" and to bring the aloha vibes into the shopping mall. To fill the shopping mall with Hawaiian elements, HTT secured several advertising areas and set up an exhibition section named "Have A Good Time in Hawai'i" in Eslite Spectrum. Consumers are encouraged to post photos of them visiting the exhibition in order to be eligible for a lucky draw to win a free trip to Hawai'i. The advertisement and campaign was presented from July 2 and will run throughout July 31.

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

To promote China Airlines' new direct flight between Honolulu and Taipei, HTT hosted the second hula flash mob on July 13 at Eslite Spectrum. In addition to the performance, the hula dancers greeted the consumers on site with fresh flower lei, serving as ambassadors of demonstrating the aloha spirit. The emcee announced China Airlines' new direct flight information and ticket promotions and HTT's upcoming campaigns and events in July.

- **2019 Fashion Media FAM – ELLE Taiwan and VOGUEme**

HTT is partnering with VOGUEme and ELLE Taiwan to promote Hawai'i as the number one destination for besties/ sisters bonding trip, fine dining options and cultural activities. VOGUEme is the younger version of Vogue magazine and targets millennials as well as LGBT audiences. Since July, HTT has been working with OVB to develop itineraries of this 2019 Fashion FAM trip for the two fashion media outlets. The crew traveled to Hawai'i from July 28 to August 3 and visited attractions such as Kualoa Ranch, SALT at our Kaka'ako as well as participated in activities such as Haku Lei-Making, SUP yoga and hula workshop at Royal Hawaiian Center.

## **Travel Trade**

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

To strengthen the relationship with travel trade partners, HTT invited AirAsia and YesTrip (a travel agency affiliated with China Airlines) to set up a booth at HTT's Hawai'i Aloha Festival 2019. HTT also allocated a 10-minute session for each travel trade partner to promote their

routes/products on stage, allowing consumers to learn more about the travel information and flight options to Hawai'i.

## Public Relations

- Media Monitoring (Clippings & Publicity Calendar): In July 2019, Hawai'i Tourism Taiwan secured 129 PR coverage publications on an unpaid basis. The estimated advertising value is USD\$2,135,269.

## Sales Activities

### SALES CALLS

Airline	Wholesaler/TA/TO/OTA	Other	Total
2	10	N/A	12

China Airlines: HTT continues to work with China Airlines to promote the additional direct flight on Fridays between Taoyuan International Airport (TPE) and Daniel K. Inouye International Airport (HNL).

Air Asia: HTT partnered with AirAsia and Spice TW for a vlogger FAM in O'ahu to target millennial travelers. The core message is to encourage millennials to spend more on outdoor activities and unique experiences in Hawai'i while leveraging AirAsia's affordable airfare. One of the video clips of this co-op has been published in July on Spice TW's YouTube Channel and more videos are estimated to be on air by the mid-August.

## Brand Experience Update

- **2019 Hawai'i Aloha Festival**

HTT host its 2019 Hawai'i Aloha Festival on July 6- 7 at Huashan Cultural Park Lawn for local consumers to experience the authentic aloha spirit and ambience in Taipei. An estimated number of 3,000 visitors came to the event venue to enjoy the Hawai'i Aloha Festival, and Taiwanese celebrities/ influencers such as Candy Wang, Danny Beach, Flight Master Brian, Eric Lee and Janet Jia attended the event and posted photos on their social media as well. HTT's Facebook Event Page has reached more than 140,000 users and media exposure included one print article, seven online articles, 57 Facebook Stories/posts, 30 Instagram Stories/posts and 38 YouTube video clips.

- **Video Shooting for HTT Cultural Materials with Ke Kai O Kahiki**

During Kumu La'akea and the cultural practitioners of Ke Kai O Kahiki's visit in Taiwan, HTT arranged a video shooting for collecting HTT cultural materials. The core message of this video is to better connect Taiwanese people with Hawai'i by means of hula and to introduce the beauty of Hawaiian culture. The six musician/ dancers visited Taipei 101, Huashan Cultural Park as well as Dr. Sun Yat-Sen Memorial Hall and performed hula dance at these attractions. The shooting went smoothly and the video is expected to be on air by the end of September.

### **Island Chapters Engagement Update**

- Since July, HTT has been working with OVB to finalize the itineraries for the FAM trip in July/August 2019 for ELLE Taiwan and VOGUEme. HTT and OVB aimed to encourage Taiwanese consumers to spend more on cultural activities and experiences in Hawai'i.

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

What	When	Where
Vlogger FAM with Air Asia & Spice TW: Video On Air	Mid-August	Taiwan
Fashion Media FAM with ELLE Taiwan: Online exposure and printed coverage release	September/ October	Taiwan
Fashion Media FAM with VOGUEme: Online video clips publishing	September/ October	Taiwan

## Hawai'i Tourism Europe 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### **Economy**

##### UK & Ireland

- The Pound Sterling is trading at \$1.22, whilst the Euro is trading at \$1.12
- UK GDP showed 0.3%, whilst Ireland showed 2.4% in its first quarter, with more up to date figures yet to come

##### Germany & Switzerland

- The euro is currently trading at just over \$ 1.10
- German GDP growth this quarter is 0.4 %
- Swiss GDP growth this quarter is 0.6%

#### **Outbound Travel Market**

##### UK & Ireland

- Travel agents have reported on increases in long-haul trips, attributed to Brexit: 53% of agents polled reported more demand from families for holidays 'Beyond Europe'.
- Whilst the weak pound does mean consumer will be more cost conscious, 51% still intend to spend the same on their holiday as they did previously, and some sectors, such as millennials, are actually intending on increasing spending, according to MMGY's *Portrait of a Traveler* report.

##### Germany & Switzerland

- Frankfurt Airport set a new daily record of passengers last month with 241,228. Overall, the number of passengers increased in the last month compared to the same month last year by 3.4 percent to just under 6.6 million.
- In the first half of the year alone, the number of passengers in Munich increased by one million to 22.7 million. Munich Airport expects rapid growth of 1.5 to 2 million additional passengers per year over the next few years. Growth is therefore mainly on the long-haul routes with large aircraft in intercontinental traffic.
- Despite the climate debate, more and more Germans continue to fly.

#### **Competitive Environment**

##### UK & Ireland

- Galapagos Islands – G Adventures have purchased a sixth yacht to add to their Galapagos Islands' fleet. The boat will set sail in 2020, helping the group tour operator increase the itineraries it runs in the region, as well as to help increase demand to the island.
- Sri Lanka - Tourism to Sri Lanka is recovering faster than expected. Visitor numbers to Sri Lanka dropped sharply by 70% in May 2019, following the East Sunday attacks. However, since the Foreign and Commonwealth Office's lifted its advisory against travel demand has gradually recovered. Sri Lanka have also just waived the need for visas from over forty countries for the next 6 months.

- Coral Expeditions – The Australian cruise company is set to launch a new vessel next year covering a route from Singapore to the Seychelles. The Australian company is set to expand its UK operations in 2020, recruiting a new member of their European based team.

#### Germany & Switzerland

- From January to May of this year, 50,172 Germans traveled to the Philippines which is an increase of almost 17 percent.
- Tourism Malaysia has a new campaign "Visit Truly Asia Malaysia 2020." The country wants to reach 30 million international arrivals next year. The cooperation partner is Condor. From January to May 2019, more than 60,200 German travelers visited Malaysia, an increase of almost six percent.
- Barbados is looking to penetrate the German market. They are developing more flights, a diverse mix of hotels and a wide range of activities for holidaymakers. Currently Condor is the only German airline flying to the island, however this fall, there will be three weekly nonstop Lufthansa flights with 310-seat Airbus A330s from Frankfurt to the capital, Bridgetown, which will be operated by Eurowings.

### **Consumer Trends**

#### UK & Ireland

- A strong June and July has seen a more positive outlook on the market, thanks to pent-up demand, good pricing and a more 'gung-ho' attitude to holidays. Experts also believe a massive heatwave has also been a contributing factor to the revelation.
- This summer's late sales period is "a buyer's market", according to Icelolly.com. The holiday comparison and deals website said this year was showing a marked contrast with 2018, when there was a strong winter peak but softer summer late market due to the heatwave and Fifa World Cup. Icelolly.com said searches for departures between 22nd July and 31st August increased by 60.7% in the four weeks ending 15th July versus the previous month. It said this and the fact the wider market had grown by only 3.3% was a strong indication that families had left it later to book this year.

#### Germany & Switzerland

- According to Dietmar Gunz, group managing director at FTI, "We are experiencing a change in booking behavior among our guests this year." The main booking phase has been postponed. But since June the last-minute business has started. "We can also see that, in addition to singles and young adults, more and more families are booking more and more spontaneously, despite their commitment to the school holidays."
- According to a survey by the digital association Bitkom, Germans use an average of 4 travel apps for their vacation planning. Some of these apps include, weather apps, navigation apps, and apps for booking accommodations, transportation, and tourist activities.
- Although Germans have been slow to adopt mobile payment, it is rising in popularity. 33 percent now pay contactless by debit or credit card as well as by smartphone or watch. Last year, it was only one in five. The most popular contactless payment platform is PayPal.

### **Travel Trends**

#### UK & Ireland

- As sustainability increases as an issue for consumers, InterContinental Hotels Group in the UK is planning to remove all small plastic toiletry bottles from its 843,000 rooms in 5,600 hotels. This is in

an effort to put an end to the dumping of 200 million plastic bottles in landfill every year. The travel agent Kuoni has also launched green initiatives, including compostable brochures made of potato starch.

- Flight Centre UK has unveiled its first-ever new positioning campaign: “All travel, No worries” in a bid to highlight the value of its agents. The multi-million-pound brand refresh has started to roll out across the travel company’s network of more than 80 UK stores as well as on its website and social media channels. This will be followed over the coming months with a media campaign. Flight Centre also promises to provide “All chat, No chatbots” as the brand steers away from algorithms and bots and focuses on the personal service offered by its agents.
- Travel and tourism is the fastest growing sector in the UK accounting for 11.9% of all jobs, new research has revealed. This puts the industry ahead of financial services (8.9%) and banking (3.4%), generating £231.6 billion to the nation’s GDP. Travel and tourism is the fifth largest sector in terms of GDP contribution (11%), ahead of banking (6.1%) and automotive manufacturing (3.2%). In addition, the UK is now the world’s seventh most popular tourist destination and the fourth in Europe, with almost 40 million visitors a year.

### Germany & Switzerland

- Although last-minute business increased last month, only online sales were able to benefit. According to the tourism retail panel Travel Insights, a 16% increase in sales on the travel portals and a fall of four% in the stationary travel agencies resulted in a total summer increase in sales of 2%. Therefore, we are potentially seeing a boom in last-minute booking and as predicted the trend of booking online is continuing to grow in the German market.
- An evaluation by the Swiss ‘SonntagsZeitung’ shows that 32.1% of 18-24-year olds still travel by air - more than any other age group.

### **Media Trends**

#### UK & Ireland

- The former number one social media platform Facebook is now only on third place. The share of the social network decreased by seven percent to 69% online users in Germany – compared to 92% in 2014. The most significant decrease happened in the age group of 16- and 19-year olds. However, Instagram increased its popularity – 85% of all internet users between 16 and 19 are on Instagram. YouTube and WhatsApp are #1 and #2 with 92% each. The facebook numbers also decreased in Switzerland by 6.5%.
- Brides, the UK’s biggest-selling wedding magazine, will print its last edition next month with a number of redundancies falling as a result. Conde Nast sold the global brand to US digital media company Dotdash in May and is no longer able to use the Brides name, despite the buyer’s decision not to pursue publication in the UK. The UK website was slowly wound down after the sale, and bridesmagazine.co.uk now redirects to the US site.

#### Germany & Switzerland

- The German publishing house Burda will be responsible for the members’ magazine ADAC Motorwelt. From 2020 on, the magazine will be published quarterly in a higher quality instead of monthly and with a reduced circulation of six million instead of 13,5 million. The magazine will however be distributed via grocery stores in addition to member subscriptions and online.

### **Airlift**

#### UK & Ireland

- Strike action at Heathrow, led by the Unite union, has been called off after airport bosses agreed to meet for talks on pay. The strikes, scheduled for August 5, 6, 23 and 24, had caused the airport to cancel 15% of its flights in anticipation, whilst Virgin moved many of its flights to Gatwick. However, they have now been rescheduled to go ahead as normal.
- Virgin Atlantic has declared its new aircraft, an Airbus A350, will enter into circulation on its Heathrow-New York route. Featuring a revamped upper-class cabin, the aircraft will be used six times a week. Virgin have ordered a further eight, set to all have arrived by 2021.
- Following the appointment of Boris Johnson as the UK's new Prime Minister, the cabinet has been reshuffled, including a switch to a new transport secretary, Grant Schnapps. Schnapps has previously backed a third runway at Heathrow and is expected to come out of support for it in his newfound role. However, Johnson has made it clear he opposes the project.

### Germany & Switzerland

- For the first time, Lufthansa will fly to Boston on the A-380 next year and from Munich to San Francisco all year round. In addition, in the summer of 2020, Los Angeles, will be on the Munich A380 flight plan.
- Eurowings will fly to Las Vegas three times a week from Dusseldorf on Wednesdays, Fridays and Sundays on a long-haul Airbus A-330/A-340. The new destination extends the Eurowings long-haul offer in Dusseldorf with the current destinations of Fort Myers, Miami, and New York.

### Leisure Activity Update

#### **Consumer**

##### UK & Ireland

Social Media – continued to drive organic engagement to Facebook and Instagram.

Online Training – emailed agents encouraging more signs up and completion of the updated online training course.

Translation project – coordinated the translation of German, French and Spanish translations.

Consumer enquiries - responded to a number of consumer enquiries over the phone and email, advising on a number of different elements of the islands.

Future Campaigns – held a meeting with the campaigns team to brainstorm possible campaigns for consumers and the trade.

##### Germany & Switzerland

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

#### **Travel Trade**

##### UK & Ireland

Future Campaigns – held a meeting with the campaigns team to brainstorm possible campaigns for consumers and the trade.

Trade liaison - continued to keep track of trade activities, and keep them updated with information about the destination, and provide help when needed.

### Germany & Switzerland

- Trade Liaison
  - Ongoing liaison with all major tour operators regarding current Hawai'i marketing support requests
  - Continued to monitor and liaise with all Tour Operators, face-to-face, via email and over the phone to track performance to the Hawaiian Islands

## **Public Relations**

### UK & Ireland

Media liaison - ongoing discussions with 44 key media, pitching Hawai'i story ideas and angles.

Media meetings - Meeting with Duncan Craig, Travel Editor for The Times in regard to potential trip opportunity to align with Kona Ironman.

Press trips - Working on individual fam trip for ELLE magazine in fall 2019 (DE market).

Media monitoring - 34 pieces of coverage secured across print and online, resulting in \$740,341.45USD of PR value.

- Jörg Michel's article on Hawai'i Island was distributed through the news agency dpa
- Monitoring of Mauna Kea coverage in UK market, with 6 pieces of coverage identified

### Germany & Switzerland

- Ongoing liaison with key media pitching Hawai'i story ideas
- Working on individual fam trip for ELLE magazine in fall 2019
- Jörg Michel's article on Hawai'i Island was distributed through news agency, dpa

## **Sales Activities**

Airline	Wholesaler/TA/TO/OTA	Other	Total
	2		

### UK & Ireland

#### Secret Escapes

- Held a sales call with Secret Escapes to discuss future activities and bringing Hawai'i onto their site.

#### US Airtours

- Sales call with US Airtours to discuss potential future campaigns and FAMs.
- Held a training session with agents at the headquarters for US Airtours.

## Training

- Set up training sessions with several tour operators for August and September.

### Germany & Switzerland

- FTI Touristik - Discussions in regard to counter-marketing for the Influencer campaign
- Knecht Reisen (Switzerland) - Interested in joint-marketing; declined for now due to budget
- weg.de (OTA) - Had a meeting with weg.de in regard to marketing for 2020
- United Airlines - Confirmed their participation for the upcoming 2019 roadshow

### **Brand Experience Update**

#### UK & Ireland

- Translated articles for the French and Spanish websites
- Confirmed several training days with various tour operators
- Continued preparation for the influencer trip

#### Germany & Switzerland

- Continued discussions with Miles, to ensure website is kept up to date
- Translated several articles on gohawaii.com/de
- Distributed German Hawai'i Magazine
- Confirmed Roadshow in September 2019 with the following partners: SPG Resorts, Karin Jones, MVB, Randy Parker, Kaanapali Beach Hotel, Susan Bishop-Haigh, Hyatt Regency Waikiki, Renee Nakashima

### **Island Chapters Engagement Update**

- Liaised with various island chapters based on itineraries for upcoming August influencer trip
- Liaised with Kaua'i and Island of Hawai'i chapter for the November FAM trip
- Liaised with MVB regarding December FAM trip

### **"Coming Attractions" for Leisure Market**

What	When	Where
Roadshow Germany	September 25-27, 2019	Munich, Stuttgart, Frankfurt

## Hawai'i Tourism Southeast Asia 2019 MONTHLY LEISURE MARKETING REPORT – July

### Market Intelligence/Market Conditions

#### Economy

**Malaysia:** Growth is expected to ebb slightly this year due to weaker public and household spending growth. In addition, the external sector is seen tapering, mainly the result of softer global demand for tech and trade tensions, which could spill over into the domestic sector. A prolonged U.S.-China trade spat pose downside risks. FocusEconomics panelists forecast the economy growing 4.4% in 2019, which is down 0.1 percentage points from last month's forecast, and 4.4% again in 2020.

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

**Singapore:** Singapore's economic growth in the second quarter fell to its worst showing in a decade to 0.1% amidst the trade war between China and USA. The Ministry of Trade & Industry is expected to downgrade the growth forecast to 0.5% - 1.5% for year 2019. Overall inflation eased to 0.6% in June, from 0.9% in May. The full year core inflation is expected to come in near the midpoint of the forecast range of 1 to 2%, while overall inflation is expected to average 0.5 to 1.5%.

Currency Exchange: USD 1 = SGD 1.3712 as of July 29, 2019 vs SGD 1.3519 as of June 30, 2019

**Indonesia:** According to Bank Indonesia (BI), the inflation rates in May & June 2019 rose slightly due to the momentum of Ramadhan holiday season resulting a hike in the prices of red chili, various vegetables and gold jewelry. BI has projected the inflation rate in July to ease to 0.12% month-to-month on the back of an end to the high consumption trend due to fasting month and Ramadhan holiday in May & June. If the inflation forecast comes true, the yearly inflation in July 2019 will reach 3.12% year-on-year or lower than the mid-point of the inflation target range of 2.5-4.5%.

Currency Exchange: USD 1 = IDR 14.007 as of July 15, 2019 vs IDR 14.131 as of June 30, 2019

**Thailand:** Deputy Prime Minister Somkid Jatusripitak revealed that an economic stimulus package has been finalized and is ready to be submitted for approval to the Thai cabinet. The move comes as Thailand faces mounting economic challenges with a sharp fall in consumer confidence and the very real possibility that this year will see a decline in exports to other countries.

Currency Exchange: USD 1 = THB 30.80 as of July 28, 2019, VS THB 30.69 as of June 28, 2019

## Outbound Travel Market

**Malaysia:** Travel trade partners feedback that overall outbound leisure market has slowed down and they are hoping the sales will pick-up during the upcoming travel fairs. Europe-bound destinations remain resilient due to irresistible airfares and ground packages.

**Singapore:** Outbound continues to be buoyant with Europe being the hot favorite. Interest for South America and far flung destinations have increased. In view of the low returns and challenges in securing seats from airline partners, travel trade partners are putting less focus on selling Hawai'i. The high land cost continues to pose challenges in converting MCI groups for Hawai'i, while other destinations are offering ample support for MCI groups.

**Indonesia:** Korea is offering a 3-days visa application process for Indonesian to enter Korea using electronic system. This will be more convenient for the Indonesians who reside outside Jakarta to visit Korea.

**Thailand:** The month of July is considered the low season. Many key players in the market conducted B2C travel fairs to stimulate direct bookings. For instance, Quality Express organized "Quality Express Wonderful Vacation 2019" at The EmQuartier, the large shopping mall in Bangkok, offering various travel packages, cruise packages, air tickets worldwide, travel pass for Hongkong and Tokyo Disneyland and many more. Quality Express offered THB 1,000 discounted tour packages to Japan, Europe when consumer book at the event.

## Competitive Environment

### Malaysia

**Tourism Western Australia:** Tourism Western Australia has rolled-out large efforts in Malaysia with the sealing of an expanded marketing agreement with AirAsia. The USD 707k deal will see joint marketing campaigns developed to promote affordable flights to Western Australia, including flight deals, print, television, radio, cinema and online advertising. Malaysia is ranked number two after United Kingdom in terms of tourist arrival into Western Australia, which has received more than 100,000 tourists as of March 2019. Tourism Western Australia hopes the combined campaign activity in Malaysia will generate more than 29,000 visitors.

**Visit Victoria:** AirAsia and Visit Victoria have jointly created a promotional video, showing how a grandmother went on an adventure with her grandchildren in Melbourne, Australia. She managed to prove people wrong when they thought she was too old to travel. The video has gone viral on social media channels, and it was also featured at billboard and newspaper. As part of the promotion, AirAsia is offering an awesome deal of USD 100 to Melbourne.

### Singapore

**Japan National Tourism Organization (JNTO)** and Singapore Airlines (SIA) on July 18 signed the Memorandum of Cooperation (MOC) to further promote travel and tourism to Japan from five key markets in the region – Singapore, Australia, India, Indonesia and Malaysia. As part of the partnership, JNTO and SIA will roll out joint promotional activities such as fam trips and marketing campaigns. The two-year agreement has been pegged at USD445,536 for the first year, with the second year of funding currently undecided. In addition to upgrading the size of its aircraft for

additional capacity to Nagoya and Fukuoka, SIA will also be adding a third daily flight to Osaka and fourth daily flight to Tokyo.

**Korea Tourism and Jeju** jointly launched a destination booklet attached with TTG MICE in July 2019 targeting the MCI market.

**Tourism Western Australia** jointly with Singapore Airlines launched digital campaign featuring special tactical airfare from USD345.

### **Indonesia**

**Kunmin** in the Central Province of China is getting popular due to charter flight from Batik Air and the rate below USD705. Kunmin is considered as new destination for Indonesia market due to 'old-fashion' of China atmosphere and Chinese traditional and hand-made souvenirs.

### **Thailand**

**Tourism Malaysia** has launched the logo Visit Malaysia 2020 via Tourism Malaysia Thai Facebook Page. By using #VisitMalaysia2020, it will give everyone access to the beauty of Malaysia, focusing on eco-adventures.

## **Consumer Trends**

**Malaysia:** The consumer lifestyle has been evolving due to rising affluence and education levels. Malaysians are becoming more westernized, sophisticated and cosmopolitan. Consumers, though highly price sensitive, are also brand-conscious. Malaysians choose to travel during their holidays, but most of them are intent on finding a bargain.

**Singapore:** The growing interest for unique, off-the-beaten track and experiential travel experiences of the sophisticated Singaporean travelers, has seen Dynasty Travel launched a chartered expedition cruise to The Arctic next summer. Prices for the voyages start from USD9,550 per person, for a twin-share cabin.

## **Travel Trends**

**Malaysia:** According to Mobile Travel Booking Market report, the travel booking payments through mobile in Malaysia is expected to record a VAGR of 19.6% to reach USD 1.7 million by 2025. The mobile wallet payment in the travel industry increased at a CAGR of 22.6% during 2018-2025. The report provides a comprehensive view on the travel booking through mobile payment covering market size and growth dynamics, retail spending, and consumer attitude and behavior in Malaysia.

**Singapore:** Sharp falls in the pound sterling against the Singapore dollar from USD1.33 to USD1.25 in mid-July, have sparked some heavy buying of the British currency by Singaporeans visiting the United Kingdom. The pound is expected to drop further to USD1.19 (S\$1.60) by end of 2019. As a result, there may be an increase in interest in visiting United Kingdom.

## Media Trends

**Malaysia:** According to a recent study conducted by Booking.com, social media strongly influences traveler's accommodation choices. It was found that social comparison is rife amongst social groups, as 51% of respondents mentioned that they would prefer visiting the off-the-beaten path, while 20% of respondents admitted styling their accommodation to look more expensive in photos. On top of that, over a quarter of them (28%) confessed that booking an attractive property for their vacation is a must, which it allows them to take Instagrammable photos.

There are a lot of things people do for the 'Gram especially when it comes to choosing where they travel. Social media's transformative power is in the discovery stage that is becoming very crucial. Experts foresee social media will emerge as a place where people not only browse for inspiration, but also complete final transactions in the future.

## Airlift

No news to report.

## Market Intelligence/Market Conditions Impact on Hawai'i Travel

**Malaysia:** Total outbound travel was optimistic for the past 6 months. Year-end movement will start picking up by September 2019 for year-end school holidays. Trade partners are focusing on popular destinations such as Europe and Cruises for the year end travel season. It's essential for Hawai'i to continuously drive demand and maintain in top-of-mind recall.

**Singapore:** With more consumers researching and booking directly instead of going through travel trade partners, there is a need to maintain Hawai'i destination content in the market to continue driving demand. Aspiration for selecting Hawai'i as the MCI destination is important in converting the groups in addition to the challenges of securing group seats from airlines and high land cost.

**Indonesia:** Indonesian will be very much happy to consider inclusive tour packages which cover airlines, hotel accommodation (at least 4\* hotel), full-board meals and local transportation as this will create value-for-money trip as in psychology. This occurs due to IDR currency vs USD and the global economy which creates a weaker buying power compared to the previous years. Visa application process will also determine the decision for travelling. In addition, new charter flights to Kunming, China, and the lack of promotion are effecting the overall outbound to Hawai'i.

**Thailand:** Shopping is one of the activities that Thai tourists give priority to when traveling abroad. Thai tourists mainly focus on shopping in places that have more variety of products such as airport tax-free shops (34%), followed by medium and large department stores (33%) and small local shops (30%). Hawai'i has it all, serving as an ideal destination for Thai shoppers.

## Leisure Activity Update

### Consumer

#### Malaysia

HTSEA conducted a social influencer FAM to promote Hawai'i in May. Additional contents showcasing Hawai'i are still being promoted on influencer's social media channels. One of the influencers – Alicia Tan has recorded and edited her #MYHawaiiStory into a short 2 minutes IGTV video. The video itself has garnered 20,000 impression and 6,978 views. In addition, the other influencers – Jared and Marianne have also posted a 30 seconds summary video of their experiences in Hawai'i on their Instagram along with a call to action to drive people to watch the 2 minute travel-vlog on their YouTube. The video on Instagram has garnered a total of 30,000 impression with 12,585 views.

## Travel Trade

### Malaysia

**BMC Travel:** AMMetLife has appointed BMC Travel for their MCI group to Hawai'i this coming October 2019 for a group of 50pax and they are requesting MCI support.

**Corporate Information Travel:** To follow-up on the trade co-op with CIT for August to December 2019 and their MCI group to Hawai'i that took place recently.

### Singapore

**Dynasty Travel:** Followed up on potential bookings for Hawai'i. Per agent's feedback, the demand for Hawai'i has been slow, with 2 to 3 bookings per month. Most consumers are booking directly instead of through travel agent.

**Travix Cheaptickets:** Discussed on Hawai'i digital campaign to drive more conversions. Campaign targets to launch in August during the booking season.

**Euro Asia Holidays:** Followed up with agent on potential bookings for Hawai'i. Agent will give priority to partners who have co-op marketing funds for the time being. Agent has no plan to put in more efforts to drive Hawai'i at this stage.

**Nam Ho Travel:** Provided Hawai'i destination update to the agent. Inquiries for Hawai'i are usually on customized itineraries for FIT customers.

**Classic Travel:** Met with new director and introduced Hawai'i. Demand for Hawai'i is mainly on FIT and customized packages.

**Fortune Travel:** Updated agent on destination information. Currently the MCI groups are heading to Europe, Australia and New Zealand.

**CTC Travel:** There has been some changes in the team members recently. Followed up on potential MCI groups for Hawai'i.

**MICE Matters:** Aspiration for Hawai'i is positive and there have been inquiries but conversion is challenging due to challenges in securing seats from airline partners and the high ground cost. In addition, there is no incentives for MCI groups.

**Dynasty Travel:** Followed up with agent on any potential bookings for Hawai'i. There has been no demand for Hawai'i so far.

**EU MICE:** Conducted Hawai'i destination training to EU MICE, and encouraged the team to sign up for Hawai'i online training program.

**CWT Meetings & Events:** Followed up on the HP incentive trip, where the group of 160pax spent 4 days on O'ahu in early July 2019. Feedback from the group has been positive.

### Indonesia

**Golden Rama Tour:** HTSEA did sales call to 2 divisions (Series and FIT) of Golden Rama Tour. Feedback from both divisions is that the demand for Hawai'i has been slow due to high airfare and high ground costs.

**Dwidaya Tour:** The series business was slow during Ramadhan holiday period compared to 2018 due to after presidential-election effect and the trade hostile between USA & China.

**Bayu Buana Travel:** The agent indicated there is little demand for Hawai'i. Encouraged the agent to keep pushing Hawai'i for the MCI corporate.

### Thailand

**Festival Tour:** Conducted in House training with Sales and Operation team. Currently the wholesaler doesn't have tour packages to Hawai'i but is interested to learn more about the destination. The training covered Hawai'i geography, Polynesia culture, weather, seasonality and flight what Hawai'i can offer to the customers.

**Ayathai Travel:** this agency focuses on corporate and incentive groups, small group size from 20-50 pax. They were interested to learn more about Hawai'i, promotional discounts for attractions, and golf courses.

### Public Relations

Gohawaiisea's Facebook followers stand at 13,940, and Instagram followers stand at 1,197 in July. Engagements for both channels have increased after more Instagram stories are being posted.

### Sales Activities

#### SALES CALLS

Airline	Wholesaler/TA/TO/OTA	Other	Total
	24		24

See "Travel Trade" section for a summary of Sales Activities.

### Brand Experience Update

HTSEA continues to highlight some of the events such as Hawai'i International Film Festival, Hawai'i Food & Wine Festival, Aloha Festival, Kona Coffee Festival etc. to the leisure and MCI agents.

**“Coming Attractions” for Leisure Market**

What	When	Where
Awe-inspiring Journey to Paradise (digital campaign)	September to November	Singapore
Aloha SEA Trade Mission	September	Kuala Lumpur & Jakarta
#MYHawaiiFiesta Consumer Event	October 31 <sup>st</sup> – November 3 <sup>rd</sup>	Kuala Lumpur



## Group Sales Status Report – July 2019

### **OVERVIEW**

Recent headlines in the meetings, conventions and incentive (MCI) industry suggest that conflicting trends are emerging in the incentive travel market. On the one hand, high-profile corporate companies like Charles Schwab are scrapping their annual incentives trips to Hawai'i, opting instead for after-tax bonus checks and extra paid time off. On the other, the 2018 Incentive Travel Industry Index, published by the Society for Incentive Travel Excellence (SITE) along with the Incentive Research Foundation (IRF), Financial & Insurance Conference Professionals (FICP), and J.D. Power, suggests that incentive travel is in "rude health" – that is, strong and healthy – with 56 percent of buyers reporting an increase in budgets and more qualifiers than ever.

The Incentive Travel Industry Index, the largest survey ever conducted of senior players in the industry with over 1,000 respondents from 80 countries, found that while budgets spent on incentive travel have increased, the average spending per attendee (\$4,000) has remained relatively flat. This suggests more employees are being invited on incentive trips. Indeed, 65 percent of buyers globally have reported an increase in qualifiers (58% in U.S., 67% in Europe, and 73% in Asia). However, despite these budget increases, corporate users are now focusing on managing costs. As an average of one-fourth of attendee spending went to transportation, buyers looking to control costs are experimenting with selected all-inclusive destinations, shorter programs, less expensive hotels, less expensive amenities, and fewer inclusions during the trip.

Although in the 2018 index SITE initially reported a downward trend for Corporate Social Responsibility (CSR) as an award trip inclusion, *Meetings Today* reported in June 2019 that a new breed of incentive travel award-winners is demanding programs that effect change in the world. Organizations such as SITE have now moved CSR to the top of their list. Incentive travel professionals like Kevin Gorman, director of business development for CWT Meetings & Events, are already surfing the CSR activity wave. "Not only are we seeing that, but it's something at CWT we push at every opportunity," Gorman said. "Whether it's a large or small meeting, we encourage our clients to have some sort of CSR program to have some kind of positive impact on the destination they go to," he added.

The challenge appears to be that the historical perception of traditional incentive trips is rooted in what Charles Schwab called a "different era" and can now pose "significant reputational risks" to corporations. Current trends indicate two vastly different approaches to this shift—cancel employee award trips outright or evolve the image of incentive trips by adopting programs that benefit their destinations, such as including CSR activities.

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

**Table 1: Total Sales Production – July 2019**

	Month			Year-to-Date		
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year
<b>Room Nights</b>						
Definite & Assist-Definite	19,293	33,740	-43%	198,561	218,744	-9%
Tentative & Assist-Tentative	53,566	52,362	2%	603,372	557,293	8%

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

**Table 2a: Hawai'i Convention Center (HCC) Citywide Sales Production July 2019**

	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>COMBINED - TOTAL</b>								
<b>Room Nights</b>								
Definite	12,420	9,027	38%	58,256	68,812	-15%	195,000	30%
New to Hawai'i	5,790	1,800	222%	20,921	9,955	110%		
Tentative	5,980	12,141	-51%	123,822	172,123	-28%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite	12,420	7,227	72%	39,107	58,745	-33%		
New to Hawai'i	5,790	0	N/A	13,011	8,000	63%		
Tentative	5,980	10,905	-45%	111,109	161,747	-31%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	0	1,800	-100%	19,149	10,067	90%		
New to Hawai'i	0	1,800	-100%	7,910	1,955	305%		
Tentative	0	1,236	-100%	12,713	10,376	23%		

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

**COMMENTS**

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

- *Council of Engineering and Scientific Society Executives (CESSE) Educational Forum in Baltimore, MD included senior level executives participants from vertical markets of science and engineering sectors. HCC sponsored a breakfast for select executives to promote HCC's East Meets West initiative.*

- *Cvent Connect trade show in Las Vegas, NV provided hands on training and interactive environment about the latest trends, technologies and methodologies.*
- *Experient e4 trade show in Baltimore, MD brought together approximately 250 of Experient and Maritz' top-level client contacts, Account Owners, Executive Leadership and most valued business partners.*

*In July, HCC developed sales initiatives to further stimulate business interest for in the year and future years. Offshore, local and Asian markets will be targeted with special incentive promotions. Third party PCO's and Japanese Wholesalers will be the primary support sources. Clients in the association, corporate and sports markets that are qualified to execute license agreements before year-end 2019 will also be aggressively targeted.*

*In August and September, the HCC sales team will be participating at the American Society of Association Executives (ASAE) and IMEX America trade shows. These two trade shows, along with the other sales efforts, are key to achieving room night and revenue goals by year end. HCC continues to make significant progress with fine-tuning reporting processes and continued sales support training with USI.*

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

*PR efforts for the month of July included a news release announcing HCC's 2019 Venue Excellence Award from the International Association of Venue Managers (IAVM). Other news releases included the promotion of two citywide events in July, namely, the International Congress of Toxicology's IUTOX 15th International Congress of Toxicology, distributed on July 9 and the National Medical Association (NMA)'s Annual Convention and Scientific Assembly distributed on July 26. A media advisory was also distributed to promote public parking availability during the 4<sup>th</sup> of July festivities at Ala Moana Beach Park and Waikīkī. HCC PR also coordinated a phone interview with Sports Destination Management magazine regarding updates on HCC's sports initiative as well as a written interview with Association Convention & Facilities magazine focusing on HCC's healthy food and beverage offerings. Both articles will be published later this year.*

*North America advertising efforts for July included a joint full page ad placement with Meet Hawai'i in Meetings & Conventions magazine's July/August issue (Hawai'i Supplement), a full-page ad placement in Professional Convention Management Association's (PCMA) Convene magazine, plus a matching advertorial and an added value feature on their website PCMA.org.*

*Ongoing North America placements in July include California Society of Association Executives (CalSAE) Newsletter (until July 15) and a digital retargeting campaign with American Society of Association Executives (ASAE), which started March 1<sup>st</sup> until fulfillment 400,000 impressions.*

*Sports advertising placements in July include a dedicated eblast in SportsTravel Magazine and added value website leaderboard ad placement in Sports Events magazine. Ongoing placements include website retargeting campaign on the National Association of Sports Commissions (NASC) website (until Jan. 31, 2020).*

*Local ad placement to promote HCC's Holiday Pā'ina (holiday party package) has also begun in July with a 3/8 page, full color placement in Pacific Business News on July 19.*

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite	4,439	15,584	-72%	93,508	87,856	6%	187,000	50%
New to Hawai'i	510	7,742	-93%	39,501	45,998	-14%	75,000	53%
Tentative	44,219	28,922	53%	410,998	282,576	45%	500,000	82%
<b>MCI</b>								
<b>Room Nights</b>								
Definite	4,439	15,449	-71%	93,408	83,880	11%		
New to Hawai'i	510	7,607	-93%	39,401	42,022	-6%		
Tentative	44,006	28,922	52%	403,528	278,415	45%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite	0	135	-100%	100	3,976	-97%		
New to Hawai'i	0	135	-100%	100	3,976	-97%		
Tentative	213	0	N/A	7,470	4,161	80%		

**COMMENTS**

**Market Conditions and Industry Trends**

*A recent study supported by the Professional Convention Management Association (PCMA) Foundation and Marriott International has found that one size no longer fits all business events. Biodegradable meeting spaces, artificial intelligence and serendipity will all play a significant role in the future of meetings and business events. Those trends, along with others, were discussed by leaders from a wide range of industries for a recent study, The Future of Meetings & Events. The five trends with the potential to dramatically disrupt the business events industry in the next five years are:*

- *Emotional Intelligence: How to design events with the end user in mind.*
- *Orchestrated Serendipity: Engineering unexpected, but meaningful moments.*
- *Multi-modal Design: Creating adaptive spaces such as one that is biodegradable and 3D-printed.*
- *Bigger than Oneself: Think social impact, sustainability and meaningful.*
- *Clear Sense of Place: Leveraging the surroundings where business events are held.*

*The regional director for the Midwest region reports an increase from medical associations out of the Midwest, specifically in the Chicago area, as these associations tend to circle to the West every five years and have found Hawai'i to be a great draw for their membership on the West Coast, as well as those from the East, wanting to incorporate a vacation pre- or post-Meeting. Conversely, Midwest incentive business has slowed a bit from the last few months. In some cases, the incentive market is favoring European destinations as the overall climate is currently suitable for travel to Europe.*

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

*The negative definite production year over year for the month of July is not a concern at this point in time, as year-to-date (YTD) production is +6 percent ahead of the same time last year. Tentative production had a +53 percent increase over last July, with YTD at a strong +45 percent advantage over last year.*

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

- *Convention — trade association, October 2021 (1,152 room nights)*
- *Meeting — medical corporation, March 2020 (664 room nights)*
- *Convention — food corporation, March 2020 (606 room nights)*

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

- *Convention – high tech corporation, March 2021 (5,150 room nights)*
- *Convention – manufacturing corporation, September 2020 (4,380 room nights)*
- *Convention – trade association, May 2025 (2,511 room nights)*
- *Incentive – insurance corporation, June 2021 (2,470 room nights)*
- *Convention – trade association, August 2022 (2,160 room nights)*

### **Advertising efforts**

*Meetings, conventions and incentives (MCI) June Paid Media Recap*

- *Meetings and Conventions July/August Hawai'i Supplement – 50,000 impressions*
- *Northstar Destination Guide banners (728x90) – 500 impressions*
- *Northstar Destination Guide banners (970x250) – 200 impressions*
- *Northstar Destination Guide online Hawai'i Destination Guide – 1,000 page views*

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

1. *Activity highlights include:*

- *Drafted and distributed fall, MCI-focused What's New in the Hawaiian Islands to media.*
- *Drafted responses on behalf of M. Neister and compiled new development and spa activities for groups, which were submitted to Smart Meetings magazine for the upcoming Hawai'i issue.*
- *Fielded request from D. LeBreck, Meetings Today regarding Ko Olina Resort Association and statistics for meetings conducted in Ko Olina and O'ahu; coordinated interview and provided statistics.*

2. *Media Coverage Highlights:*

- *"5 Fresh New Food Experiences of O'ahu and Kaua'i Are Rooted in Hawai'i's Rich Heritage" – Meetings Today – June 2019 – <https://bit.ly/2XvCfFL>*
- *"5 Fabulously Fit Properties Where Groups Can Celebrate International Yoga Day" – Northstar Meetings Group – June 18, 2019 – <https://bit.ly/2Leb2lo>*
- *"Which City is 'Best' in U.S?" – Convene Magazine – June 2019 – <https://bit.ly/2lhJCZf>*

3. *June Impressions and Publicity Values for Articles that included Hawai'i:*

<u>June Impressions</u>	<u>June Publicity Values</u>
Print: 0	Print: \$0
Online: 175,000	Online: \$8,200
Broadcast: 0	Broadcast: \$0
Total: 175,000	Total: \$8,200

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

	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>COMBINED - TOTAL</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	175	0	N/A	1,305	2,649	-51%	3,150	41%
New to Hawai'i	175	0	N/A	1,305	1,727	-24%	2,085	63%
Tentative & Assist-Tentative	825	1,734	-52%	3,424	12,001	-71%	19,500	18%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	1,080	2,607	-59%		
New to Hawai'i	0	0	N/A	1,080	1,685	-36%		
Tentative & Assist-Tentative	650	1,734	-63%	3,199	9,459	-66%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	175	0	N/A	225	42	436%		
New to Hawai'i	175	0	N/A	225	42	436%		
Tentative & Assist-Tentative	175	0	N/A	225	2,542	-91%		

**COMMENTS**

**Market Conditions and Industry Trends**  
 Through conversations with planners this month, Hawai'i is just not coming up with their clients. Many are now looking at Europe or the all-inclusive Caribbean destinations for future incentives. Planners are also mentioning that Hawai'i is cyclical and will come around again for reconsideration. Hotel pricing is too high in comparison to the all-inclusive market. Another issue that has come up is the political climate in the U.S., as well as the exchange on the U.S. versus CAD dollars. Although this comes up frequently, Hawai'i Tourism Canada (HTCAN) has mentioned that the CAD versus Euro situation is quite similar. HTCAN is still in contact with the planners on a regular basis, providing newsletters and updates on the islands. HTCAN also believes that budget and incentive support would help position Hawai'i as a truly competitive destination.

**Exchange Rate Impacting Indirect Activity**  
 Direct arrivals from Canadian airports grew +6.4 percent during the first half of 2019, while arrivals via U.S. airports decreased -12.6 percent. With year-over-year declines registered in every month except April and June, there has been over 9,000 fewer indirect arrivals so far in

2019. Throughout the first six months of 2019, the loonie averaged USD \$0.748 cents, a -4.2 percent decline compared to the same period in 2018.

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

Although July was a slightly busier month than May and June, HTCAN has had an overall decrease in RFP leads thus far in 2019. A few RFPs came in through Cvent, however according to planners, it is still vacation time and they do not expect an increase in activity until the beginning of September. HTCAN is working on several tentative/assist tentative leads that will confirm shortly, pending site inspections in October. This would add an additional 800-1,000 room nights to the definite/assist definite KPI numbers. For the month, HTCAN has secured 175 definite/assist definite room nights and 825 tentative/assist tentative room nights. HTCAN has reached 14 percent of its Q3 tentative/assist tentative target of 6,000 room nights, which is 18 percent of its annual tentative/assist tentative goal. HTCAN has also reached 18 percent of its Q3 definite/assist definite target of 1,000 room nights, which is only 41 percent of its annual definite/assist definite goal. Reduced budgets, activities and time spent on the HT account leads to part of this issue.

HTCAN is working with Strategic Site Selection on a site inspection for a finance corporation interested in Hawai'i for their 2021 incentive program. Site inspection is scheduled for October 2019.

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

- Sleeping Rooms Only – travel corporation, February 2020 (75 room nights)
- Sleeping Rooms Only – travel corporation, March 2020 (100 room nights)

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

- Incentive – finance corporation, May 2021 (494 room nights)
- Incentive – travel corporation, February 2020 (120 room nights)
- Meeting – business services corporation, November 2019 (36 room nights)

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

None to report for July.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	320	1,822	-82%	6,681	7,734	-14%	12,480	54%
New to Hawai'i	320	1,822	-82%	5,046	7,734	-35%	9,984	51%
Tentative & Assist-Tentative	160	1,663	-90%	15,304	15,258	0%	24,960	61%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	1,822	-100%	2,954	7,532	-61%	9,360	32%
New to Hawai'i	0	1,822	-100%	1,319	7,532	-82%	7,488	18%
Tentative & Assist-Tentative	0	1,663	-100%	13,299	15,056	-12%	18,720	71%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	320	0	N/A	3,727	202	1745%	3,120	119%
New to Hawai'i	320	0	N/A	3,727	202	1745%	2,496	149%
Tentative & Assist-Tentative	160	0	N/A	2,005	202	893%	6,240	32%

**COMMENTS**

**Market Conditions and Industry Trends**

**China Economy**

- **GDP** – In the first half of 2019, China's GDP grew +6.3 percent YOY, in line with market expectations.
- **Currency** – In Q2, currency exchange rate depreciated to 6.9 CNY to USD from 6.7 CNY to USD in Q1 in consideration of the escalating Sino-U.S. trade war.
- **Unemployment rate** – The unemployment rate in China decreased to 3.67 percent in Q1 2019 from 3.8 percent in the Q4 2018, reaching a record low since 2002.
- **Consumer confidence** – Consumer confidence in China decreased in May 2019, standing at 123.40 Index Points from 125.30 in April 2019.

**Outbound Travel Market**

- As agreed by U.S. President Donald Trump and President Xi Jinping of China at the G20 meeting in Osaka on June 28, both countries will re-start the trade talks to avoid escalation in China-U.S. tariff war. Following the G20 meeting, the U.S. Consulate General in Guangzhou stated that Chinese travelers are always welcomed by the U.S. Travel industry and MCI intermediaries see this development as a positive signal for the world trade and tourism.
- As one of the most developed cities in China, Shanghai took the lead to put into practice the new "waste classification" act that started officially from July 1, and a total of 46 cities, including first-tier, new first-tier and capital cities of each province, will follow suit. According to Tongcheng Travel, this execution will improve Chinese awareness of environmental protection and boost Chinese tourism. With this positive

*change, enterprises will pay more attention to eco-practices during outbound incentives and FAM trips.*

### **Travel Trends**

- *According to a survey by Amadeus, one of the leading business travel solution platforms worldwide following the “bleisure” trends in 2018, 2019 will continue the “bleisure” wave among Chinese business travelers. Experiential travel is also a new trend. Today’s travelers appreciate a local experience instead of sitting in a meeting room all day. Making the most of their time to explore the destination instead of rushing their stay and leaving is the business travelers’ motto of 2019. Data showed that 12 percent of Asian business travelers are highly likely to choose “bleisure”, which is two times more than European business travelers at 7 percent.*
- *Reported by Caissa Travel, one of the leading travel agents in China, the reservations and inquiries of themed travel became the main force among the study tours during summer holiday, with themes including science, adventure, nature and outward bound. The major outbound origins of study tours come from Shanghai and Beijing, as parents from first-tier cities wish to combine travel and education for their children.*

### **Impact on Hawai‘i**

*As a well-facilitated and inspiring MCI destination with many experiential tourism resources and themed tour packages, Hawai‘i has a huge untapped potential to attract business travelers and study tour groups.*

### **Strategy & Action**

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

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

*HTC has secured 6,681 definite/assist definite room nights as of July and achieved 54 percent of the KPI for 2019 definite/assist definite room nights. With a total 15,304 tentative/assist tentative room nights so far, HTC has achieved 61 percent of the KPI for 2019 total tentative/assist tentative room nights.*

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

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

- *Special Event – educational group, July 2019 (160 room nights)*
- *Special Event – educational group, July 2019 (160 room nights)*

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

- *Incentive – travel corporation, September 2019 (400 room nights)*

### **Public Relations and Advertising**

***HTC Introduced Surfing Resources to Chinese MCI Intermediaries***

*To showcase the various surfing resources to Chinese MCI intermediaries, HTC released an article to introduce the famous surfing spots on O’ahu and Maui in Lvyoukan and Yeoner, two of the popular industry media in China. This article has reached over 400,000 audience with a total PR value of USD 120,000.*

**Table 2e: Hawai’i Tourism Japan Single Property Sales Production  
 July 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	792	5,424	-85%	26,759	30,517	-12%	54,450	49%
New to Hawai’i	0	0	N/A	17,080	15,767	8%	20,000	85%
Tentative & Assist-Tentative	0	1,674	-100%	25,838	31,027	-17%	40,000	65%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	792	5,424	-85%	26,087	24,187	8%	40,850	64%
New to Hawai’i	0	0	N/A	16,408	9,657	70%	7,000	234%
Tentative & Assist-Tentative	0	1,674	-100%	25,166	23,872	5%	30,000	84%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	672	6,330	-89%	13,600	5%
New to Hawai’i	0	0	N/A	672	6,110	-89%	13,000	5%
Tentative & Assist-Tentative	0	0	N/A	672	7,155	-91%	10,000	7%

**COMMENTS**

**Market Conditions and Industry Trends**

*Although numerous cancellations are reported as the Japanese government tightens regulations on large-scale incentive travels in the insurance industry, overall bookings maintain similar numbers YOY. Inquiries for the island of Hawai’i are increasing, but confirmed bookings remain difficult to obtain from high land-fees. Nagoya and Kansai markets are facing difficulties in securing air supply. Inaugural flight for Hawaiian Airlines’ Fukuoka route is November 26, but demand to fill loads for four flights per week is lacking.*

*Hawai’i Tourism Japan (HTJ) has focused on the incentive and edu-tourism markets in July. A seminar and workshop were arranged with the Hawai’i Association of Japan in Sapporo and Sendai, along with the Japan Summit on the island of Hawai’i. HTJ continued sharing educational and sustainable developments on the island of Hawai’i, but many remain hesitant in arranging group travel. Chief editors from five travel media were invited to attend the Japan Summit to raise awareness, while advertising new incentive support packages for entities willing to host group business on the island. A FAM tour for educators was also arranged on the island of Hawai’i and O’ahu to showcase potential sites to visit for future product development.*

**5 Target Pillar Condition/Support**

- *Incentive: Incentive and anniversary travels are increasing incorporation of sustainable development goals (SDG). Companies, such as JTB, are creating pamphlets exclusively for SDG initiatives. HTJ continues to share initiatives of local non-profit organizations (NPO) and educational opportunities. HTJ is also working with Hawai'i Tourism Oceania (HTO) to raise awareness of the International Coastal Clean Up event in September. Continued utilization of travel media to appeal SDG in Hawai'i.*
- *Edu-Tourism: Private high schools remain crucial for the edu-tourism market to Hawai'i. HTJ provided a seminar to 430 students, faculty and PTA for a school trip in January. HTJ ensures the sharing of basic information of the Hawaiian Islands, history and connection with Japanese immigrants amongst other topics.*
- *Sports: Wholesalers are beginning product development for the 2020 Hapalua marathon, marketing it as an added benefit to products. Organizers of the Pacific Rim Cup began approaching wholesalers for promotion of the event; wholesalers are working to incorporate the event in products and as optional tours. HTJ will continue working with organizers to enhance the exchange opportunity between local communities and the Japanese market.*
- *Entertainment: HTJ continues preparations for a large-scale concert lead with three wholesalers and the production company to ensure securement. A tentative booking was placed at the Neil Blaisdell Center for June 2020 for a fan club event; holding regular meetings with organizers to finalize plans and begin promotion.*
- *Attendance Building: HTJ has suggested the HCC as a potential venue to host a convivial gathering for the British American Tobacco Japan lead in 2020; working with organizers and wholesalers on details.*

#### **Airlift Related**

- *Airlift growth to Asian destinations from Thailand, Taiwan and Malaysia are garnering attention of organizers to the closer destinations. To reobtain the market, ANA announced an increase of frequency for a feeder flight, timed to allow seamless connection to the Airbus A380.*
- *Hawaiian Airlines began ticket sales for the Fukuoka–Honolulu service, and will be discussing with travel agencies on group business use. It will be essential to work with stakeholders to attract business to maintain the service because the Kyushu region has shown signs to favor traveling via Tokyo.*
- *Fuel surcharge rates set to increase from 12,000 yen to 17,000 yen for roundtrip tickets issued from August 1. Fuel surcharge rates continue to be highly influential on group business.*

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

*792 assist definite room nights were obtained in July. This is a repeat business to Hawai'i, and the group will be visiting the island of Hawai'i and O'ahu with a scientific theme for their 2020 trip. Although production against Q3 KPI goals are low, numerous leads are expected to come in for August and September. Planned leads include a tentative edu-tourism group, and leads from an automotive corporation and an electronics manufacturer.*

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

- *Meeting – educational group, March 2020 (792 room nights)*

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

**Wing Travel; Circulation 8,900, 30,000 PV and Mail Magazine distribution to 11,000 Travel Watch; 36,000 PV**

HTJ invited well established travel media to the Japan Summit on the island of Hawai'i, which served as a good opportunity to establish branding of the island of Hawai'i and facilitate discussions for new product development, infrastructure and MICE business support with local stakeholders. The industry media effectively covered stories on both the B2B Sessions and the FAM tour portions of the summit to expand reach of HTJ initiatives.

**HTJ Hawai'i MICE Guidebook; AD unit: 20,000**

HTJ continues to collect information on 43 MICE venues selected from Kaua'i, O'ahu, Maui and the island of Hawai'i to be featured in the guidebook. Collection of information on marketing partners and their facilities is almost complete. HTJ is finalizing layouts for the guidebook with the publisher.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	844	872	-3%	8,292	15,600	-47%	21,840	38%
New to Hawai'i	460	492	-7%	4,719	6,919	-32%	14,040	34%
Tentative & Assist-Tentative	844	1,411	-40%	7,902	15,179	-48%	43,680	18%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	844	872	-3%	8,217	15,600	-47%	16,380	50%
New to Hawai'i	460	492	-7%	4,644	6,919	-33%	10,530	44%
Tentative & Assist-Tentative	844	1,411	-40%	7,827	15,179	-48%	32,760	24%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	75	0	N/A	5,460	1%
New to Hawai'i	0	0	N/A	75	0	N/A	3,510	2%
Tentative & Assist-Tentative	0	0	N/A	75	0	N/A	10,920	1%

**COMMENTS**

**Market Conditions and Industry Trends**

**Economy Growth**

South Korea's Minimum Wage Commission has agreed to an increase of +2.9 percent to 8,590 won an hour for 2020. The single-digit hike, the smallest in a decade, was widely anticipated as President Moon Jae-in signaled a more flexible approach to his minimum wage pledge amid an economic slowdown and sluggish job growth. The raise follows a whopping +16.4 percent hike in 2018 and +10.9 percent for this year. The labor-friendly president vowed to raise the minimum wage to 10,000 won by 2020, but last year said it might be difficult to meet the goal. Initially, the labor sector had demanded a +19.8 percent increase for next year, while the business sector proposed a -4.2 percent cut. Labor circles are expected

to fiercely push back as there is time left for negotiation before the labor ministry finalizes its decision in early August.

#### **FX rate & fuel surcharge**

The average USD/WON exchange rate in July was 1174.40 won, a slight decrease from the previous rate of 1177.34 won in June. Fuel surcharges were imposed in July up to 98,400 won (\$83.52) for a round trip between Korea and the U.S.

#### **Record-high Passengers at Provincial Airports**

Korean Airports Corp. (KAC) data showed a record 42.6 million passengers used Gimpo Airport and 13 other provincial airports (Gimhae, Jeju, Daegu, Gwangju, Muan, Cheongju, Yangyang, Yeosu, Ulsan, Sacheon, Pohang, Gunsan and Wonju) in the first half of the year. The growth was mainly attributed to low cost carriers' new international routes. The data showed the total number of passengers who used 14 provincial airports – excluding Incheon (ICN) – increased by +4.1 percent compared to the previous year, breaking the record of 40.9 million set last year. The number of outbound flights from Daegu and Cheongju airports rose by +27.8 percent and +26.2 percent, respectively, followed by newly added international flights. Jeju Airport had the highest number of passengers at 5.1 million between January and June, followed by Gimpo (12.4 million), Gimhae (8.6 million) and Daegu (2.4 million).

#### **Surging Occupancy Rate of LCC**

The number of passengers using low-cost carriers (LCCs) at Incheon International Airport in the first half of 2019 surged by +10.4 percent to 11,301,276. LCC occupancy at the airport exceeded 32 percent, up by +1.4 percent on the same period last year. LCCs had 63,995 flight operations, an increase of +13.1 percent. The most visited destinations by LCCs were Southeast Asia (10,318,066), followed by Japan (6,981,379), China (6,490,698), and other Northeast Asia areas (3,653,088). As small-and-medium- sized MICE groups are increasingly choosing LCCs for their MCI trips, Hawai'i Tourism Korea (HTK) will be working closely with Jin Air that operates ICN-HNL routes from July 21 to August 25 and MCI travel agents to optimize a given supportive MCI environment to strongly encourage turning potential MCI leads into definite.

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

HTK's MCI team achieved its KPI targets in the following measures in July 2019. The targeted number of total definite/assist-definite room nights was 470 room nights, and HTK secured 844 assist definite room nights. Total new to Hawai'i definite/assist definite room nights were 460 room nights versus KPI target of 310 room nights. Also, in terms of total out-of-state attendees, HTK's MCI team attracted 404 attendees to the islands, surpassing its KPI target of 155 attendees.

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

- Incentive – finance corporation, July 2019 (180 room nights)
- Incentive – distribution corporation, July 2019 (138 room nights)
- Incentive – insurance corporation, July 2019 (124 room nights)
- Incentive – distribution corporation, July 2019 (115 room nights)
- Incentive – manufacturing corporation, July 2019 (83 room nights)

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

- Incentive – finance corporation, July 2019 (180 room nights)

- Incentive – insurance corporation, July 2019 (124 room nights)
- Incentive – sports corporation, July 2019 (64 room nights)

**Highlights of Any Key Prospects**

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

**Public Relations and Advertising**

None to report for July.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	303	1,011	-70%	3,760	5,576	-33%	16,640	23%
New to Hawai'i	180	1,011	-82%	3,136	4,250	-26%	12,480	25%
Tentative & Assist-Tentative	1,538	2,443	-37%	12,254	18,760	-35%	34,320	36%
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	123	435	-72%	2,154	4,669	-54%	12,640	17%
New to Hawai'i	0	435	-100%	1,991	3,415	-42%	9,360	21%
Tentative & Assist-Tentative	1,538	1,618	-5%	10,814	16,469	-34%	25,820	42%
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	180	576	-69%	1,606	907	77%	4,000	40%
New to Hawai'i	180	576	-69%	1,145	835	37%	3,120	37%
Tentative & Assist-Tentative	0	825	-100%	1,440	2,291	-37%	8,500	17%

**COMMENTS**

**Market Conditions and Industry Trends**

The exchange rates for AUD & NZD continue to be a challenge for meeting planners who are looking for additional values when booking conference, meeting and incentive groups. Both the Australian and NZ dollars fell this month after President Donald Trump tweeted about plans to impose tariffs on US\$300 billion of Chinese goods next month. China is the largest trading partner for both Australia and New Zealand and Australia is New Zealand's second largest trading partner. The NZ dollar is currently sitting at USD0.65 while the Australian dollar is sitting at 0.68.

The local Australian Tourism Bureaus came up with some very competitive campaigns and funding to attract more business events in Australia for example;

- *Northern Territory Government will invest close to \$10 million to attract business events through its Turbocharging Tourism and Turbo2 campaigns. Releasing a long-term business events strategy for the Territory, Minister for Tourism, Lauren Moss, said the sector presented significant benefits for the region. "A business event attracting 500 delegates that takes place in the Territory injects more than \$1 million in estimated delegate expenditure," she said. "Our NT Business Events Support Fund, which is part of Turbocharging Tourism, has so far attracted 45 business events and conferences to the NT, which will bring 13,725 delegates and inject \$32 million in estimated delegate expenditure into our economy."*
- *Queensland Government lauds win. The Queensland Government has welcomed the decision made by Flight Centre to host its global conference in Brisbane in 2020, which will see around 4,500 travel consultants and industry figures flock to the city of Brisbane. It will be the first time in many years that Flight Centre Global Gathering will stay onshore.*
- *Business Events Sydney has launched a new initiative aimed at improving the competitiveness of Sydney and NSW as a destination for international business events. The organization this month filed paperwork with the Australian competition watchdog, seeking approval for a new Hotel Agreement with its hotel and accommodation partners. The aim of which is to ensure Sydney remains appealing for large international events based on availability, cost and ease of logistics arranging accommodation services. BE Sydney also wants to improve its 2018 average win:loss ratio of better than 60:40.*

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

*Hawai'i Tourism Oceania (HTO) obtained feedback during the Get Global tradeshow that the current situation with the currency exchange placed Hawai'i behind other competitors at the decision making stage. Despite a strong interest in Hawai'i, overall conversion cost incurred for MCI groups, plus resort & banquet fees, approximately adds an additional 30 percent on the budget plan, pricing Hawai'i out of consideration. More business events will stay onshore this year, and this trend is expected to continue through 2020.*

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

- *Sleeping Rooms Only – travel corporation, May 2020 (180 room nights)*
- *Meeting – automotive corporation, September 2019 (63 room nights)*
- *Meeting – automotive corporation, September 2019 (60 room nights)*

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

- *Meeting – retail corporation, August 2020 (310 room nights)*
- *Incentive – automotive corporation, May 2020 (240 room nights)*

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

- *Meeting – travel corporation, March 2019 (184 room nights)*
- *Meeting – medical association, May 2020 (135 room nights)*
- *Meeting – travel corporation, November 2020 (111 room nights)*
- *Meeting – medical association, May 2020 (90 room nights)*

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

*HTO was able to maximize PR opportunities during the Get Global week following various PR & marketing activities.*

- Get Global PR event on Thursday July 25, 2019. HTO attended the event where selected MCI media participated, representing the Hawaiian Island along with other industry partners.
  - Get Global on Travel Daily and Travel Weekly – <https://bit.ly/31sCSOV>
- Moreover, HTO sent out an MCI EDM to over 1,000 clients to promote the week-long sales mission and Get Global.

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

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	N/A	N/A
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	2,374	-100%	3,830	10,369	-63%		
<b>MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	2,374	-100%	3,788	10,022	-62%		
<b>Non-MCI</b>								
<b>Room Nights</b>								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	42	347	-88%		

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

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

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	224,707	54,000	1,382	18,950	35%	17%	8%
Kaua'i	92,360	19,000	831	6,512	34%	14%	7%
Maui County	250,405	79,000	1,853	43,634	55%	26%	17%
Hawai'i	190,119	35,000	373	24,412	70%	16%	13%
<b>Total</b>	<b>757,591</b>	<b>187,000</b>	<b>4,439</b>	<b>93,508</b>	<b>50%</b>		

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

**'ELELE PROGRAM**

COMMENTS
<p><i>July meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):</i></p> <p><i>The highlight this month was participating in the CESSE Annual Meeting in Baltimore, which included:</i></p> <ul style="list-style-type: none"> <li><i>Organizing an HCC sponsored breakfast highlighting "R&amp;D in Asia" and the success of a medical association's convention in attracting Pacific Rim delegates.</i></li> <li><i>Meeting with the CEO and President of an international engineering society. As a result of this appointment Hawai'i is now being considered for either their 2022 Annual Meeting with 2,500 attendees or 2021 Asia Pacific meeting with 350 attendees.</i></li> <li><i>Meeting with the Executive Director of a scientific association and the Program Manager for another scientific association. One scientific association is expecting 3,500 attendees for their meeting scheduled in Honolulu for 2020. The other scientific association's annual meeting is expecting more than 1,000 attendees. Both association's next opportunity to bid is for 2024.</i></li> </ul>

**LOST BUSINESS**

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

HTUSA SINGLE PROPERTY – HIGH PROFILE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Incentive (13411)	Multi Level Marketing	500	250	09/11/2019 - 09/15/2019	Initially, Hawai'i only	No response from client.
MCI: Incentive (13762)	Unknown	1,250	500	09/22/2020 - 09/27/2020	Initially, Hawai'i only	Program lost to an undisclosed destination.
MCI: Incentive (13757)	Multi Level Marketing	1,361	500	10/18/2020 - 10/25/2020	Hawai'i, Whistler, Tahoe, Aruba, and Florida	Program lost to Whistler.
MCI: Meeting (15170)	Business Services, Consulting	1,568	299	08/01/2020 - 08/11/2020	Initially, Hawai'i only	Client no longer considering Hawai'i due to perception.
MCI: Convention - Domestic (15323)	Energy, Environment	2,542	900	01/27/2022 - 02/04/2022	Initially only Kaua'i, O'ahu, Maui and Island of Hawai'i	Client no longer considering Hawai'i due to distance and rates.
MCI: Convention - Domestic (15324)	Energy, Environment	2,542	900	01/28/2021 - 02/05/2021	Initially only Kaua'i, O'ahu, Maui and Island of Hawai'i	Client no longer considering Hawai'i due to distance and rates.

**INTERNATIONAL SINGLE PROPERTY**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT China: MCI: Incentive (16733)	Travel	45	15	08/11/2019 - 08/13/2019	Initially, Hawai'i only	Program has been postponed.
HT China: MCI: Incentive (16730)	Travel	60	15	08/05/2019 - 08/08/2019	Initially, Hawai'i only	Program has been postponed.
HT China: MCI: Incentive (16731)	Travel	60	15	08/08/2019 - 08/11/2019	Initially, Hawai'i only	Program has been postponed.
HT Canada: MCI: Meeting (16432)	Consumer Products	98	34	09/05/2019 - 09/09/2019	Initially, Hawai'i only	Program lost to Cancun.
HT Canada: MCI: Incentive (16530)	Unknown	275	136	10/05/2020 - 10/09/2020	Unknown	Hawai'i did not make the short list.
HT Europe: MCI: Meeting (13385)	Educational	325	25	05/29/2020 - 06/10/2020	Initially, Hawai'i only	Client no longer considering Hawai'i.
HT Europe: MCI: Incentive (15072)	Unknown	342	38	12/26/2019 - 01/04/2020	Unknown	No response from client.
HT Europe: MCI: Incentive (13770)	Incentive	1,360	340	05/10/2021 - 05/14/2021	Initially, Hawai'i only	No response from client.
HT Europe: MCI: Convention - International (15038)	Unknown	1,800	500	04/26/2020 - 05/01/2020	Other warm destinations in the U.S.	No response from client.

**HAWAI'I CONVENTION CENTER**

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Meeting (2111)	Technology	8,750	1,750	01/15/21 - 01/24/21	Unknown	Due to the proximity of the theater for general session.
Banquet (2137)	Other	Unknown	260	02/20/20 - 02/20/20	Sheraton Waikiki Hotel & Royal Hawaiian Hotel	Lost bid to Sheraton Waikiki Hotel & Royal Hawaiian Hotel.
Other (1271)	Sports	1,500	2,000	08/30/19 - 09/02/19	Unknown	Client opted to change location and held new dates at Center.
Sports (2158)	Sports	Unknown	3,500	02/28/20 - 02/28/20	Unknown	Could not get the financial support needed.
Meeting (1936)	Technology	15,041	6,100	07/04/22 - 07/10/22	Las Vegas	Lost bid to Las Vegas.
Meeting (2091)	Technology	15,590	4,000	01/22/21 - 01/29/21	Unknown	Due to location.
Convention (1934)	Health & Medicine	10,525	6,000	01/22/27 - 01/27/27	Unknown	Cancelled 2027 bookings. Client moving forward with 2026 dates at the Center.

**NEW-TO-HAWAI'I DEFINITE BOOKINGS**

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

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
NONE FOR JULY					

INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT China: Non-MCI: Special Event (15347)	Educational	160	50	07/18/2019 - 07/25/2019	Unknown
HT China: Non-MCI: Special Event (16489)	Educational	160	30	07/11/2019 - 07/18/2019	Unknown
HT Oceania: Non-MCI: Sleeping Rooms Only (16605)	Travel	180	120	05/07/2020 - 05/09/2020	Unknown
HT Korea: MCI: Incentive (16781)	Sports	64	26	07/07/2019 - 07/10/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16789)	Insurance	124	62	07/07/2019 - 07/10/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16790)	Finance, Banking	180	73	07/08/2019 - 07/12/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16793)	Sports	44	21	07/27/2019 - 07/30/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (16823)	Sports	48	24	07/31/2019 - 08/03/2019	Initially, Hawai'i only
HT Canada: Non-MCI: Sleeping Rooms Only (16826)	MCI, Travel	75	50	02/26/2020 - 02/28/2020	Unknown
HT Canada: Non-MCI: Sleeping Rooms Only (16827)	MCI, Travel	100	50	03/07/2020 - 03/10/2020	Unknown

<b>TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH</b>	17
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS</b>	1,645

HAWAI'I CONVENTION CENTER					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Scientific (2088)	Scientific	1,910	1,200	07/13/21 - 07/23/21	Unknown
Scientific (2164)	Scientific	3,880	750	12/10/19 - 12/16/19	Unknown

<b>TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH</b>	2
<b>TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS</b>	5,790

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 July:

- 5 educational events
  - International GMTs
    - HTK – Tour Mart Educational MCI Seminar, Gwangju, Korea, July 2
    - HTK – Hana Biz Educational MCI Seminar, Seoul, Korea, July 9
    - HTC – HTC Chengdu Training Seminar, Chengdu, China, July 11
    - HTK – NCL Cruise Hawai'i Seminar, Seoul, Korea, July 12
    - HTC – Kuaibangxing Beijing Seminar, Beijing, China, July 21
  
- 8 trade shows
  - HCC
    - Cvent Educational & Networking Event, Las Vegas NV, July 8-11
    - HTJ Japan Summit, Waikoloa, HI, July 18
    - ACESSE Annual Conference, Baltimore, MD, July 23-25
    - Experient e4, , Baltimore, MD, July 27-31
  - International GMTs
    - HTJ – Japan Summit, Island of Hawai'i, HI, July 17-21
    - HTC – U.S. Consulate B2B Roadshow, Hangzhou, China, July 24
    - HTC – U.S. Consulate B2B Roadshow, Wenzhou, China, July 26
    - HTO – Get Global, Sydney, Australia, July 26
  
- 2 sales blitz
  - HTUSA
    - Sales Calls in Chicago, IL, July 17
  - International GMTs
    - HTJ – JTB Edu-tourism Division, Tokyo, Japan, July 3
  
- 11 major site visits and familiarization (FAM) tours with clients and potential clients
  - HTUSA
    - 2 site visits, Maui
    - 2 site visits, O'ahu and Island of Hawai'i
    - 1 site visit, Kaua'i, Maui, Lāna'i
    - 1 site visit, Kaua'i and Maui
  - HCC
    - 2 site visits, O'ahu
  - International GMTs
    - 1 site visit, Island of Hawai'i
    - 1 site visit, O'ahu and Island of Hawai'i
    - 1 site visit, O'ahu and Maui

**FUTURE SALES AND MARKETING ACTIVITIES**

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

<b>Aug. 2019</b>			
Aug. 1-3	The Institute of Electrical and Electronics Engineers (IEEE) Panel of Conference Organizers, Washington, DC	Trade Show	HCC
Aug. 10-13	American Society of Association Executives (ASAE) Annual Meeting, Columbus, OH	Trade Show	HCC
Aug 18-23	Goldschmidt Conference 2020 Barcelona, Spain	Client Promo	HCC
Aug. 25-28	Connect Association Marketplace, Louisville, KY	Trade Show	HCC & HTUSA
Aug. 29	Hana Biz Educational MCI Seminar, Seoul, Korea	Educational Event	HTK
Aug. 30	Training Seminar with Hawaiian Airlines, Beijing, China	Educational Event	HTC
<b>Sept. 2019</b>			
Sept. 8-12	IMEX America, Las Vegas, NV	Trade Show	HCC & HTUSA
TBD	Southern California Sales Calls	Sales Blitz	HCC
TBD	Lunch & Learn at George P. Johnson, San Carlos, CA	Sales Blitz	HCC
TBD	Nippon Airways Training Seminar, Guangzhou, China	Educational Event	HTC
<b>Oct. 2019</b>			
Oct. 4-10	HTO MCI FAM, O'ahu and Island of Hawai'i, HI	FAM	HTO
Oct. 20-22	National Franchise Convention, Gold Coast, Australia	Trade Show	HTO
Oct. 24-25	Japan Association of Travel Agents (JATA) Tourism Expo, Osaka, Japan	Trade Show	HTJ
Oct. 29	Society for Incentive Travel Excellence (SITE) Canada Education Day, Toronto, Canada	Educational Event	HTCAN
TBD	Northwest Sales Calles, Northern California	Sales Blitz	HCC
TBD	IT &CM Asia, Destination TBD	Sales Blitz	HCC

**CONSUMPTION**

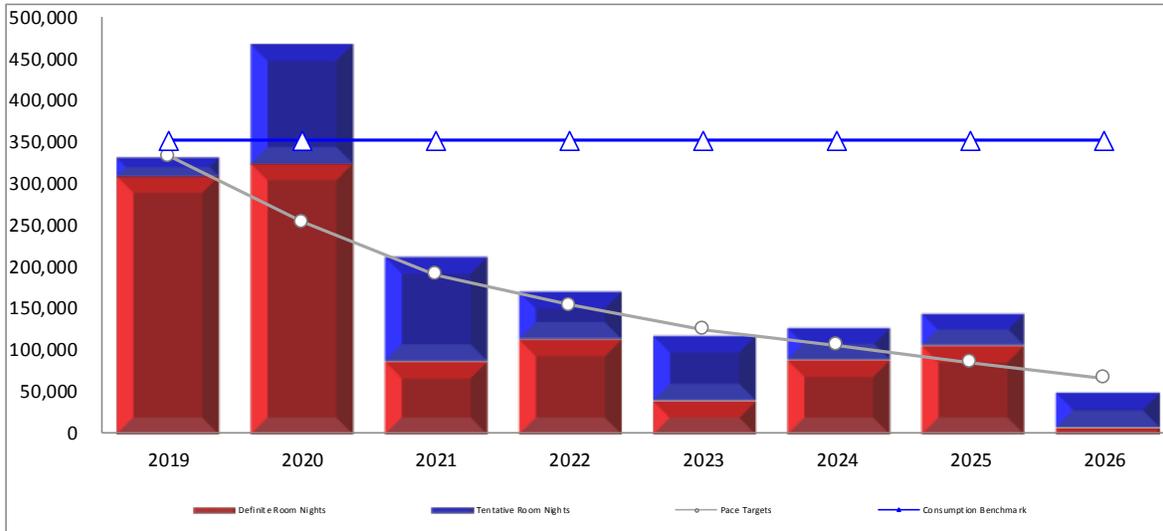
The TAP Reports on the next page show the number of events and room nights on the books for each year 2019-2026 against a rolling 36-month consumption benchmark.

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

**THE TAP REPORT**

**Hawai'i**

Period Ending July 31, 2019  
 Report Date: August 6, 2019



**Hawai'i R/N**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	307,144	322,271	85,981	113,073	38,480	87,233	105,508	7,014	1,066,704
Pace Targets	332,903	253,126	190,309	153,196	124,530	105,386	84,429	65,851	1,309,730
Variance	(25,759)	69,145	(104,328)	(40,123)	(86,050)	(18,153)	21,079	(58,837)	(243,026)
Consumption Benchmark	351,845	351,845	351,845	351,845	351,845	351,845	351,845	351,845	2,814,760
Pace Percentage	92%	127%	45%	74%	31%	83%	125%	11%	81%
Total Demand Room Nights	870,590	642,423	386,758	271,274	104,525	123,428	145,498	71,754	2,616,250
Lost Room Nights	563,446	320,152	300,777	158,201	66,045	36,195	39,990	64,740	1,549,546
Conversion Percentage	35%	50%	22%	42%	37%	71%	73%	10%	41%
Tentative Room Nights	22,098	143,470	123,714	56,286	77,559	37,537	37,327	41,941	539,932

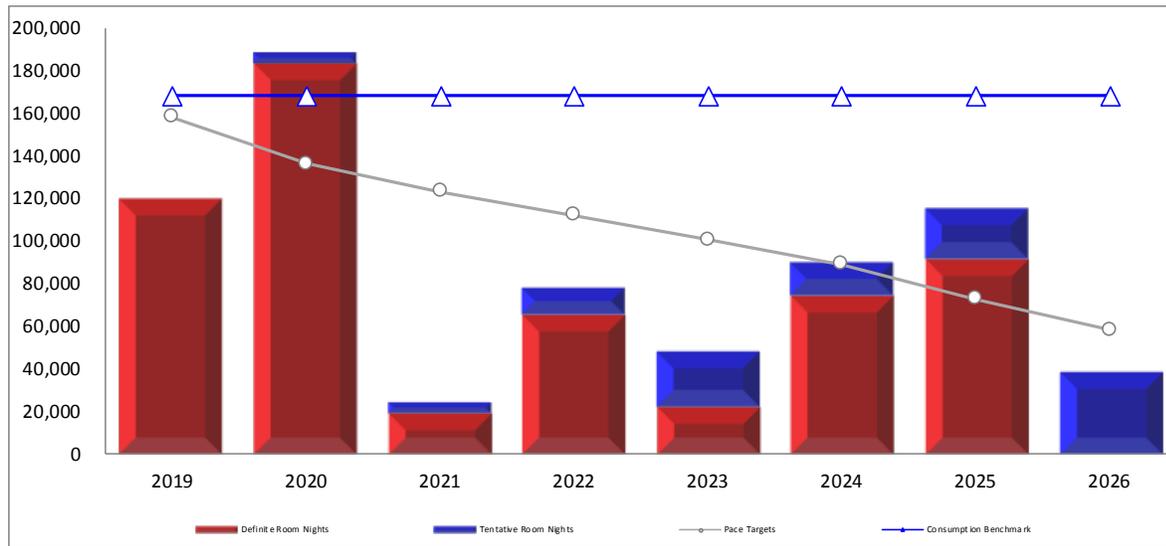
**Hawai'i Events**

Definite Events	332	170	57	37	13	15	11	4	639
Pace Targets	298	116	53	30	15	10	6	3	531
Variance	34	54	4	7	(2)	5	5	1	108
Consumption Benchmark	346	346	346	346	346	346	346	346	2,768
Pace Percentage	111%	147%	108%	123%	87%	150%	183%	133%	120%
Total Demand Events	829	386	125	60	28	25	16	7	1,476
Lost Events	497	216	68	23	15	10	5	3	837
Conversion Percentage	40%	44%	46%	62%	46%	60%	69%	57%	43%
Tentative Events	80	266	141	36	23	12	10	6	574

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** **Period Ending July 31, 2019**  
 Convention Center Report Date: August 6, 2019



<i>Hawai'i R/N</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Room Nights	118,952	182,128	19,250	65,270	21,939	73,540	91,055	0	572,134
Pace Targets	157,710	135,818	123,094	111,796	100,503	89,052	72,727	57,910	848,610
Variance	(38,758)	46,310	(103,844)	(46,526)	(78,564)	(15,512)	18,328	(57,910)	(276,476)
Consumption Benchmark	167,925	167,925	167,925	167,925	167,925	167,925	167,925	167,925	1,343,400
Pace Percentage	75%	134%	16%	58%	22%	83%	125%	0%	67%
Total Demand Room Nights	395,365	324,778	258,713	210,646	77,708	98,872	131,045	64,740	1,561,867
Lost Room Nights	276,413	142,650	239,463	145,376	55,769	25,332	39,990	64,740	989,733
Conversion Percentage	30%	56%	7%	31%	28%	74%	69%	0%	37%
Tentative Room Nights	0	5,250	5,250	12,450	25,785	15,850	23,650	38,451	126,686

<i>Hawai'i Events</i>	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Events	32	19	5	9	3	7	5	0	80
Pace Targets	25	17	13	11	10	6	3	1	86
Variance	7	2	(8)	(2)	(7)	1	2	(1)	(6)
Consumption Benchmark	28	28	28	28	28	28	28	28	224
Pace Percentage	128%	112%	38%	82%	30%	117%	167%	0%	93%
Total Demand Events	76	58	37	25	13	14	10	3	236
Lost Events	44	39	32	16	10	7	5	3	156
Conversion Percentage	42%	33%	14%	36%	23%	50%	50%	50%	34%
Tentative Events	0	2	2	5	5	5	5	5	29

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>

## DEFINITIONS

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

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

<b>July 2019</b>					
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Dollar Amount</b>	<b>Start Date</b>	<b>End Date</b>
•19182	Hawai'i State Department of Education	Hospitality & Tourism Customer Service Certification Training	\$100,000.00	6/28/2019	8/31/2020
•19200	Peter C Johnson dba Vortex Events LLC	Gorge Downwind Champs	\$15,000.00	6/28/2019	11/30/2019
19203	Ho'ola Na Pua	Educational Workshops on Sex Trafficking for Hawai'i's Visitor Industry	\$50,000.00	6/28/2019	12/30/2020
•19195	NonProfit Technologies, Inc.	Hosting Service for HTA Financial Operating System	\$10,920.00	6/28/2019	6/30/2024

Contract Type:  
 • Sole Source  
 † Procurement Exemption

# **Agenda Item**

## **7**

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



# Market Insights – June 2019

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

## Report on Economic Impact

For the first half of 2019, Hawai'i's tourism economy experienced:

- \$8.88 billion in visitor spending, a decrease of 2.0 percent compared to the first half of 2018. On a statewide level, average daily visitor spending was down (-3.4% to \$196 per person) compared to the same period last year.
- Total arrivals grew 4.2 percent to visitors, supported by growth in arrivals via air service (+4.0% to 5,115,051) and by cruise ships (+15.9% to 76,472). Total visitor days<sup>1</sup> rose 1.4 percent compared to the first half of 2018
- Hawai'i's tourism economy experienced \$1.04 billion in generated state tax revenue, down 2.0 percent (-\$21.4 million) compared to the first half of 2018.
- Through May 2019, the state collected \$557.8 million in TAT, an increase of 9.2 percent compared to FY 2018 through May 2018.
  - The TAT rate increased from 9.25% to 10.25% as of January 2018.
  - Per Board request, FY 2019 TAT collection amounts from July to December 2018 were recalculated using the 9.25% rate for an “apples to apples” comparison to FY 2018 collections.
  - Adjusted FY 2019 collections through May 2019 is \$530.2 million or an increase of 3.8% compared to FY 2018.
- Total air capacity into Hawai'i grew 1.9 percent to 6,750,177 seats.

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

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	96.4%	-2.0%	8,884.5	9,218.8
Daily Spend (\$pppd)	95.6%	-3.4%	195.6	204.6
Visitor Days	100.8%	1.4%	45,429,414	45,056,162
Arrivals	103.2%	4.2%	5,191,523	5,029,412
Airlift (scheduled seats)	99.7%	2.0%	6,702,620	6,724,224

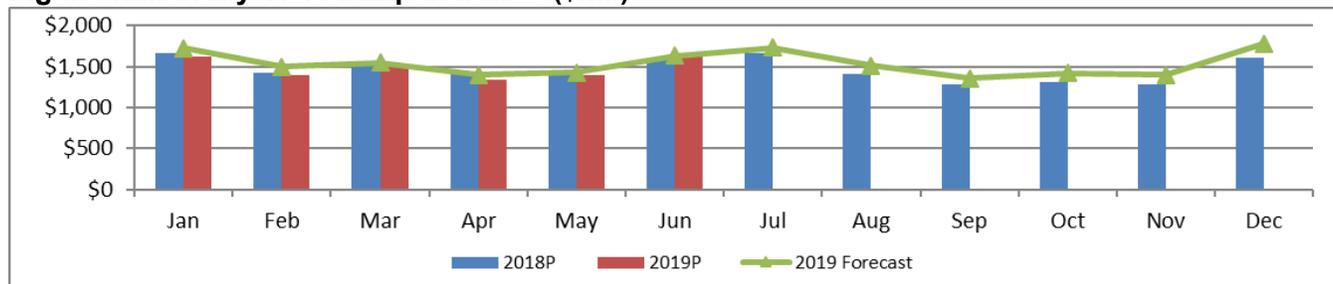
*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

<sup>1</sup> Aggregate number of days stayed by all visitors.

<sup>2</sup> Technical Notes: The HTA received revised hotel room and package rates for the first quarter of 2018 which warranted revisions to the published preliminary statistics (visitor expenditures, per person per day spending and per person per trip spending) for first quarter 2018. Updated data tables are available on the HTA website. 2018 visitor statistics will be finalized for the 2018 Annual Visitor Research Report.

In June 2019, total visitor spending increased 2.8 percent compared to the previous June to \$1.64 billion. A total of 951,628 visitors came to Hawai'i, up 6.1 percent from last June with growth in arrivals by air service (+6.1% to 950,931) offsetting fewer arrivals by cruise ships (-38.7% to 697). Total visitor days increased 2.6 percent versus June 2018.

**Figure 1: Monthly Visitor Expenditures (\$mil)**



## Major Market Areas (MMAs)

### USA

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

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	98.6%	1.1%	5,847.0	5,931.1
Daily Spend (\$pppd)	96.9%	-2.4%	188.1	194.1
Visitor Days	101.7%	3.5%	31,081,910	30,564,201
Arrivals	105.2%	7.4%	3,433,689	3,265,469
Airlift (scheduled seats)	99.8%	3.5%	4,774,353	4,783,753

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Inflation-adjusted gross domestic product (real GDP), will remain positive but is expected to decelerate through the end of 2020. Following an increase of 3.2 percent at a seasonally adjusted annual rate in the fourth quarter of 2018, the median forecast is for real GDP growth to slow to a +2.1 percent rate by Q4 2019 and +1.9 percent by Q4 2020.
- Unemployment is forecast to continue at the current rate of about 3.9 percent.
- The Conference Board Consumer Confidence Index® declined in June, following an increase in May. The Index now stands at 121.5 (1985=100), down from 131.3 in May.
- Southwest Airlines Co. will keep the Boeing Co. 737 Max out of its flight schedule at least through Oct. 1, a month more than previously planned, as safety regulators debate when the grounded aircraft will be approved to resume operations. American, United, WestJet and Air Canada are likely to follow suit.
- Effective Nov. 6, Alaska Airlines will discontinue seasonal flights from Bellingham to Maui and Kona and will add a third daily flight from Seattle to Maui. This winter season, the airline will average 32 daily flights to Hawai'i from the West Coast, more than any other carrier.

## US WEST

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

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	99.9%	2.7%	3,446.5	3,448.8
Daily Spend (\$pppd)	96.8%	-2.4%	175.7	181.4
Visitor Days	103.2%	5.3%	19,620,513	19,007,164
Arrivals	107.1%	9.5%	2,262,603	2,112,718
Airlift (scheduled seats)	99.8%	3.6%	4,177,896	4,187,296

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- In June 2019, the U.S. West market reported an 8.8 percent gain in visitor spending to \$696.2 million. Arrivals increased (11.1% to 454,025 visitors) and daily visitors spending was higher (+1.8% to \$172 per person) compared to June 2018.

## US EAST

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

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	96.7%	-1.2%	2,400.6	2,482.2
Daily Spend (\$pppd)	97.5%	-1.9%	209.4	214.8
Visitor Days	99.2%	0.7%	11,461,397	11,557,037
Arrivals	101.6%	3.6%	1,171,086	1,152,751
Airlift (scheduled seats)	100.0%	2.5%	596,457	596,457

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- In June 2019, spending by U.S. East visitors grew 5.1 percent to \$490.9 million. Arrivals were up 7.6 percent to 238,249 visitors and daily spending (+1.7% to \$211 per person) increased compared to a year ago.

## CANADA

**Table 5: Key Performance Indicators – Canada**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	99.0%	-1.7%	635.9	642.6
Daily Spend (\$pppd)	98.3%	-1.3%	167.1	170.1
Visitor Days	100.7%	-0.3%	3,804,917	3,778,884
Arrivals	101.4%	1.7%	310,248	305,918
Airlift (scheduled seats)	95.8%	7.2%	306,686	320,070

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Economists have downgraded 2019 Canadian economic growth forecast to 1.3 percent from 1.7 percent. The Bank of Canada expects the economy to build slight momentum through 2019 with a growth of 1.5 percent in 2020 and 2.0 percent in 2021.
- Despite the slow growth, the economy is expected to post one of its strongest job gains on record this year, while tight labor markets are resulting in strong wage growth. The housing market will continue to cool this year, with a decline in residential investment and prices.
- While the exchange rate is currently slightly above 75 U.S. cents, there is some volatility that contributes to traveler's considerations. Economists are predicting the exchange rate to move to 77 U.S. cents by the end of 2020.

- Consumer Confidence in Canada increased to 56.76 Index Points in May from 53.71 Index Points in May of 2019. Consumer Confidence in Canada averaged 53.44 Index Points from 2010 until 2019, reaching an all-time high of 57.05 Index Points in November of 2018 and a record low of 46.80 Index Points in February of 2016.
- While overall trip intentions remain at the same level as last year, the share of outbound trip activity has increased. Of those who have selected a destination, 44 percent plan to vacation outside of Canada on their longest trip this summer. Compared to last summer, a similar proportion of travelers plan to vacation in the Caribbean and Mexico and the Asia/Pacific region while intentions to visit Europe and Great Britain have increased and plans including the U.S. have declined.
- WestJet announced that the 787-9 Dreamliner will be used to operate flights between Calgary and Kahului as well as a weekly flight from Edmonton to Honolulu this fall.

## JAPAN

**Table 6: Key Performance Indicators – Japan**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	92.9%	-2.7%	1,049.6	1,129.4
Daily Spend (\$pppd)	93.8%	-2.2%	239.1	254.8
Visitor Days	99.0%	-0.5%	4,390,200	4,432,435
Arrivals	99.9%	0.8%	752,693	753,080
Airlift (scheduled seats)	100.0%	0.7%	981,290	980,915

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- In June 2019, spending by Japanese visitors declined 4.9 percent to \$185.0 million as a result of decreased arrivals (-1.8% to 128,134) and slightly lower daily visitor spending (-0.7% to \$250 per person).
- The exchange rate was at 108.06JPY to USD in June 2019. Economic outlook is starting to decline with uncertainties arising from the ongoing political tensions between the US and China, as well as Japan and Korea.
- Hawai'i remains the number one outbound travel destination for Japanese weddings. The state captures a 65 percent market share with an average spending amount of under two million yen (\$20,000 USD).
- Steady recovery in visitors to the island of Hawai'i is ongoing as a result of the rebranding campaign. 2019 May Japanese visitors to the island of Hawai'i saw growth of over 10 percent.
- Round trip fuel surcharge rates will be increased to 17,000 yen for tickets issued from August 1 onwards.
- Hawaiian Airlines began ticket sales for direct flight service to Fukuoka from November 26. The flight will be operated four times per week, departing from Honolulu on Tuesday, Friday, Saturday and Sunday on their Airbus A330 aircraft.
- ANA continues operation of their first Airbus A380 aircraft "Flying Honu" in the ANA blue livery on Sunday, Tuesday and Friday. Starting July 1, the second aircraft in the emerald green livery will be implemented, increasing frequency of the A380 to 10 flights per week.

- Tentative approvals were given to Hawaiian Airlines and Delta Air Lines for additional slots at Haneda Airport. Amongst the approved routes one route for Honolulu was allotted for each of the airlines. The industry remains hopeful for the service to launch by the 2020 Tokyo Olympics. Announcements will be made on a later date for domestic carriers.
- Major airlines are strengthening efforts on Loyalty Programs (Mileage Programs) and direct bookings to better accommodate the growing FIT market to Hawai'i.

## OCEANIA

**Table 7: Key Performance Indicators – Oceania**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	86.8%	-13.2%	427.0	492.0
Daily Spend (\$pppd)	95.2%	-2.4%	260.0	273.1
Visitor Days	91.2%	-11.1%	1,642,347	1,801,476
Arrivals	93.0%	-8.8%	175,136	188,411
Airlift (scheduled seats)	99.7%	-6.5%	241,091	241,719

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals from Australia decreased in June (-2.8% to 27,638) and through the first half of 2019 (-7.0% to 143,636) versus a year ago.
- Australia's economy has slowed further with GDP growth at under 2 percent over the past year. Growth in the first quarter of 2019 was 0.4 percent, the lowest since September 2009. Household spending continues to be weak, particularly discretionary spending on new household items, recreation and hospitality. The Government plans to pass a range of tax cuts after July 1 which it hopes will give the economy a boost. In June, the Australian dollar continued to hover at the US\$0.69 mark.
- There has been an increase in the number of flights available from Australia to U.S. destinations, resulting in very competitive fares and providing travelers with more choice on where to holiday in the USA.
- Visitor arrivals from New Zealand dropped in June (-34.5% to 6,010) and through the first half of 2019 (-16.4% to 31,500).
- The IMF recently commented on the New Zealand economy, stating that New Zealand's economic expansion has lost momentum. And while the near-term outlook is expected to improve, there are risks towards the downside. Meanwhile, the New Zealand dollar maintained a similar value during the month, sitting around US\$0.66.
- In 2018, outbound travel from New Zealand reached record levels with over 3 million departures.

## EUROPE

**Table 8: Key Performance Indicators – Europe**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	86.9%	-3.5%	119.9	137.9
Daily Spend (\$pppd)	93.1%	3.5%	165.4	177.7
Visitor Days	93.4%	-6.8%	725,051	776,059
Arrivals	93.8%	-6.8%	56,338	60,038
Airlift (scheduled seats)	NA	NA	NA	NA

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland decreased in June (-8.0% to 8,835) and through the first half of 2019 (-6.8% to 56,338).
- Overall, the German economy remains stable. Focus Economics Consensus Forecast panelists expect the German economy to increase 0.9 percent in 2019, and 1.4 percent in 2020. The unemployment rate remains consistent at 3.2 percent.
- According to Trading Economics, this quarter, Germany has had the fastest increase in household spending in eight years.
- The World Tourism Barometer reports that Germany was the third top spender for international tourism expenditure last year with 94.2 billion USD.
- According to the FVW destination rankings, the USA continues to be the largest single-haul destination for German travelers with about two million German visitors in each of the last three years.
- In the UK, the pound slipped to \$1.27 USD in June 2019.
- UK consumers continue to remain concerned about personal finance and the wider economy, as reflected in the decreased consumer confidence in June 2019.
- Over the past three months, employment in the UK increased by 32,000, hitting record high of 32.75 million, and keeping the unemployment rate at its lowest level since 1974.
- According to a report by travel technology giant Travelport, the USA is the UK's favorite destination for summer 2019. The report also showed that India, UAE, and Canada were behind the United States, whilst China and South Africa saw the largest year-on-year growth.

## CHINA

**Table 9: Key Performance Indicators – China**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	80.6%	-27.3%	151.2	187.5
Daily Spend (\$pppd)	90.2%	-5.2%	327.5	363.2
Visitor Days	89.4%	-23.3%	461,816	516,404
Arrivals	87.0%	-27.3%	59,079	67,868
Airlift (scheduled seats)	104.5%	-20.0%	68,151	65,243

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals from China declined in June (-31.1% to 10,979) and through the first half of 2019 (-27.3% to 59,079).
- The Chinese economy expanded 6.6 percent year-over-year (YOY) in 2018. China sets its GDP at between 6 percent and 6.5 percent to pursue quality growth amid mounting uncertainties in the international economic landscape this year. In the first half year of 2019, China's GDP grew 6.3 percent, in line with market expectations. In Q2, Chinese Yuan depreciated to 6.9 CNY to 1 USD.
- In 2018, a total of 2.99 million Chinese traveled to the U.S, a 5.7 percent drop YOY. In 2019, as of May, a total of 569,166 Chinese citizens obtained the Non-Immigrant Visa according to the U.S. Bureau of Consular Affairs, a decrease of 13.4 percent YOY. The U.S. State Department has begun implementing a new requirement for U.S. Visa Application where applicants must submit information including their social media usernames, email addresses and mobile numbers for the past 5 years.
- As part of the Chinese Government's Greater Bay Area Development Plan, the airports and air routes of five airports including Hong Kong, Macao, Shenzhen, Guangzhou and Zhuhai will be upgraded. Air routes between Guangzhou and North American will be developed to increase convenience for Southern Chinese travel into the U.S.
- A total of 74 destinations (including countries supporting China's One Belt Road initiative) are offering visa waiver or visa-upon-arrival to entice the Chinese market. Competition continues to intensify as destinations/countries are investing heavily to gain access to the Chinese travel market.
- In the Shanghai market, air capacity from China Eastern Airlines remain stable in 2019. In the Beijing market, the suspension of Hawaiian Airlines' direct flights last October led to a loss of over 22,000 seats in the first half of 2019, a 54 percent decrease for the Beijing Market.
- With the new A380 "Flying Honu", ANA made a strategic decision to enter the China market for Hawai'i and has been working with HTC to target upscale Chinese travelers transiting via Tokyo.
- Hawai'i ranked 2nd among outbound tourism destinations for Chinese Luxury travelers, according to the latest joint report by Hurun Report and International Luxury Travel Market (ILTM).
- HTC continues to target more sophisticated and high value visitors to Hawai'i by positioning the Hawaiian Islands as the 'Diamond of Islands' in its 2019 Marketing Initiatives.

## KOREA

**Table 10: Key Performance Indicators – Korea**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	96.0%	-14.6%	215.1	224.0
Daily Spend (\$pppd)	91.2%	0.3%	276.9	303.5
Visitor Days	105.3%	-14.9%	776,764	737,944
Arrivals	104.2%	-17.2%	101,880	97,793
Airlift (scheduled seats)	100.0%	-12.3%	159,338	159,300

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals from Korea declined in June (-1.7% to 15,877) and year-to-date (-17.2% to 101,880).
- South Korea's economy will achieve 2.6 percent to 2.7 percent growth in 2019 if the government maintains expansionary fiscal policies to support growth according to International Monetary Fund (IMF).
- The average USD/WON exchange rate in June was 1177.34 won, a slight increase from the previous rate of 1174.07 won in May.
- Fuel surcharges were imposed 122,400 won (\$106.02) for a round trip between Korea and the U.S., keeping a status quo in June. It will decrease by up to 12,000 won (US\$10.10) in July due to drop in oil prices, the first downward adjustment in three months.
- Korea's flag carrier Korean Air (KE) is highly likely to operate chartered flights of ICN-HNL route to target Korea's golden holiday week of October between two national holidays – Oct 3 and 9. It is scheduled on the dates of Sep 29, Oct 3, and Oct 7 with Air Bus 333 aircraft of total 276 seats, which will add a total of 828 seat supplies to the market.
- Korea's flag carrier Asiana Airlines (OZ) will increase the frequency of its ICN-HNL route to daily from August 16 to March 31, 2020, to serve the peak season for summer vacation between July and August, as well as Korean Thanksgiving Day 'Chuseok' and winter vacations. Increased airlifts will generate incremental 4,675 seats in 2019. The airline is currently operating 5 flights weekly on Sunday, Monday, Wednesday, Thursday, and Saturday.
- Korea's low-cost carrier Jin Air (LJ) will resume flight operation from July 22 after the four-and-half-month suspension since March 2, 2019. LJ will fly 5 times a week until August 25 to target increasing FIT demands for the busy summer travel season. After the month-long service, LJ will suspend service again for aircraft maintenance check and will resume service possibly in early December.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners, tour operators, media and celebrities and influencers.

## TAIWAN

**Table 11: Key Performance Indicators – Taiwan**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	154.8%	66.6%	33.3	21.5
Daily Spend (\$pppd)	93.7%	3.4%	255.4	272.7
Visitor Days	165.3%	61.1%	130,326	78,864
Arrivals	156.9%	59.1%	14,334	9,134
Airlift (scheduled seats)	100.0%	19.6%	18,666	18,666

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals increased in June (+32.9% to 2,333) and in the first half of 2019 (+59.1% to 14,334) versus a year ago.
- The GDP growth of Taiwan for the first quarter was revised to 1.71 percent from a preliminary 1.72 percent, its slowest pace in more than two years. Taiwan's government also lowered its 2019 economic growth forecast to 2.19 percent (2.27 percent previously) as sluggish global tech demand dragged on the island's export-reliant economy.
- Currency exchange rate fluctuations play an important role in Taiwanese consumers' decision-making in oversea travel destination and spending.
- Short-haul competition from East/Southeast Asian destinations remains strong in May 2019: Philippines (+39.6%), Vietnam (+35.4%), Hong Kong (+18.5%) and Thailand (+17.4%) have seen greater growths because of their affordable pricing and proximity to Taiwan. Furthermore, Thailand will extend its waiver on visa-on-arrival fees until October 2019, expecting to bring in even more Taiwanese visitors in the second and third quarter.
- Long-haul competition from New Zealand continues to be strong with 33.7 percent visitation growth YOY (YTD May 2019) due to favorable currency exchange rates and the new direct flight between Taipei and Auckland. However, outbound travel to major North American and European destinations has remained flat or declined since April 2019.
- According to Expedia's latest report on the most popular overseas destinations for the Taiwanese in 2018, the top ten destinations are all located in Asia. Expedia indicated that the increasing popularity of low-cost carriers and New Southbound Policy by Taiwan's government contributed to the visitor traffic to these Asian destinations.
- China Airlines launched its additional direct flight on May 3, 2019, providing a total of three weekly flights between Taipei and Honolulu.

## LATIN AMERICA

**Table 122: Key Performance Indicators – Latin America**

	% of Forecast	YOY Rate <sup>2</sup>	Jun. YTD	Forecast
Visitor Spending (\$mil)*	88.4%	-20.0%	29.1	32.9
Daily Spend (\$pppd)	90.9%	-12.3%	219.1	241.2
Visitor Days	97.3%	-8.8%	132,688	136,359
Arrivals	96.0%	-9.8%	12,497	13,024
Airlift (scheduled seats)	NA	NA	NA	NA

*DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures*

- Visitor arrivals from Mexico, Brazil and Argentina decreased in June (-15.1% to 1,416) and in the first half of 2019 (-9.8% to 12,497).

### Island Distribution

- **O‘ahu:** Visitor spending decreased (-2.1% to \$744.7 million) in June year-over-year. Total visitor days increased (+3.2%), but daily spending declined (-5.1% to \$191 per person). Arrivals rose 4.6 percent to 568,043 visitors.

In the first half of 2019, both visitor spending (+1.8% to \$4.05 billion) and arrivals (+4.6% to 3,047,683) increased compared to a year ago.

- **Maui:** Visitor spending increased (+12.2% to \$486.4 million) in June compared to a year ago. Total visitor days rose 2.8 percent and daily spending grew (+9.1% to \$213 per person). Arrivals were up 5.7 percent to 296,427 visitors.

In the first half of 2019, visitor spending decreased (-1.8% to \$2.61 billion) despite growth in visitor arrivals (+4.0% to 1,522,043).

- **Island of Hawai‘i:** Visitor spending increased 4.6 percent to \$203.2 million in June, supported by growth in visitor days (+3.4%) and higher daily spending (+1.1% to \$177 per person). Arrivals rose 9.3 percent to 163,712 visitors.

In the first half of 2019, both visitor spending (-11.5% to \$1.16 billion) and visitor arrivals (-5.1% to 883,346) declined versus last year.

- **Kaua‘i:** In June, visitor spending was flat (-0.1% to \$195.0 million) compared to a year ago. Visitor days decreased by 1.1 percent, but daily spending (+0.9% to \$197 per person) was slightly higher. Arrivals were similar to last year (-0.3% to 135,069 visitors).

In the first half of 2019, both visitor spending (-5.7% to \$961.9 million) and visitor arrivals (-1.7% to 686,236) declined compared to the same period last year

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

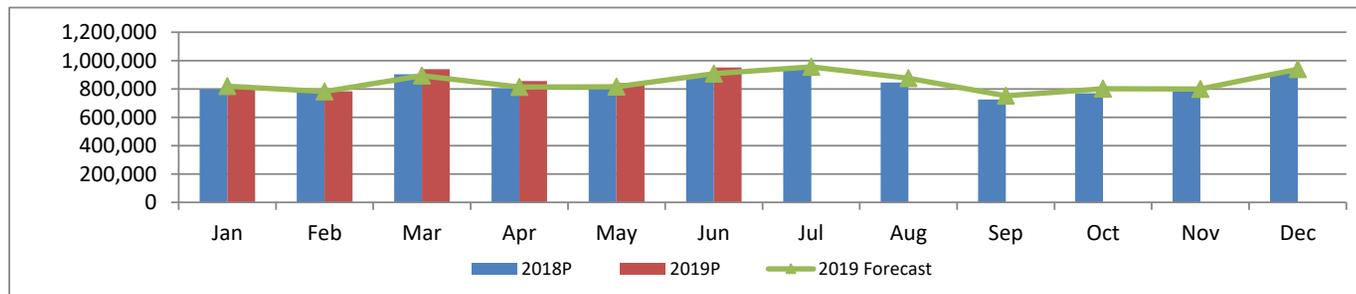
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 96.4%	-2.0%	8,884.5	9,218.8
Daily Spend (\$pppd)	↓ 95.6%	-3.4%	195.6	204.6
Visitor Days	→ 100.8%	1.4%	45,429,414	45,056,162
Arrivals	↑ 103.2%	4.2%	5,191,523	5,029,412
Airlift (scheduled seats)	→ 99.7%	2.0%	6,702,620	6,724,224

Arrivals	YOY Rate	YTD
O'ahu	4.6%	3,047,683
Maui	4.0%	1,522,043
Moloka'i	2.0%	31,113
Lāna'i	8.9%	42,645
Kaua'i	-1.7%	686,236
Hawai'i Island	-5.1%	883,346

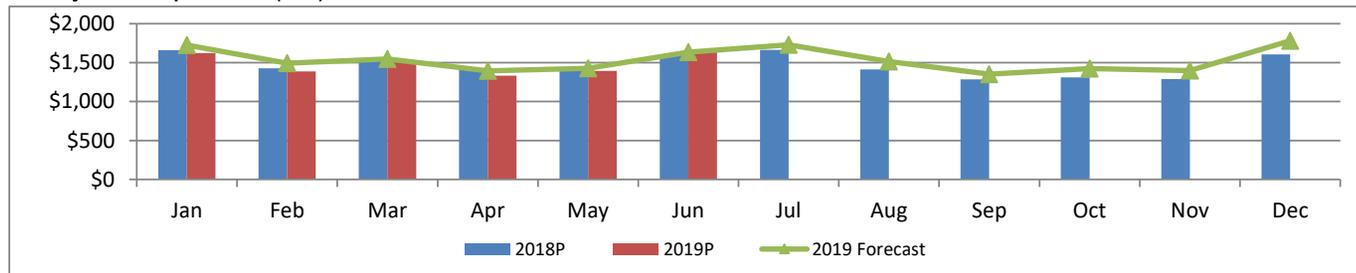
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

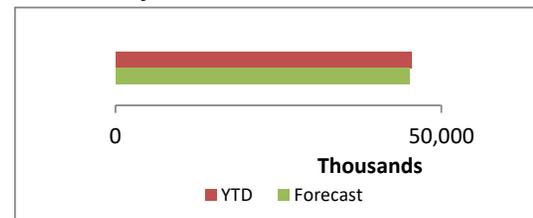


Monthly Visitor Expenditures (\$mil)

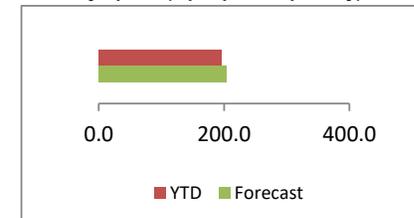


Annual Indicators

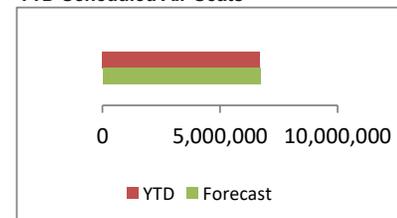
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. TOTAL**

Key Performance Indicators

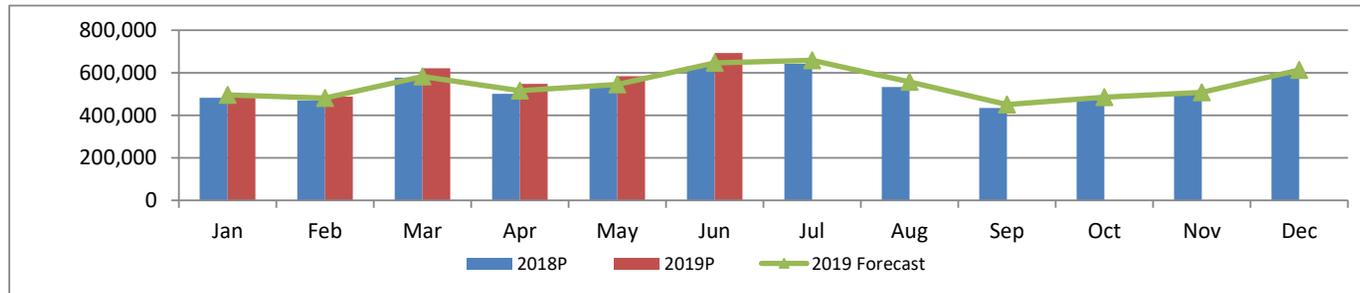
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	👇	98.6%	1.1%	5,847.0	5,931.1
Daily Spend (\$pppd)	👇	96.9%	-2.4%	188.1	194.1
Visitor Days	👈	101.7%	3.5%	31,081,910	30,564,201
Arrivals	👆	105.2%	7.4%	3,433,689	3,265,469
Airlift (scheduled seats)	👉	99.8%	3.5%	4,774,353	4,783,753

Arrivals	YOY Rate	YTD
O'ahu	10.5%	1,655,253
Maui	5.1%	1,201,316
Moloka'i	3.8%	22,106
Lāna'i	3.5%	29,321
Kaua'i	-1.5%	570,239
Hawai'i Island	0.0%	633,432

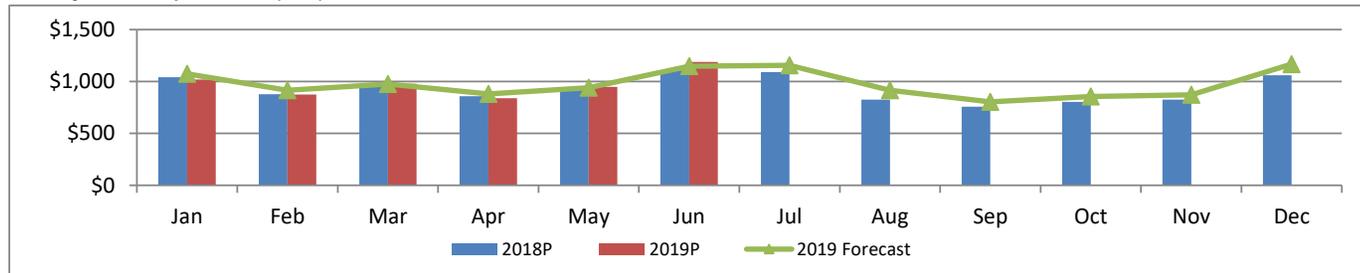
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

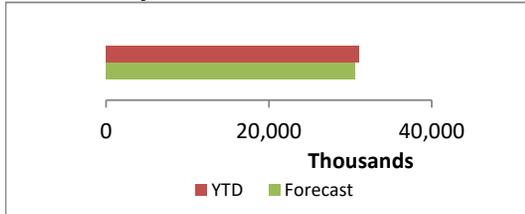


Monthly Visitor Expenditures (\$mil)

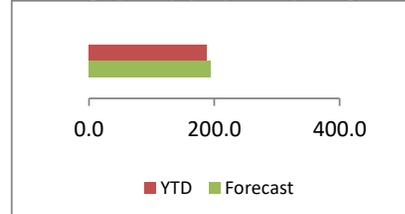


Annual Indicators

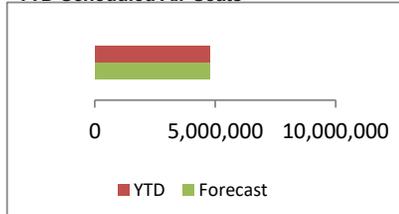
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. WEST**

Key Performance Indicators

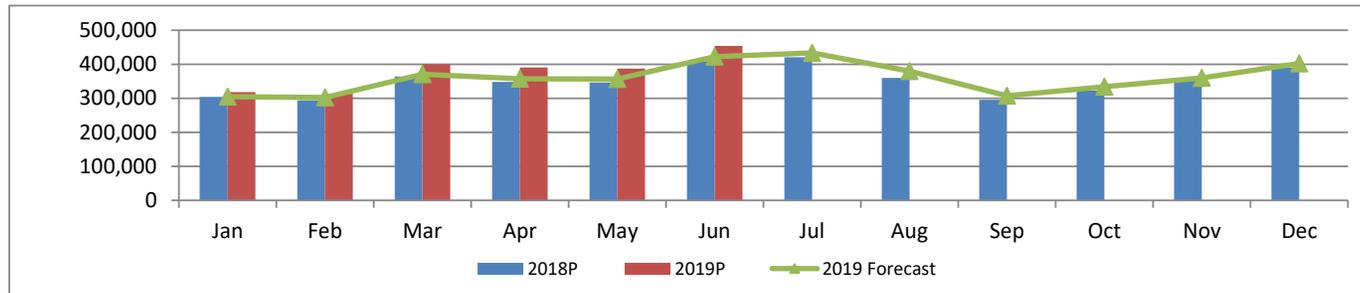
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	→	99.9%	2.7%	3,446.5	3,448.8
Daily Spend (\$pppd)	↓	96.8%	-2.4%	175.7	181.4
Visitor Days	↑	103.2%	5.3%	19,620,513	19,007,164
Arrivals	↑	107.1%	9.5%	2,262,603	2,112,718
Airlift (scheduled seats)	→	99.8%	3.6%	4,177,896	4,187,296

Arrivals	YOY Rate	YTD
O'ahu	14.2%	987,810
Maui	7.6%	774,235
Moloka'i	14.2%	13,110
Lāna'i	10.7%	15,392
Kaua'i	0.3%	359,475
Hawai'i Island	4.3%	396,862

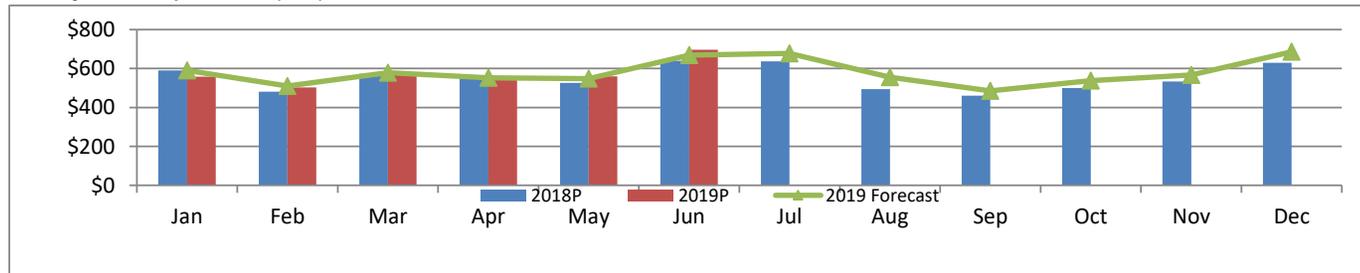
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

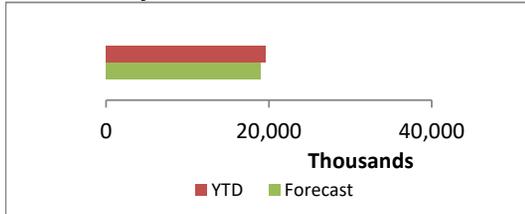


Monthly Visitor Expenditures (\$mil)

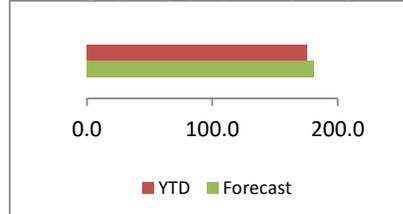


Annual Indicators

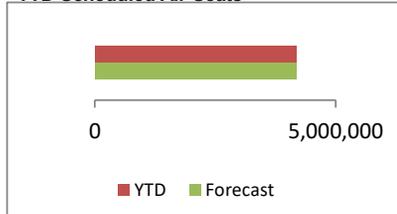
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. EAST**

Key Performance Indicators

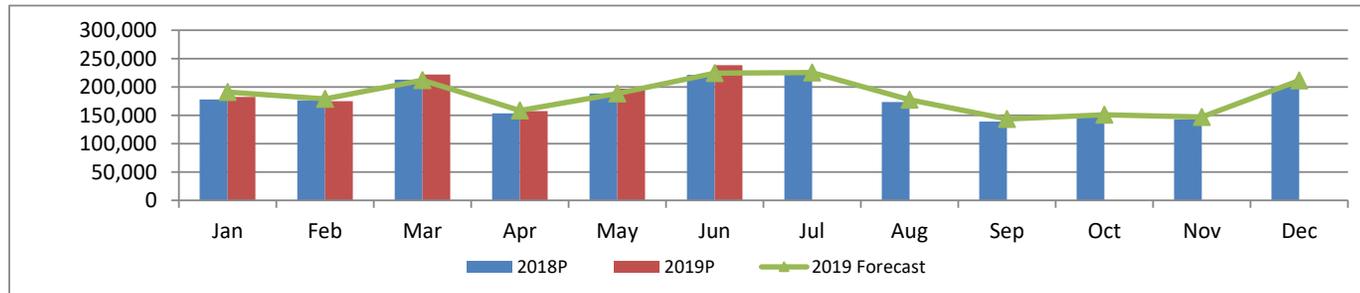
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 96.7%	-1.2%	2,400.6	2,482.2
Daily Spend (\$pppd)	↓ 97.5%	-1.9%	209.4	214.8
Visitor Days	→ 99.2%	0.7%	11,461,397	11,557,037
Arrivals	↗ 101.6%	3.6%	1,171,086	1,152,751
Airlift (scheduled seats)	↗ 100.0%	2.5%	596,457	596,457

Arrivals	YOY Rate	YTD
O'ahu	5.4%	667,442
Maui	1.0%	427,081
Moloka'i	-8.3%	8,996
Lāna'i	-3.3%	13,929
Kaua'i	-4.5%	210,764
Hawai'i Island	-6.5%	236,570

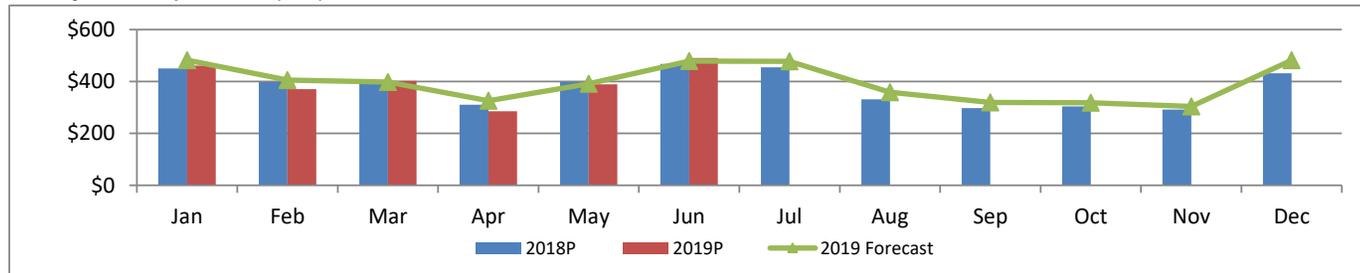
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

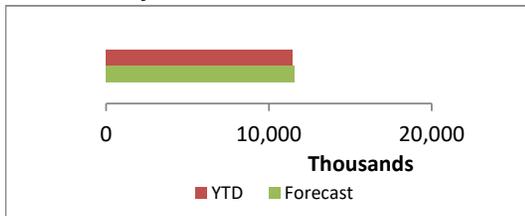


Monthly Visitor Expenditures (\$mil)

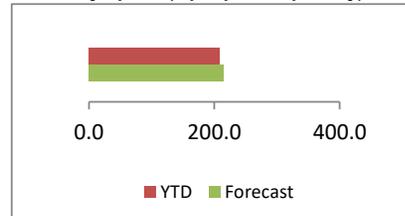


Annual Indicators

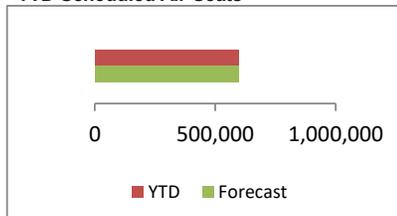
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **CANADA**

Key Performance Indicators

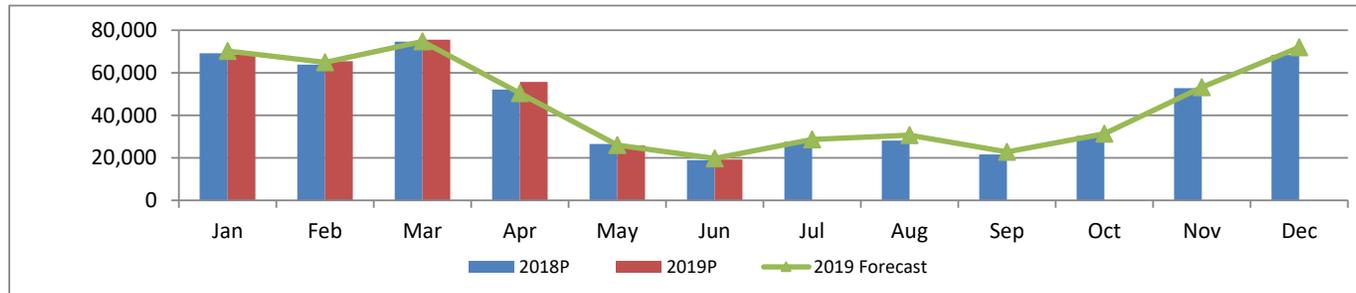
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	99.0%	-1.7%	635.9	642.6
Daily Spend (\$pppd)	98.3%	-1.3%	167.1	170.1
Visitor Days	100.7%	-0.3%	3,804,917	3,778,884
Arrivals	101.4%	1.7%	310,248	305,918
Airlift (scheduled seats)	95.8%	7.2%	306,686	320,070

Arrivals	YOY Rate	YTD
O'ahu	4.7%	126,873
Maui	1.1%	155,259
Moloka'i	27.9%	2,835
Lāna'i	0.9%	3,172
Kaua'i	0.6%	44,287
Hawai'i Island	-7.7%	55,585

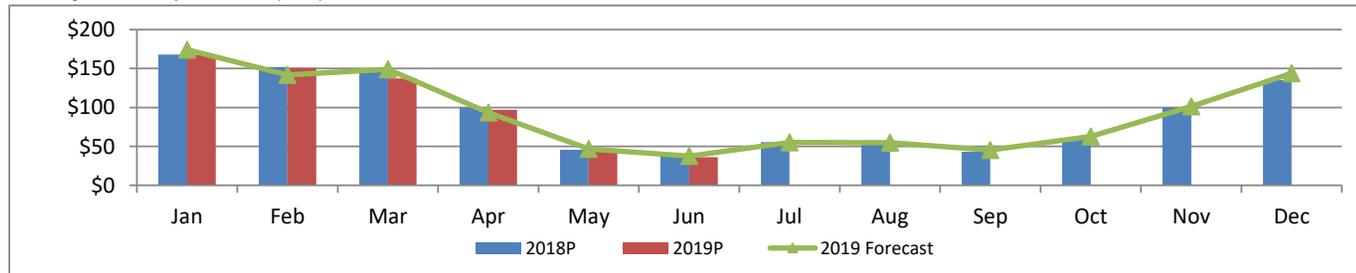
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

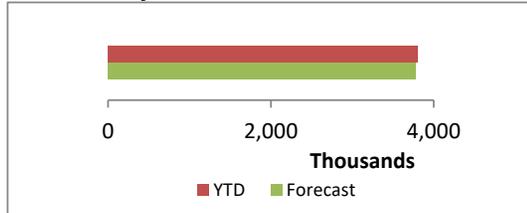


Monthly Visitor Expenditures (\$mil)

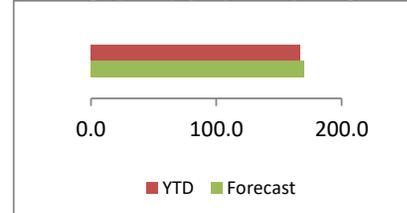


Annual Indicators

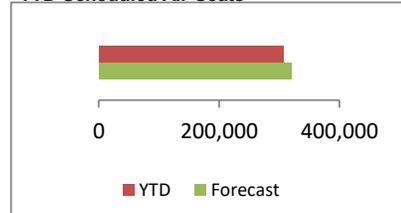
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **JAPAN**

Key Performance Indicators

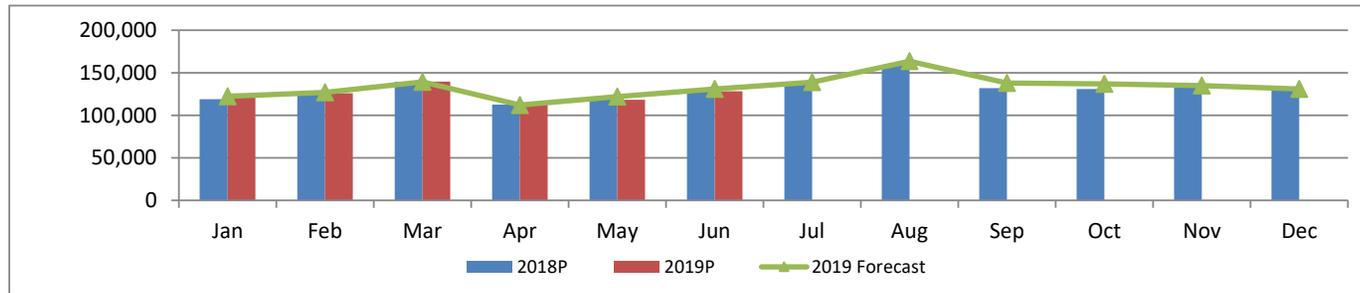
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 92.9%	-2.7%	1,049.6	1,129.4
Daily Spend (\$pppd)	↓ 93.8%	-2.2%	239.1	254.8
Visitor Days	→ 99.0%	-0.5%	4,390,200	4,432,435
Arrivals	→ 99.9%	0.8%	752,693	753,080
Airlift (scheduled seats)	→ 100.0%	0.7%	981,290	980,915

	YOY Rate	YTD
O'ahu	1.9%	714,554
Maui	-0.9%	24,412
Moloka'i	20.7%	873
Lāna'i	47.6%	1,132
Kaua'i	-5.4%	12,461
Hawai'i Island	-22.7%	75,475

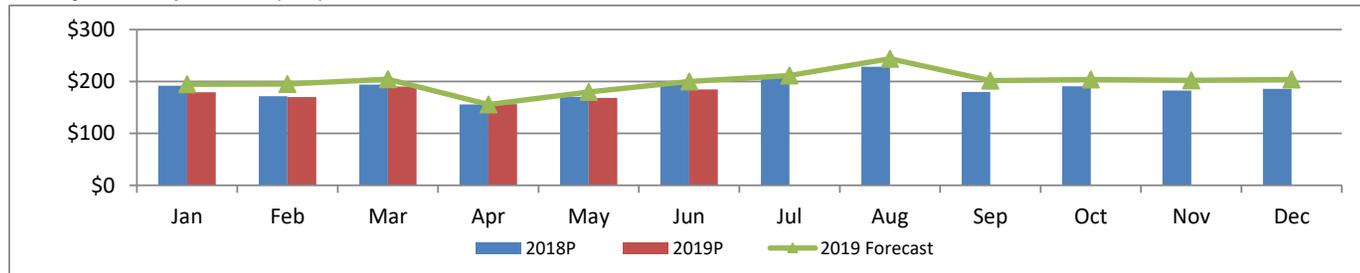
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

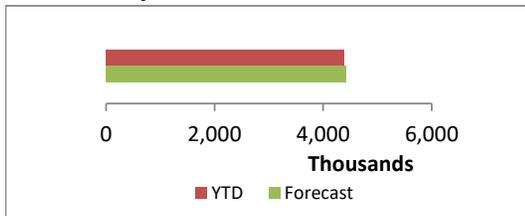


Monthly Visitor Expenditures (\$mil)

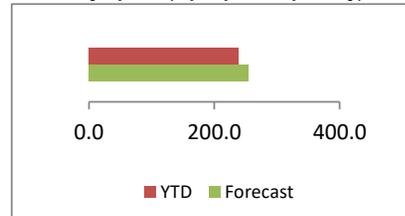


Annual Indicators

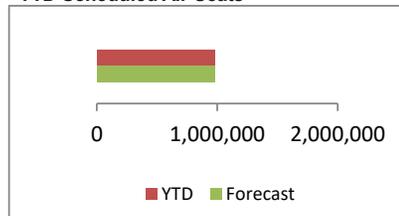
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

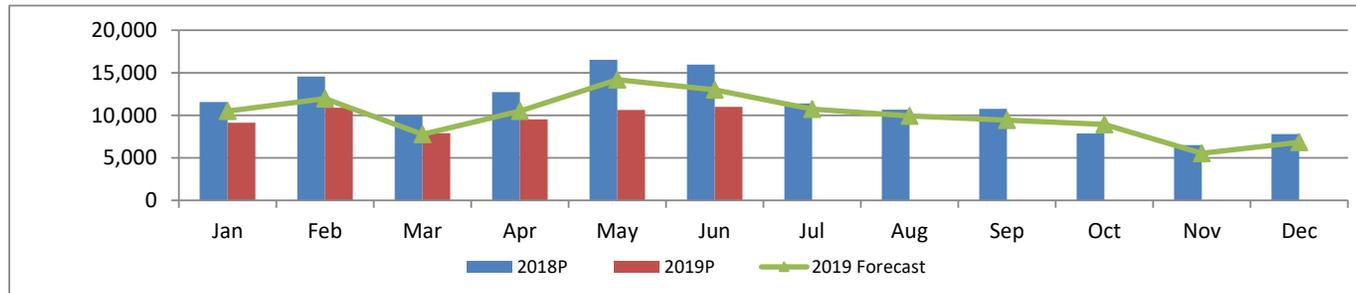
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓	80.6%	-27.3%	151.2	187.5
Daily Spend (\$pppd)	↓	90.2%	-5.2%	327.5	363.2
Visitor Days	↓	89.4%	-23.3%	461,816	516,404
Arrivals	↓	87.0%	-27.3%	59,079	67,868
Airlift (scheduled seats)	↑	104.5%	-20.0%	68,151	65,243

	Arrivals	YOY Rate	YTD
O'ahu		-28.1%	57,133
Maui		-22.2%	12,582
Moloka'i		-30.1%	558
Lāna'i		-1.8%	655
Kaua'i		12.6%	2,630
Hawai'i Island		-21.8%	21,498

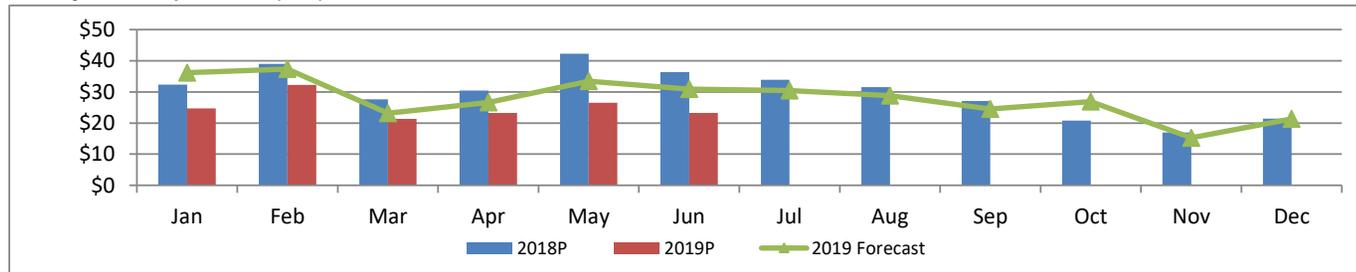
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

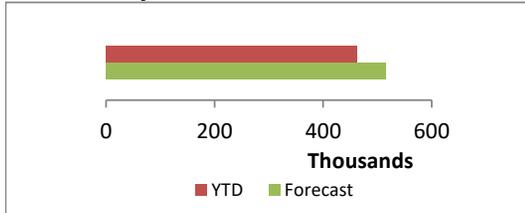


Monthly Visitor Expenditures (\$mil)

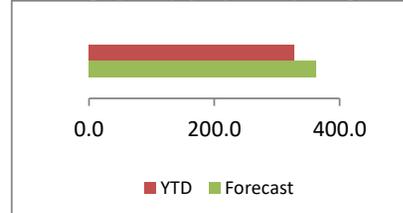


Annual Indicators

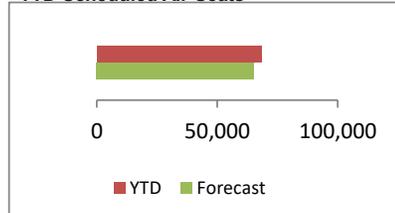
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **KOREA**

Key Performance Indicators

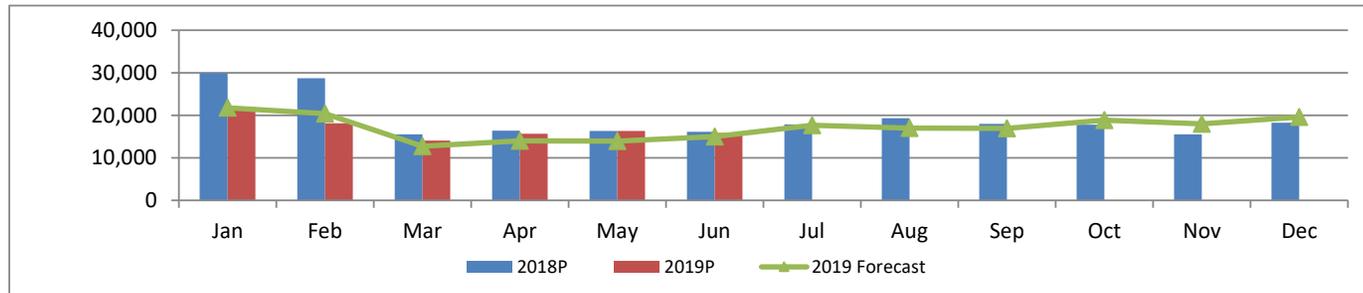
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓	96.0%	-14.6%	215.1	224.0
Daily Spend (\$pppd)	↓	91.2%	0.3%	276.9	303.5
Visitor Days	↑	105.3%	-14.9%	776,764	737,944
Arrivals	↑	104.2%	-17.2%	101,880	97,793
Airlift (scheduled seats)	→	100.0%	-12.3%	159,338	159,300

	Arrivals	YOY Rate	YTD
O'ahu		-16.4%	100,146
Maui		-13.4%	13,865
Moloka'i		-52.7%	276
Lāna'i		2.6%	301
Kaua'i		-33.0%	3,485
Hawai'i Island		-22.9%	12,062

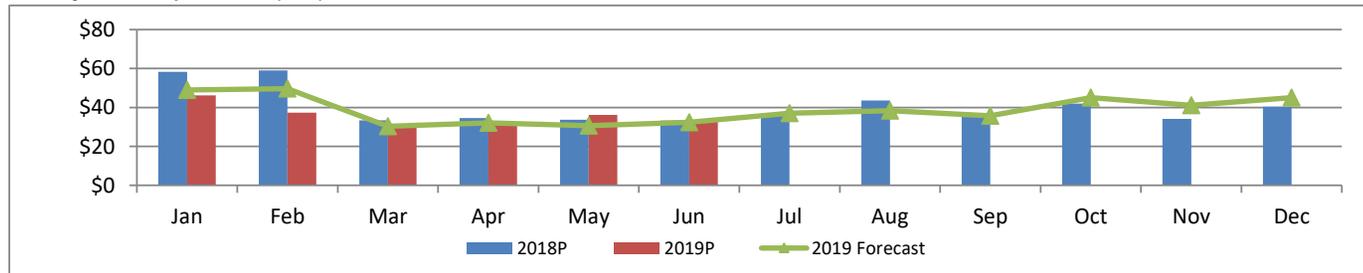
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

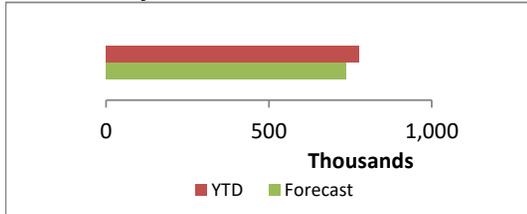


Monthly Visitor Expenditures (\$mil)

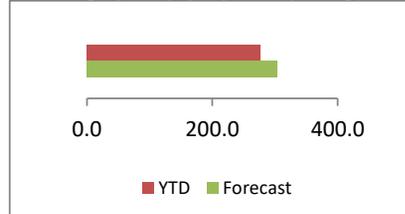


Annual Indicators

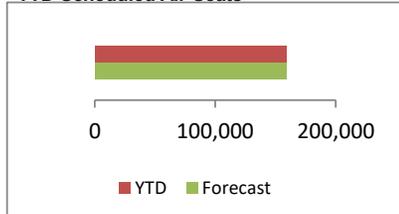
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **TAIWAN**

Key Performance Indicators

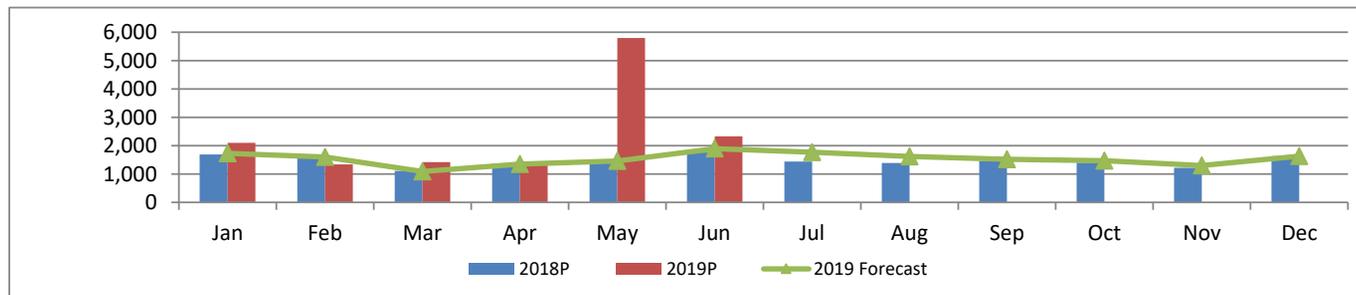
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↑	154.8%	66.6%	33.3	21.5
Daily Spend (\$pppd)	↓	93.7%	3.4%	255.4	272.7
Visitor Days	↑	165.3%	61.1%	130,326	78,864
Arrivals	↑	156.9%	59.1%	14,334	9,134
Airlift (scheduled seats)	→	100.0%	19.6%	18,666	18,666

Arrivals	YOY Rate	YTD
O'ahu	60.0%	14,037
Maui	52.8%	2,669
Moloka'i	-100.0%	-
Lāna'i	26.7%	104
Kaua'i	83.5%	563
Hawai'i Island	16.8%	3,100

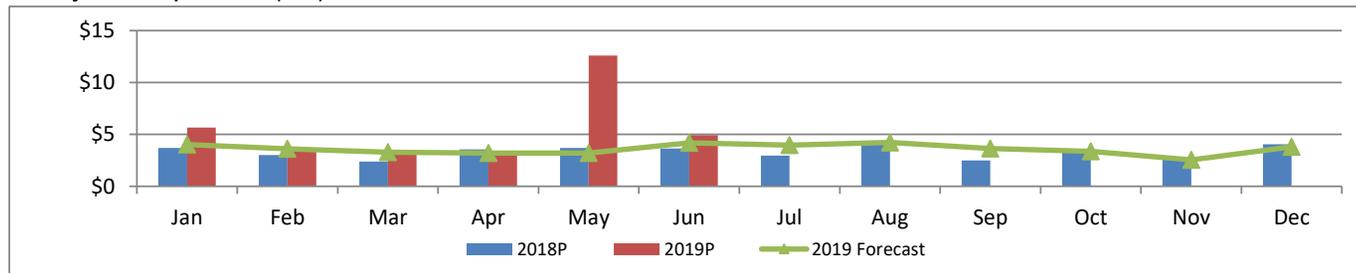
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

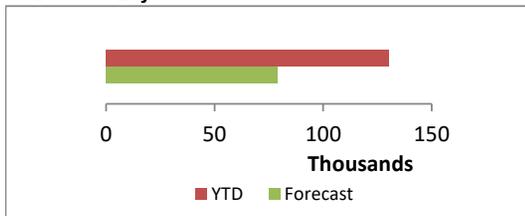


Monthly Visitor Expenditures (\$mil)

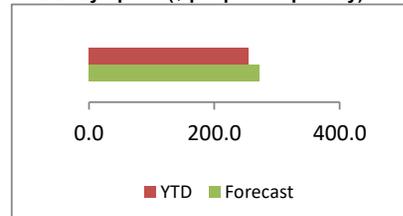


Annual Indicators

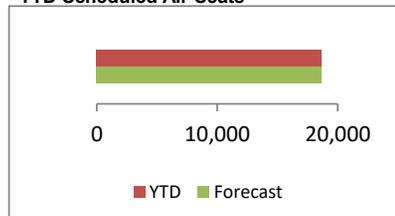
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **OCEANIA**

Key Performance Indicators

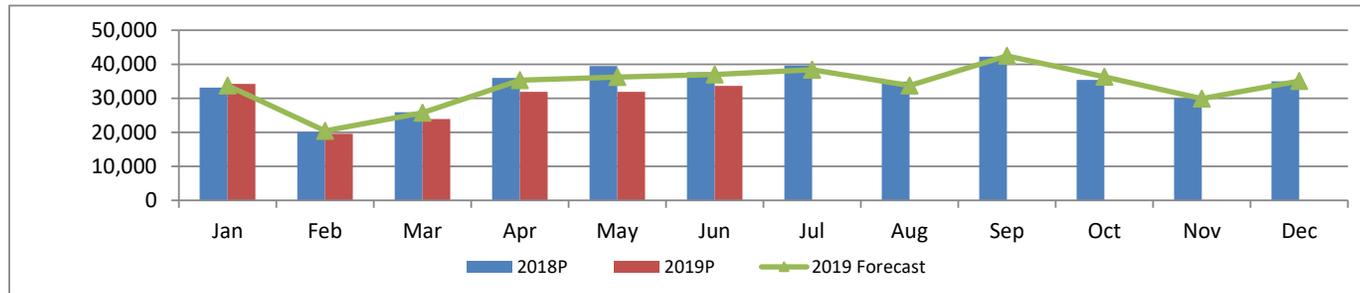
		% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓	86.8%	-13.2%	427.0	492.0
Daily Spend (\$pppd)	↓	95.2%	-2.4%	260.0	273.1
Visitor Days	↓	91.2%	-11.1%	1,642,347	1,801,476
Arrivals	↓	93.0%	-8.8%	175,136	188,411
Airlift (scheduled seats)	→	99.7%	-6.5%	241,091	241,719

Arrivals	YOY Rate	YTD
O'ahu	-8.9%	171,617
Maui	-9.9%	29,441
Moloka'i	50.5%	2,437
Lāna'i	23.2%	3,385
Kaua'i	9.2%	16,142
Hawai'i Island	-16.0%	20,796

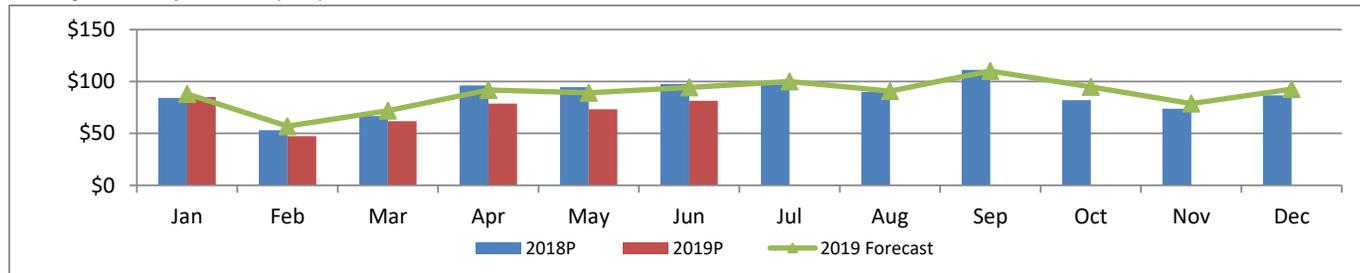
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

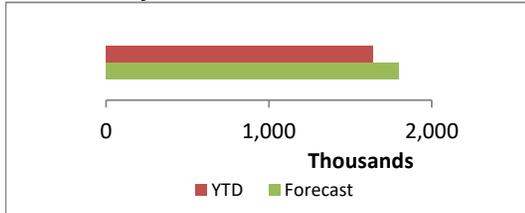


Monthly Visitor Expenditures (\$mil)

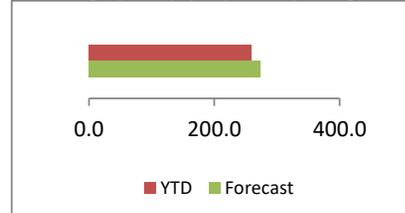


Annual Indicators

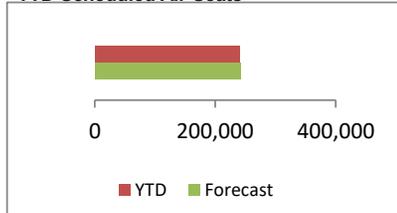
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **EUROPE**

Key Performance Indicators

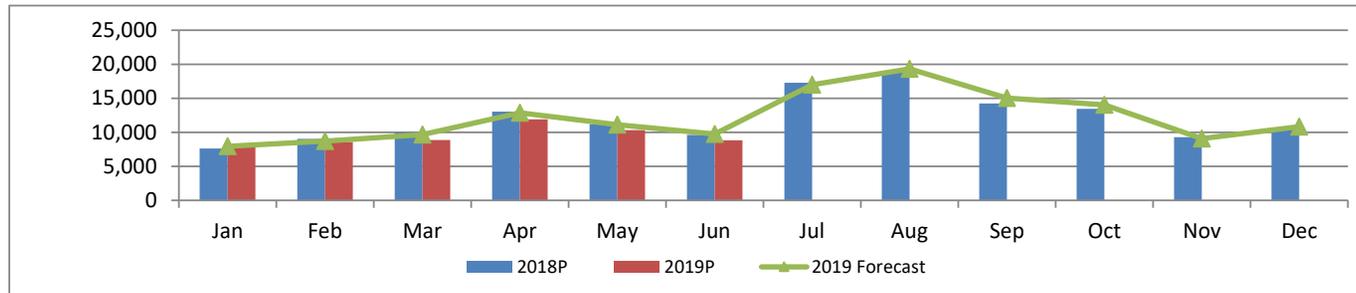
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 86.9%	-3.5%	119.9	137.9
Daily Spend (\$pppd)	↓ 93.1%	3.5%	165.4	177.7
Visitor Days	↓ 93.4%	-6.8%	725,051	776,059
Arrivals	↓ 93.8%	-6.8%	56,338	60,038
Airlift (scheduled seats)	NA	NA	NA	NA

Arrivals	YOY Rate	YTD
O'ahu	-6.1%	42,431
Maui	3.8%	24,211
Moloka'i	-8.5%	807
Lāna'i	45.8%	879
Kaua'i	-0.6%	13,205
Hawai'i Island	-18.3%	16,248

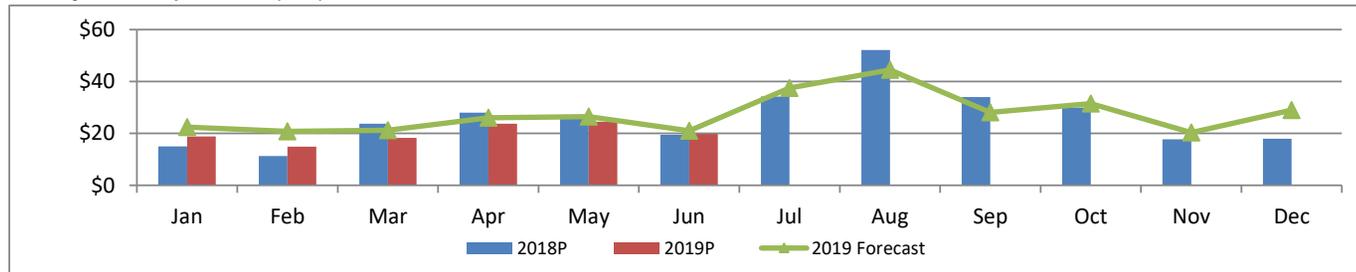
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

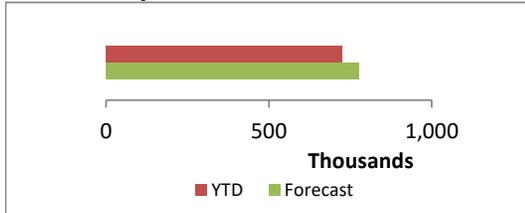


Monthly Visitor Expenditures (\$mil)

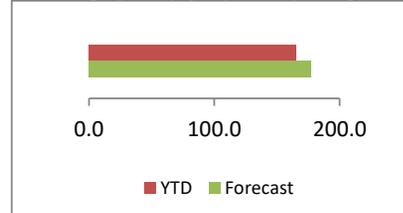


Annual Indicators

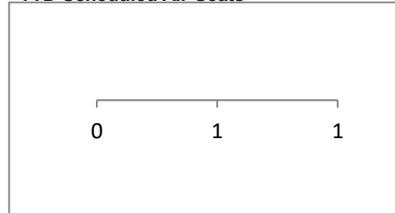
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

Key Performance Indicators

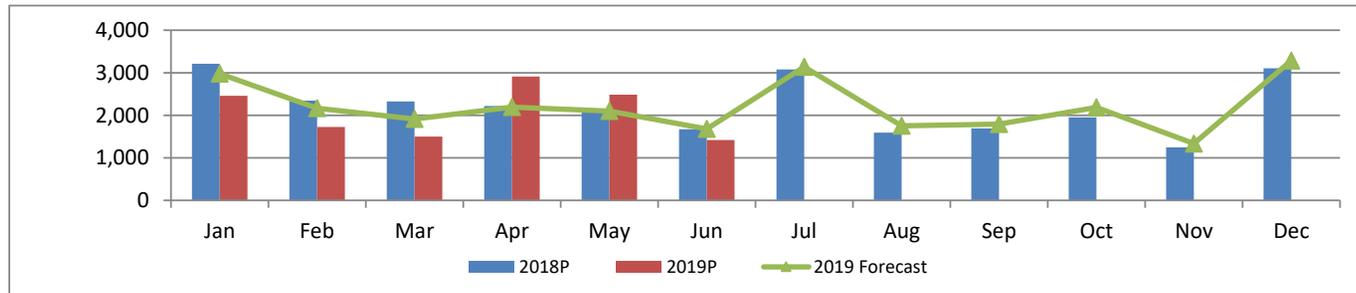
	% of Forecast*	YOY Rate	YTD	Forecast
Visitor Spending (\$mil)*	↓ 88.4%	-20.0%	29.1	32.9
Daily Spend (\$pppd)	↓ 90.9%	-12.3%	219.1	241.2
Visitor Days	↓ 97.3%	-8.8%	132,688	136,359
Arrivals	↓ 96.0%	-9.8%	12,497	13,024
Airlift (scheduled seats)	NA	NA	NA	NA

Arrivals	YOY Rate	YTD
O'ahu	-10.0%	9,661
Maui	-13.7%	4,347
Moloka'i	-61.7%	100
Lāna'i	-60.9%	119
Kaua'i	-12.0%	1,500
Hawai'i Island	-24.0%	2,373

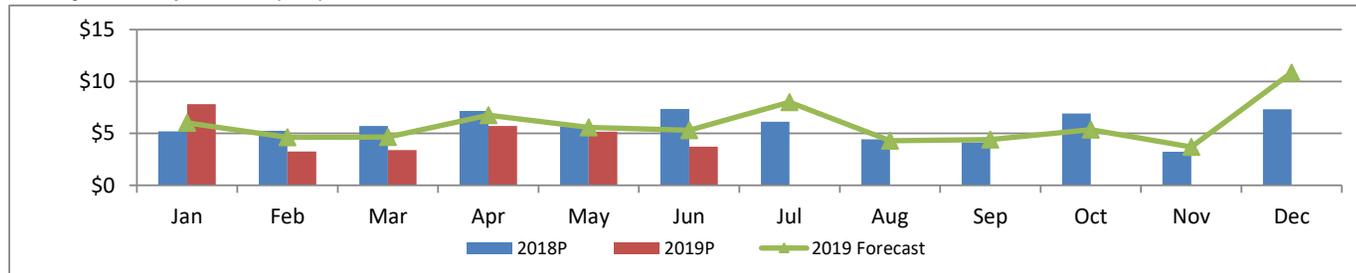
\*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

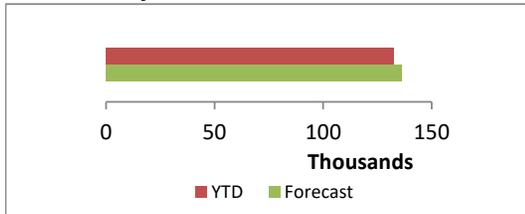


Monthly Visitor Expenditures (\$mil)

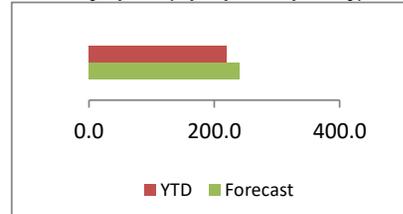


Annual Indicators

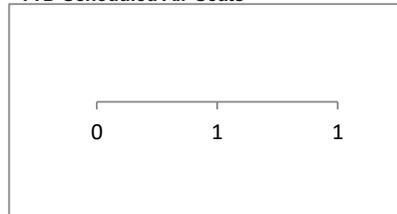
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



\* Excludes Supplemental Business Expenditures

# **Agenda Item**

## **8**

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

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

Category	Tourism Special Fund				Convention Center Enterprise Special Fund			
	Fiscal Year 2020				Fiscal Year 2020			
	Budget	YTD Amount of Budget Used	Balance	Activity for July 2019	Budget	YTD Amount of Budget Used	Balance	Activity for July 2019
<b>Revenues</b>								
TAT Revenue Allocation	79,000,000	6,583,333	72,416,667	6,583,333	16,500,000	1,375,000	15,125,000	1,375,000
Prior Year Carryover	7,790,788	-	7,790,788	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
	<u>86,790,788</u>	<u>6,583,333</u>	<u>80,207,455</u>	<u>6,583,333</u>	<u>16,500,000</u>	<u>1,375,000</u>	<u>15,125,000</u>	<u>1,375,000</u>
<b>Expenditures</b>								
<b>Perpetuating Hawaiian Culture</b>								
Hawaiian Culture Programs	7,795,500	-	7,795,500	-	-	-	-	-
In-House Contracted Staff - Hawaiian Culture	-	-	-	-	-	-	-	-
State Employee Salaries - Hawaiian Culture	285,000	262,353	22,647	262,353	-	-	-	-
Subtotal	<u>8,080,500</u>	<u>262,353</u>	<u>7,818,147</u>	<u>262,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Natural Resources (Statute: \$1M minimum)</b>								
Natural Resources Programs	3,980,000	-	3,980,000	-	-	-	-	-
In-House Contracted Staff - Natural Resources	-	-	-	-	-	-	-	-
State Employee Salaries - Natural Resources	66,950	66,950	-	66,950	-	-	-	-
Subtotal	<u>4,046,950</u>	<u>66,950</u>	<u>3,980,000</u>	<u>66,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Community</b>								
Community Programs	5,804,752	-	5,804,752	-	-	-	-	-
In-House Contracted Staff - Community	-	-	-	-	-	-	-	-
State Employee Salaries - Community	210,000	198,472	11,528	198,472	-	-	-	-
Subtotal	<u>6,014,752</u>	<u>198,472</u>	<u>5,816,280</u>	<u>198,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Branding</b>								
Branding Programs	51,022,000	4,400,000	46,622,000	4,400,000	-	-	-	-
In-House Contracted Staff - Branding	-	-	-	-	-	-	-	-
State Employee Salaries - Branding	539,050	526,589	12,461	526,589	-	-	-	-
Subtotal	<u>51,561,050</u>	<u>4,926,589</u>	<u>46,634,461</u>	<u>4,926,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Sports</b>								
Sports Programs	7,200,000	2,156,364	5,043,636	2,156,364	-	-	-	-
Subtotal	<u>7,200,000</u>	<u>2,156,364</u>	<u>5,043,636</u>	<u>2,156,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Safety and Security (Statute: 0.5% minimum = \$395,000)</b>								
Safety and Security Programs	2,150,000	286,009	1,863,991	286,009	-	-	-	-
Subtotal	<u>2,150,000</u>	<u>286,009</u>	<u>1,863,991</u>	<u>286,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Tourism Research</b>								
Tourism Research Programs	3,600,394	1,271,499	2,328,895	1,271,499	-	-	-	-
In-House Contracted Staff - Tourism Research	-	-	-	-	-	-	-	-
State Employee Salaries - Tourism Research	393,000	392,322	678	392,322	-	-	-	-
Subtotal	<u>3,993,394</u>	<u>1,663,821</u>	<u>2,329,573</u>	<u>1,663,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Hawai'i Convention Center</b>								
Sales & Marketing	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Major Repair & Maintenance	-	-	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Administrative (Statute: Cannot exceed 3.5% = \$2,765,000)</b>								
Operations	801,700	10,920	790,780	10,920	-	-	-	-
In-House Contracted Staff - Admin	-	-	-	-	-	-	-	-
State Employee Salaries - Admin	1,075,000	1,047,630	27,370	1,047,630	-	-	-	-
Subtotal	<u>1,876,700</u>	<u>1,058,550</u>	<u>818,150</u>	<u>1,058,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Organizationwide Costs</b>								
State Employee Fringe	1,481,142	1,481,141	1	-	-	-	-	-
Organization-Wide	240,000	-	240,000	-	-	-	-	-
Governance - Board/Others	146,300	-	146,300	1,481,141	-	-	-	-
Subtotal	<u>1,867,442</u>	<u>1,481,141</u>	<u>386,301</u>	<u>1,481,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>86,790,788</u>	<u>12,100,249</u>	<u>74,690,539</u>	<u>12,100,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues vs Expenditures</b>	-	(5,516,916)			16,500,000	1,375,000		
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	1,876,700	1,058,550	1.3%					
	888,300	1,706,450						

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

Program Number	Program Name	Budget - FY2020	YTD Encumbered (Budget Used)	Budget Remaining - FY 2020	Activity for July 2019
200	Hawaiian Culture Programs - Unallocated	7,780,000.00	0.00	7,780,000.00	0.00
297	Hawaiian Culture Memberships and Dues	500.00	0.00	500.00	0.00
298	Travel - Hawaiian Culture	15,000.00	0.00	15,000.00	0.00
932	Salaries - Hawaiian Culture	<u>285,000.00</u>	<u>262,353.00</u>	<u>22,647.00</u>	<u>262,353.00</u>
<b>Subtotal</b>	<b>Perpetuating Hawaiian Culture</b>	<b>8,080,500.00</b>	<b>262,353.00</b>	<b>7,818,147.00</b>	<b>262,353.00</b>
400	Natural Resources Programs - Unallocated	3,980,000.00	0.00	3,980,000.00	0.00
936	State Employee Salaries - Natural Resources	<u>66,950.00</u>	<u>66,950.00</u>	<u>0.00</u>	<u>66,950.00</u>
<b>Subtotal</b>	<b>Natural Resources</b>	<b>4,046,950.00</b>	<b>66,950.00</b>	<b>3,980,000.00</b>	<b>66,950.00</b>
705	Community Programs - Unallocated	5,789,252.00	0.00	5,789,252.00	0.00
797	Community Memberships and Dues	500.00	0.00	500.00	0.00
798	Travel - Community	15,000.00	0.00	15,000.00	0.00
933	State Employee Salaries - Community	<u>210,000.00</u>	<u>198,472.00</u>	<u>11,528.00</u>	<u>198,472.00</u>
<b>Subtotal</b>	<b>Community</b>	<b>6,014,752.00</b>	<b>198,472.00</b>	<b>5,816,280.00</b>	<b>198,472.00</b>
4	Cruise	250,000.00	0.00	250,000.00	0.00
102	Hawai'i Tourism Summit	300,000.00	0.00	300,000.00	0.00
306	Island-Based International Marketing	800,000.00	0.00	800,000.00	0.00
316	MCI Global - Management	350,000.00	0.00	350,000.00	0.00
318	gohawaii.com (formerly Online Website Coordination)	350,000.00	0.00	350,000.00	0.00
320	Island Chapters Staffing and Admin	3,170,000.00	0.00	3,170,000.00	0.00
321	US (formerly North America)	22,525,000.00	0.00	22,525,000.00	0.00
322	Canada	800,000.00	0.00	800,000.00	0.00
323	Japan	10,000,000.00	0.00	10,000,000.00	0.00
324	Korea	1,400,000.00	1,400,000.00	0.00	1,400,000.00
325	Oceania	1,900,000.00	0.00	1,900,000.00	0.00
326	Europe	400,000.00	0.00	400,000.00	0.00
329	China	2,000,000.00	2,000,000.00	0.00	2,000,000.00
330	Taiwan	500,000.00	500,000.00	0.00	500,000.00
331	Meetings, Convention & Incentives	2,300,000.00	0.00	2,300,000.00	0.00
336	Southeast Asia	500,000.00	500,000.00	0.00	500,000.00
339	Global Digital Marketing Strategy (former Intl Online Strat)	500,000.00	0.00	500,000.00	0.00
350	Global Mkt Shared Resces (formerly Intellect Prop Data Bank)	797,000.00	0.00	797,000.00	0.00
380	Marketing Opportunity Fund	2,000,000.00	0.00	2,000,000.00	0.00
397	Branding Memberships and Dues	100,000.00	0.00	100,000.00	0.00
398	Travel - Branding	50,000.00	0.00	50,000.00	0.00
723	Hawaii Film Office Partnership	30,000.00	0.00	30,000.00	0.00
934	State Employee Salaries - Branding	<u>539,050.00</u>	<u>526,589.00</u>	<u>12,461.00</u>	<u>526,589.00</u>
<b>Subtotal</b>	<b>Branding</b>	<b>51,561,050.00</b>	<b>4,926,589.00</b>	<b>46,634,461.00</b>	<b>4,926,589.00</b>
312	PGA Tour Contracts	2,156,364.00	2,156,364.00	0.00	2,156,364.00
379	Sports Programs - Unallocated	<u>5,043,636.00</u>	<u>0.00</u>	<u>5,043,636.00</u>	<u>0.00</u>
<b>Subtotal</b>	<b>Sports</b>	<b>7,200,000.00</b>	<b>2,156,364.00</b>	<b>5,043,636.00</b>	<b>2,156,364.00</b>
601	Visitor Assistance Programs	650,000.00	0.00	650,000.00	0.00
602	Crisis Management	100,000.00	0.00	100,000.00	0.00
603	Lifeguard Program	700,000.00	0.00	700,000.00	0.00
604	Preventative Programs	400,000.00	286,009.20	113,990.80	286,009.20
606	Waikiki Security Program	<u>300,000.00</u>	<u>0.00</u>	<u>300,000.00</u>	<u>0.00</u>
<b>Subtotal</b>	<b>Safety and Security</b>	<b>2,150,000.00</b>	<b>286,009.20</b>	<b>1,863,990.80</b>	<b>286,009.20</b>
501	Data Dissemination	54,000.00	0.00	54,000.00	0.00
505	Est of Visitor Arrivals by Country by Month	6,000.00	0.00	6,000.00	0.00
506	Infrastructure Research	556,330.00	204,500.00	351,830.00	204,500.00
512	Calc of Visitor Characteristics and Exp	1,314,540.00	699,139.12	615,400.88	699,139.12
513	Evaluation and Performance Measures	1,148,405.00	367,860.00	780,545.00	367,860.00
514	Marketing Research and Other Research	498,797.00	0.00	498,797.00	0.00
597	Research Memberships and Dues	7,322.00	0.00	7,322.00	0.00
598	Travel - Research	15,000.00	0.00	15,000.00	0.00
935	State Employee Salaries - Research	<u>393,000.00</u>	<u>392,322.00</u>	<u>678.00</u>	<u>392,322.00</u>
<b>Subtotal</b>	<b>Tourism Research</b>	<b>3,993,394.00</b>	<b>1,663,821.12</b>	<b>2,329,572.88</b>	<b>1,663,821.12</b>
101	Community-Industry Outreach & Public Relations Svcs	250,000.00	0.00	250,000.00	0.00
103	hawaiiauthority.org (formerly HTA web/Global Social)	100,000.00	0.00	100,000.00	0.00
901	General and Administrative	401,700.00	10,920.00	390,780.00	10,920.00
930	State Employee Salaries - Admin	1,075,000.00	1,047,630.00	27,370.00	1,047,630.00
998	Travel - Admin	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>0.00</u>
<b>Subtotal</b>	<b>Administrative</b>	<b>1,876,700.00</b>	<b>1,058,550.00</b>	<b>818,150.00</b>	<b>1,058,550.00</b>
915	Organization-Wide	240,000.00	0.00	240,000.00	0.00
919	Governance - Gen Board/Others	146,300.00	0.00	146,300.00	0.00
931	State Employees Fringe	<u>1,481,142.00</u>	<u>1,481,141.00</u>	<u>1.00</u>	<u>1,481,141.00</u>
<b>Subtotal</b>	<b>Governance and Organization-Wide</b>	<b>1,867,442.00</b>	<b>1,481,141.00</b>	<b>386,301.00</b>	<b>1,481,141.00</b>
<b>Total</b>	<b>FY 2020 Funds</b>	<b>86,790,788.00</b>	<b>12,100,249.32</b>	<b>74,690,538.68</b>	<b>12,100,249.32</b>



Budget Reallocation Summary  
Through July 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
				-
				-
				-
			-	
<b>Branding</b>				
<i>From:</i>				
None				-
				-
				-
			-	
<i>To:</i>				
				-
				-
				-
			-	
<b>Sports</b>				
<i>From:</i>				
Sports Programs - Unallocated	379	7,200,000	(2,156,364)	5,043,636
				-
				-
			(2,156,364)	
<i>To:</i>				
PGA Tour Contracts	312	-	2,156,364	2,156,364
				-
				-
				-
			2,156,364	
<b>Safety and Security</b>				
<i>From:</i>				
None				-
				-
				-
			-	
<i>To:</i>				
				-
				-
				-
			-	
<b>Tourism Research</b>				
<i>From:</i>				
None				-
				-
				-
			-	

Budget Reallocation Summary  
Through July 31, 2019

Budget Line Item	Program Code	Original Budget	Reallocation	Budget After Reallocations
<b>To:</b>				-
				-
				-
				-
			-	
<b>Administration and Organizationwide Costs</b>				
<b>From:</b>				
None				-
				-
				-
			-	
<b>To:</b>				
				-
				-
				-
			-	
<b>Governance and Organization-Wide</b>				
<b>From:</b>				
None				-
				-
				-
			-	
<b>To:</b>				
				-
				-
				-
			-	
<b>Board Allocations</b>				
<b>From:</b>				
None				-
			-	
			-	



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

***Tourism Special Fund:***

1. \$82.6M in cash and investments
  - a. Includes \$5M in Emergency Fund held as investments
  - b. Increase from June of \$6.6M due to:
    - i. Recording \$6.6M in TAT revenues
2. \$42.4M of prior year encumbrances being spent down
3. \$25.7M in Board allocations projected for June 30, 2020. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
  - a. \$5M in Emergency Fund established under statute;
  - b. \$3M allocated by the Board for use during a significant economic downturn;
  - c. \$5.2M in funds held for the Center for Hawaiian Music & Dance;
  - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
  - e. \$3.4M of carryover funds for the FY 2021 Budget or emergency use.
4. \$12.1M of the \$86.8M FY 2020 budget utilized; contract paperwork currently being submitted for this year's encumbrances.
  - a. A summary of year-to-date budget reallocations is included in these financial statements
5. Operating Income:
  - a. Recorded \$6.6M in TAT for July 2019, and \$6.6M in TAT YTD.
  - b. No expenditures recorded for July 2020.

**Convention Center Enterprise Special Fund:**

6. \$24.9M in cash
  - a. Increase of \$1.4M from June due to the following:
    - i. Recording \$1.4M in TAT
7. \$25.5M in cash with contractor or with DAGS, for R&M projects (as of June 2019).
  - a. Includes \$2M Emergency
  - b. These funds are encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, kitchen wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
  - c. Reflects \$11.1M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$22.4M in Board allocations projected for June 30, 2020. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. 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. \$1.1M of prior year encumbrances being spent down.
10. Operating Income:
  - a. Recorded \$1.4M in TAT for July 2019 and YTD.
  - b. No expenditures recorded for July 2020.

# Hawaii Tourism Authority

## Balance Sheet

### Tourism Special Fund

As of 7/31/19

	<u>Current Year</u>
Assets	
Current Assets	
Checking 348	77,573,046.27
Petty Cash	<u>5,000.00</u>
Total Current Assets	77,578,046.27
Total Assets	<u><u>77,578,046.27</u></u>
Fund Balance	
Current year payables	
Accounts Payable	740.38
Credit Card Payable	<u>(636.24)</u>
Total Current year payables	104.14
Encumbered Funds	
FY 2013 Funds	15,212.64
FY 2014 Funds	6,101.00
FY 2015 Funds	225,679.42
FY 2016 Funds	387,013.52
FY 2017 Funds	1,142,678.05
FY 2018 Funds	3,910,180.64
FY 2019 Funds	36,748,657.77
FY 2020 Funds	<u>12,100,249.32</u>
Total Encumbered Funds	54,535,772.36
Unencumbered Funds	
Total Unencumbered Funds	23,042,169.77
Total Fund Balance	<u><u>77,578,046.27</u></u>

**Hawaii Tourism Authority**  
 Balance Sheet  
 Convention Center Enterprise- Special Fund  
 As of 7/31/19

	Current Year
Assets	
Current Assets	
Checking 361	24,944,664.40
Total Current Assets	24,944,664.40
Total Assets	24,944,664.40
Fund Balance	
Encumbered Funds	
FY 2018 Funds	295,003.00
FY 2019 Funds	814,599.23
Total Encumbered Funds	1,109,602.23
Unencumbered Funds	
Total Unencumbered Funds	23,835,062.17
Total Fund Balance	24,944,664.40

**Hawaii Tourism Authority**

Balance Sheet

Emergency Trust Fund

As of 7/31/19

	<u>Current Year</u>
Assets	
Current Assets	
Investments	5,040,884.09
Total Current Assets	<u>5,040,884.09</u>
Total Assets	<u><u>5,040,884.09</u></u>
Fund Balance	
Current year net assets	
	40,631.25
Total Current year net assets	<u>40,631.25</u>
Prior years	
Total Prior years	5,000,252.84
Total Fund Balance	<u><u>5,040,884.09</u></u>

HTA Allocations  
FY 2019 and FY 2020 (Projected)

HTA Allocations:

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

\$8M Emergency Funds	
<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>\$3.0M Mandated by Board</b> (to be used in the event of a significant economic downturn upon Board approval)</p>

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

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Tourism Special Fund  
20 - FY 2020 Funds  
From 7/1/2019 Through 7/31/2019

	<u>Total Budget</u>	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>
Revenue				
Transient Accomodations Tax	79,000,000.00	6,583,333.33	6,583,333.33	(72,416,666.67)
Total Revenue	<u>79,000,000.00</u>	<u>6,583,333.33</u>	<u>6,583,333.33</u>	<u>(72,416,666.67)</u>
Expense				
Perpetuating Hawaiian Culture	8,080,500.00	0.00	0.00	8,080,500.00
Natural Resources	4,046,950.00	0.00	0.00	4,046,950.00
Community	6,014,752.00	0.00	0.00	6,014,752.00
Branding	51,561,050.00	0.00	0.00	51,561,050.00
Sports	7,200,000.00	0.00	0.00	7,200,000.00
Safety and Security	2,150,000.00	0.00	0.00	2,150,000.00
Tourism Research	3,993,394.00	0.00	0.00	3,993,394.00
Administrative	1,861,700.00	0.00	0.00	1,861,700.00
Governance and Organization-Wide	1,867,442.00	0.00	0.00	1,867,442.00
Total Expense	<u>86,775,788.00</u>	<u>0.00</u>	<u>0.00</u>	<u>86,775,788.00</u>
Net Income	<u>(7,775,788.00)</u>	<u>6,583,333.33</u>	<u>6,583,333.33</u>	<u>14,359,121.33</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Convention Center Enterprise Special Fund  
20 - FY 2020 Funds  
From 7/1/2019 Through 7/31/2019

	<u>Total Budget</u>	<u>Current Period Actual</u>	<u>Current Year Actual</u>	<u>Total Budget Variance</u>
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	1,375,000.00	1,375,000.00
Total Revenue	<u>16,500,000.00</u>	<u>1,375,000.00</u>	<u>1,375,000.00</u>	<u>1,375,000.00</u>
Net Income	<u>16,500,000.00</u>	<u>1,375,000.00</u>	<u>1,375,000.00</u>	<u>1,375,000.00</u>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
348 - Prior Year Funds  
From 7/1/2019 Through 7/31/2019

	Total Budget	Current Period Actual	Current Year Actual	Total Budget Variance
<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
Branding	0.00	0.00	0.00	0.00
Administrative	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<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
Perpetuating Hawaiian Culture	3,546,744.58	0.00	0.00	3,546,744.58
Natural Resources	1,196,578.00	0.00	0.00	1,196,578.00
Community	2,604,719.50	0.00	0.00	2,604,719.50
Branding	26,084,684.49	0.00	0.00	26,084,684.49
Sports	2,790,463.45	0.00	0.00	2,790,463.45
Safety and Security	1,341,713.01	0.00	0.00	1,341,713.01
Tourism Research	3,804,989.32	0.00	0.00	3,804,989.32
Administrative	1,058,266.82	0.00	0.00	1,058,266.82
Governance and Organization-Wide	35,144.49	0.00	0.00	35,144.49
<b>Total Expense</b>	<b>42,463,303.66</b>	<b>0.00</b>	<b>0.00</b>	<b>42,463,303.66</b>
<b>Net Income</b>	<b>(42,463,303.66)</b>	<b>0.00</b>	<b>0.00</b>	<b>42,463,303.66</b>

**Hawaii Tourism Authority**  
Statement of Revenues and Expenditures  
361 - Prior Year Funds  
From 7/1/2019 Through 7/31/2019

	Total Budget	Current Period Actual	Current Year Actual	Total Budget Variance
<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
Branding	0.00	0.00	0.00	0.00
Administrative	0.00	0.00	0.00	0.00
HCC Operating Expense	954,383.40	0.00	0.00	954,383.40
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	75,918.83	0.00	0.00	75,918.83
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	0.00	0.00	0.00	0.00
Governance and Organization-Wide	79,300.00	0.00	0.00	79,300.00
<b>Total Expense</b>	<u>1,109,602.23</u>	<u>0.00</u>	<u>0.00</u>	<u>1,109,602.23</u>
<b>Net Income</b>	<u>(1,109,602.23)</u>	<u>0.00</u>	<u>0.00</u>	<u>1,109,602.23</u>

**Hawaii Convention Center**  
Facility  
Reforecast  
From 7/01/2019 Through 12/31/2019  
(In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/19	Reforecast	Budget	Variance	Prior Year Actual
<b>Direct Event Income</b>						
Rental Income (Net)	1,646,416	936,736	2,583,152	2,994,300	(411,148)	2,689,423
Service Revenue	681,466	272,954	954,420	776,800	177,620	819,497
<b>Total Direct Event Income</b>	<b>2,327,882</b>	<b>1,209,690</b>	<b>3,537,572</b>	<b>3,771,100</b>	<b>(233,528)</b>	<b>3,508,920</b>
<b>Direct Service Expenses</b>	<b>1,192,629</b>	<b>873,140</b>	<b>2,065,769</b>	<b>1,952,004</b>	<b>(113,765)</b>	<b>1,787,798</b>
<b>Net Direct Event Income</b>	<b>1,135,253</b>	<b>336,550</b>	<b>1,471,803</b>	<b>1,819,096</b>	<b>(347,293)</b>	<b>1,721,122</b>
<b>Ancillary Income</b>						
Food & Beverage (Net)	2,952,019	2,924,225	5,876,244	6,700,100	(823,856)	4,805,771
Event Parking (Net)	526,532	261,000	787,532	782,100	5,432	758,199
Electrical Services	101,062	61,500	162,562	159,400	3,162	195,243
Audio Visual	136,923	95,176	232,099	282,600	(50,501)	357,626
Internet Services	7,863	28,090	35,953	0	35,953	22,742
Rigging Services	46,996	21,653	68,649	85,400	(16,751)	77,983
First Aid Commissions	0	0	0	4,200	(4,200)	3,363
<b>Total Ancillary Income</b>	<b>3,771,395</b>	<b>3,391,643</b>	<b>7,163,038</b>	<b>8,013,800</b>	<b>(850,762)</b>	<b>6,220,927</b>
<b>Total Event Income</b>	<b>4,906,648</b>	<b>3,728,193</b>	<b>8,634,841</b>	<b>9,832,896</b>	<b>(1,198,055)</b>	<b>7,942,049</b>
<b>Other Operating Income</b>						
Non-Event Parking	27,123	29,250	56,373	58,500	(2,127)	56,763
Other Income	78,141	90,280	168,421	38,000	130,421	104,403
<b>Total Other Operating Income</b>	<b>105,264</b>	<b>119,530</b>	<b>224,794</b>	<b>96,500</b>	<b>128,294</b>	<b>161,166</b>
<b>Total Gross Income</b>	<b>5,011,912</b>	<b>3,847,723</b>	<b>8,859,635</b>	<b>9,929,396</b>	<b>(1,069,761)</b>	<b>8,103,215</b>
<b>Net Salaries &amp; Benefits</b>						
Salaries & Wages	2,445,381	2,606,693	5,052,074	5,297,300	245,226	4,509,295
Payroll Taxes & Benefits	680,216	663,066	1,343,282	1,262,400	(80,882)	1,206,224
Labor Allocations to Events	(374,227)	(230,549)	(604,776)	(461,401)	143,375	(501,122)
<b>Total Net Salaries &amp; Benefits</b>	<b>2,751,370</b>	<b>3,039,210</b>	<b>5,790,580</b>	<b>6,098,299</b>	<b>307,719</b>	<b>5,214,397</b>
<b>Other Indirect Expenses</b>						
Net Contracted Services	135,074	265,704	400,778	401,996	1,218	315,234
Operations	70,754	135,354	206,108	208,800	2,692	157,769
Repair & Maintenance	358,907	539,504	898,411	899,000	589	651,788
Operational Supplies	321,055	383,479	704,534	705,202	668	537,106
Insurance	69,993	78,680	148,673	157,900	9,227	169,614
Utilities	1,175,774	1,372,800	2,548,574	2,368,799	(179,775)	2,379,218
Meetings & Conventions	12,815	23,252	36,067	34,900	(1,167)	22,215
Promotions & Communications	28,599	21,202	49,801	42,400	(7,401)	38,831
General & Administrative	158,542	192,230	350,772	359,500	8,728	271,716
Management Fees	66,000	191,400	257,400	290,400	33,000	252,720
Other	35,107	13,298	48,405	57,200	8,795	214,097
<b>Total Other Indirect Expenses</b>	<b>2,432,620</b>	<b>3,216,903</b>	<b>5,649,523</b>	<b>5,526,097</b>	<b>(123,426)</b>	<b>5,010,308</b>
<b>Net Income (Loss) before CIP Funded</b>	<b>(172,078)</b>	<b>(2,408,390)</b>	<b>(2,580,468)</b>	<b>(1,695,000)</b>	<b>(885,468)</b>	<b>(2,121,490)</b>
<b>CIP Funded Expenses</b>	<b>2,268</b>	<b>0</b>	<b>2,268</b>	<b>0</b>	<b>2,268</b>	<b>76,411</b>
<b>Net Income (Loss) from Operations</b>	<b>(169,810)</b>	<b>(2,408,390)</b>	<b>(2,578,200)</b>	<b>(1,695,000)</b>	<b>(883,200)</b>	<b>(2,045,079)</b>
<b>Fixed Asset Purchases</b>	<b>28,692</b>	<b>271,308</b>	<b>300,000</b>	<b>300,000</b>	<b>0</b>	<b>124,122</b>
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(198,502)</b>	<b>(2,679,698)</b>	<b>(2,878,200)</b>	<b>(1,995,000)</b>	<b>(883,200)</b>	<b>(2,169,201)</b>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 6/1/2019 Through 6/30/2019  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	217,835	182,555	35,280	291,153	1,646,416	1,592,390	54,026	1,468,955
Service Revenue	88,786	75,875	12,911	76,273	681,466	427,770	253,696	378,466
Total Direct Event Income	306,622	258,430	48,192	367,426	2,327,882	2,020,160	307,722	1,847,421
Direct Service Expenses	178,304	130,535	(47,769)	213,461	1,192,629	1,016,865	(175,764)	904,645
Net Direct Event Income	128,317	127,895	422	153,965	1,135,253	1,003,295	131,958	942,776
Ancillary Income								
Food and Beverage (Net)	290,703	452,793	(162,090)	465,943	2,952,019	3,460,819	(508,800)	2,364,975
Event Parking (Net)	74,804	38,200	36,604	66,326	526,532	453,400	73,132	415,443
Electrical Services	16,804	3,400	13,404	2,014	101,062	93,500	7,562	111,108
Audio Visual	16,422	4,580	11,842	27,811	136,923	123,600	13,323	205,369
Internet Services	1,923	0	1,923	0	7,863	0	7,863	0
Rigging Services	1,815	3,500	(1,685)	13,050	46,996	53,000	(6,004)	54,716
First Aid Commissions	0	195	(195)	351	0	2,375	(2,375)	1,854
Total Ancillary Income	402,472	502,668	(100,196)	575,495	3,771,394	4,186,694	(415,300)	3,153,465
Total Event Income	530,789	630,563	(99,774)	729,461	4,906,647	5,189,989	(283,342)	4,096,241
Other Operating Income								
Non-Event Parking	3,078	4,875	(1,798)	3,800	27,123	29,250	(2,128)	29,738
Other Income	11,230	3,167	8,063	(2,366)	78,141	19,002	59,139	20,315
Total Other Operating Income	14,307	8,042	6,265	1,434	105,263	48,252	57,011	50,053
Total Gross Income	545,097	638,605	(93,508)	730,894	5,011,911	5,238,241	(226,330)	4,146,293
Net Salaries & Benefits								
Salaries & Wages	414,646	431,316	16,670	361,867	2,445,381	2,587,896	142,515	2,212,681
Payroll Taxes & Benefits	155,378	99,889	(55,489)	95,484	680,216	599,334	(80,882)	567,892
Labor Allocations to Events	(57,144)	(34,102)	23,042	(60,646)	(374,227)	(230,852)	143,375	(252,144)
Total Net Salaries & Benefits	512,880	497,103	(15,777)	396,705	2,751,370	2,956,378	205,008	2,528,429
Other Indirect Expenses								
Net Contracted Services	18,728	32,482	13,754	24,199	135,074	188,292	53,218	132,278
Operations	10,591	17,441	6,850	6,480	70,754	93,446	22,692	59,865
Repair & Maintenance	74,450	74,916	466	50,406	358,907	449,496	90,589	294,297
Operational Supplies	50,318	53,614	3,297	57,006	321,055	351,721	30,666	275,873
Insurance	9,384	10,735	1,350	16,300	69,993	79,220	9,227	63,626
Utilities	212,349	158,632	(53,717)	206,228	1,175,774	1,087,926	(87,848)	1,051,522
Meetings & Conventions	3,067	5,108	2,041	3,858	12,815	11,648	(1,167)	7,775
Promotions & Communications	5,027	3,533	(1,494)	4,598	28,599	21,198	(7,401)	25,085
General & Administrative	38,049	31,173	(6,876)	22,486	158,542	167,270	8,728	131,213
Management Fees	11,000	11,000	0	10,800	66,000	66,000	0	64,800
Other	0	5,317	5,317	5,735	35,107	28,902	(6,205)	77,001
Total Other Indirect	432,963	403,951	(29,012)	408,097	2,432,619	2,545,119	112,500	2,183,335
Net Income (Loss) before CIP Funded Expenses	(400,747)	(262,449)	(138,298)	(73,907)	(172,078)	(263,256)	91,178	(565,471)
CIP Funded Expenses	0	0	0	0	2,268	0	2,268	15,646
Net Income (Loss) from Operations	(400,747)	(262,449)	(138,298)	(73,907)	(169,810)	(263,256)	93,446	(549,825)
Fixed Asset Purchases	(1,963)	25,000	26,963	15,545	28,692	150,000	121,308	30,189
Net Income (Loss) After Fixed Asset Purchases	(398,784)	(287,449)	(111,335)	(89,452)	(198,502)	(413,256)	214,754	(580,014)

**Hawaii Convention Center**  
**Facility**  
**Income Statement**  
**From 6/1/2019 Through 6/30/2019**  
**(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	543,230	700,336	(157,106)	868,687	5,397,726	5,334,196	63,530	4,409,296
Facility	445,903	320,847	125,056	488,968	3,318,855	2,843,487	475,368	2,732,245
<b>Total Revenues</b>	<b>989,133</b>	<b>1,021,183</b>	<b>(32,050)</b>	<b>1,357,655</b>	<b>8,716,581</b>	<b>8,177,683</b>	<b>538,898</b>	<b>7,141,540</b>
<b>Expenses</b>								
Food & Beverage	401,352	422,815	21,463	555,941	3,385,648	2,971,013	(414,635)	2,985,514
Facility	988,528	860,817	(127,711)	875,621	5,503,011	5,469,926	(33,085)	4,721,497
<b>Total Expenses</b>	<b>1,389,880</b>	<b>1,283,632</b>	<b>(106,248)</b>	<b>1,431,562</b>	<b>8,888,659</b>	<b>8,440,939</b>	<b>(447,720)</b>	<b>7,707,011</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(400,747)</b>	<b>(262,449)</b>	<b>(138,298)</b>	<b>(73,907)</b>	<b>(172,078)</b>	<b>(263,256)</b>	<b>91,178</b>	<b>(565,471)</b>
<b>CIP Funded Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,268</b>	<b>0</b>	<b>2,268</b>	<b>15,646</b>
<b>Net Income (Loss) from Operations</b>	<b>(400,747)</b>	<b>(262,449)</b>	<b>(138,298)</b>	<b>(73,907)</b>	<b>(169,810)</b>	<b>(263,256)</b>	<b>93,446</b>	<b>(549,825)</b>
<b>Fixed Asset Purchases</b>	<b>(1,963)</b>	<b>25,000</b>	<b>26,963</b>	<b>15,545</b>	<b>28,692</b>	<b>150,000</b>	<b>121,308</b>	<b>30,189</b>
<b>Net Income (Loss) after Fixed Asset Purchases</b>	<b>(398,784)</b>	<b>(287,449)</b>	<b>(111,335)</b>	<b>(89,452)</b>	<b>(198,502)</b>	<b>(413,256)</b>	<b>214,754</b>	<b>(580,014)</b>

**Hawaii Convention Center**  
**Sales and Marketing**  
**Reforecast**  
**From 7/1/2019 Through 12/31/2019**  
**(In Whole Numbers)**

	YTD Actual	Projected Next Month to 12/31/19	Reforecast	Budget	Variance	Prior Year Actual
Other Operating Income						
Other Income	347	0	347	0	347	50
Total Other Operating Income	<u>347</u>	<u>0</u>	<u>347</u>	<u>0</u>	<u>347</u>	<u>50</u>
Total Gross Income	<u>347</u>	<u>0</u>	<u>347</u>	<u>0</u>	<u>347</u>	<u>50</u>
Net Salaries & Benefits						
Salaries & Wages	718,973	922,659	1,641,632	1,851,900	210,268	1,469,457
Payroll Taxes & Benefits	158,213	178,133	336,346	372,100	35,754	296,085
Total Net Salaries & Benefits	<u>877,186</u>	<u>1,100,792</u>	<u>1,977,978</u>	<u>2,224,000</u>	<u>246,022</u>	<u>1,765,542</u>
Other Indirect Expenses						
Net Contracted Services	100,905	127,872	228,777	250,200	21,423	138,779
Repair & Maintenance	37,434	34,580	72,014	101,700	29,686	97,227
Utilities	3,911	4,200	8,111	12,000	3,889	7,146
Meetings & Conventions	332,812	354,532	687,344	1,074,400	387,056	840,231
Promotions & Communications	352,217	815,290	1,167,507	857,800	(309,707)	1,343,225
Marketing Flexibility Fund	325,030	1,137,500	1,462,530	1,175,000	(287,530)	1,167,907
General & Administrative	29,773	19,038	48,811	59,300	10,489	84,331
Management Fees	66,000	72,600	138,600	237,600	99,000	165,360
Other	25,445	26,630	52,075	103,000	50,925	697
Total Other Indirect Expenses	<u>1,273,527</u>	<u>2,592,242</u>	<u>3,865,769</u>	<u>3,871,000</u>	<u>5,231</u>	<u>3,844,903</u>
Net Income (Loss) from Operations	<u>(2,150,366)</u>	<u>(3,693,034)</u>	<u>(5,843,400)</u>	<u>(6,095,000)</u>	<u>251,600</u>	<u>(5,610,395)</u>
Fixed Asset Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,054</u>
Net Income (Loss) After Fixed Asset Purchases	<u>(2,150,366)</u>	<u>(3,693,034)</u>	<u>(5,843,400)</u>	<u>(6,095,000)</u>	<u>251,600</u>	<u>(5,623,449)</u>

**Hawaii Convention Center**  
Sales and Marketing  
Income Statement  
From 6/1/2019 Through 6/30/2019  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Other Operating Income								
Other Income	175	0	175	2	347	0	347	58
Total Other Operating Income	175	0	175	2	347	0	347	58
Total Gross Income	175	0	175	2	347	0	347	58
Net Salaries & Benefits								
Salaries & Wages	122,034	138,700	16,666	106,503	718,973	832,200	113,227	616,863
Payroll Taxes & Benefits	24,762	27,100	2,338	21,324	158,213	162,600	4,387	117,807
Total Net Salaries & Benefits	146,796	165,800	19,004	127,827	877,186	994,800	117,614	734,670
Other Indirect Expenses								
Net Contracted Services	15,012	17,934	2,922	8,438	100,905	106,604	5,699	49,625
Repair & Maintenance	4,930	5,800	870	6,147	37,434	62,600	25,166	48,085
Utilities	613	1,000	387	463	3,911	6,000	2,089	3,385
Meetings & Conventions								
Mileage	5	200	195	0	679	1,200	521	167
Meals & Entertainment	82	1,000	918	186	3,416	6,000	2,584	4,894
Meetings & Conventions	25,565	38,650	13,085	38,830	321,118	399,300	78,182	237,497
Dues & Subscriptions	475	11,880	11,405	475	7,598	26,680	19,082	11,253
Total Meetings & Conventions	26,127	51,730	25,603	39,491	332,811	433,180	100,369	253,811
Promotions & Communications								
Site Visit	2,868	3,750	882	4,901	18,077	23,500	5,423	46,179
Photography	3,918	2,000	(1,918)	1,690	7,496	10,000	2,504	5,106
Advertising	28,109	29,000	891	57,092	153,241	174,000	20,759	123,872
Web Development & Maint	2,277	17,662	15,385	2,120	36,902	32,442	(4,460)	19,944
Market Research	0	0	0	0	9,600	9,600	0	9,600
Promotional	6,193	60,700	54,507	24,318	74,911	140,700	65,789	134,792
Attendance Promotion	(200)	35,000	35,200	6,183	51,991	50,000	(1,991)	35,596
Global Outreach	0	0	0	0	0	0	0	0
Total Promotions & Comm	43,165	148,112	104,947	96,304	352,218	440,242	88,024	375,089
Marketing Flexibility Fund	50,010	80,000	29,990	91,241	325,030	256,500	(68,530)	301,616
General & Administrative	1,761	12,375	10,614	4,251	29,773	27,150	(2,623)	21,521
Management Fees	11,000	11,000	0	10,800	66,000	66,000	0	64,800
Other	4,188	9,833	5,645	4,188	25,445	51,498	26,053	12,565
Total Other Indirect Expenses	156,806	337,784	180,978	261,323	1,273,527	1,449,774	176,247	1,130,497
Net Income (Loss) from Operations	(303,427)	(503,584)	200,157	(389,148)	(2,150,366)	(2,444,574)	294,208	(1,865,109)
Fixed Asset Purchases	0	0	0	0	0	0	0	0
Net Income (Loss) After Fixed Asset Purchases	(303,427)	(503,584)	200,157	(389,148)	(2,150,366)	(2,444,574)	294,208	(1,865,109)

# **Agenda Item**

**11**

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



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**David Y. Ige**  
 Governor

**Chris Tatum**  
 President and Chief Executive Officer

### Audit Action Plan Update

As of

August 2019

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

#	Recommendation	Comments	Status	Completion Date
1	Update internal policies and procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel	Policies updated and approved by board on 2/28/19. Procedures have been reviewed, updated, and approved.	100%	Complete
2	Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.	CAO has been assigned to oversee this responsibility. HTA Quality Assurance policy was approved by board on 2/28/19. HTA's procedures incorporate quality controls to ensure processes are regularly reviewed and updated, unnecessary rework reduced to the greatest extent possible, and resources are utilized efficiently.	100%	Complete
3	Update internal policies and procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.	Policies updated and approved by board on 2/28/19. Procedures have been reviewed, updated, and approved.	100%	Complete
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, including:	a) Procedure 400-01.01 (Procurement Planning Worksheet Procedure) has been updated to include language that addresses this recommendation in the audit.	100%	Complete

	<ul style="list-style-type: none"> <li>a) Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.</li> <li>b) Requiring proposals for each contract, contract amendment, and extension.</li> <li>c) Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.</li> <li>d) Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.</li> <li>e) Requiring contractors to provide regular progress reports.</li> <li>f) Evaluating contractor performance against performance criteria.</li> <li>g) Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.</li> </ul>	<ul style="list-style-type: none"> <li>b) This item is complete. We require proposals for all contracts, contract amendments, and extensions.</li> <li>c) This item is complete. We require contractors to provide proof of a valid CVC prior to contract execution.</li> <li>d) This item is complete. We require our contracts to include specific performance criteria, performance benchmarks, and deliverable that are aligned with the contract’s objectives.</li> <li>e) This item is complete. We require our contractors to provide us with regular progress reports.</li> <li>f) This item is complete. We are now evaluating contractor performance against performance criteria included in the contract.</li> <li>g) This item is complete. We require written evaluations of contractor performance prior to amending, modifying, or extending contracts.</li> </ul>		
<b>5</b>	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.	Recommendation implemented. Procurement implemented process to require waivers to be thoroughly documented, reviewed, and approved prior to execution.	100%	Complete
<b>6</b>	Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.	The CAO is developing a process to conduct regular reviews and evaluations of HTA management and staff in the performance of their respective procurement and contract-related duties and responsibilities. Ongoing.	25%	September 2019

<b>7</b>	Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, and the State Ethics Code, specifically, Section 84-15, HRS.	All HTA staff with procurement/contract related responsibilities receive regular training on state procurement code and state ethics.	100%	Complete
<b>8</b>	Limit sole source procurement to where a good or service is deemed available from only one source.	Process in place to review all requests for sole source procurement prior to contract execution.	100%	Complete
<b>9</b>	Require completed documentation to support use of sole source procurement.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
<b>10</b>	Require written confirmation and justification of sole source contract pricing.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
<b>11</b>	Develop a publicly accessible list of sole source procurement contracts.	Sole source procurements included in monthly board packets which are publicly available on website. In addition, we are developing a page on our HTA website to list all HTA sole source procurement contracts.	100%	Complete
<b>12</b>	Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.	Completed.	100%	Complete
<b>13</b>	Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.	Completed. VP of Finance implemented the procedures to audit receipts from AEG as well as other contractors.	100%	Complete
<b>14</b>	Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.	Procedures that address monitoring and evaluation of contract deliverables have been reviewed and updated. Procedures have been forwarded to program leads	100%	Complete

15	Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.	Completed. <b>Update:</b> Final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. Subcontractor pre-approval is required per all contracts.	100%	Complete
16	Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete
17	For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete
18	Determine whether "agreements" and "arrangements" for goods or services relating AEG's performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.	Completed. Received written confirmation of AEG's relationship with Levy (June 26, 2018). Consulted with AG's office, and apprised HCC Investigative Committee (September 19, 2018). Confirmed that no further action required.	100%	Complete
19	Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically, about action required to remedy AEG's failure to competitively procurement the concession services as required by law.	Consultation with Attorney General's office regarding has been completed.	100%	Complete

<b>20</b>	Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c) (1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.	HTA received a guidance memo from the Attorney General’s office. Will work with legislators as recommended.	50%	TBD
<b>21</b>	Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.	Guidance letter received from Attorney General’s office. Pending request for formal opinion.	50%	TBD

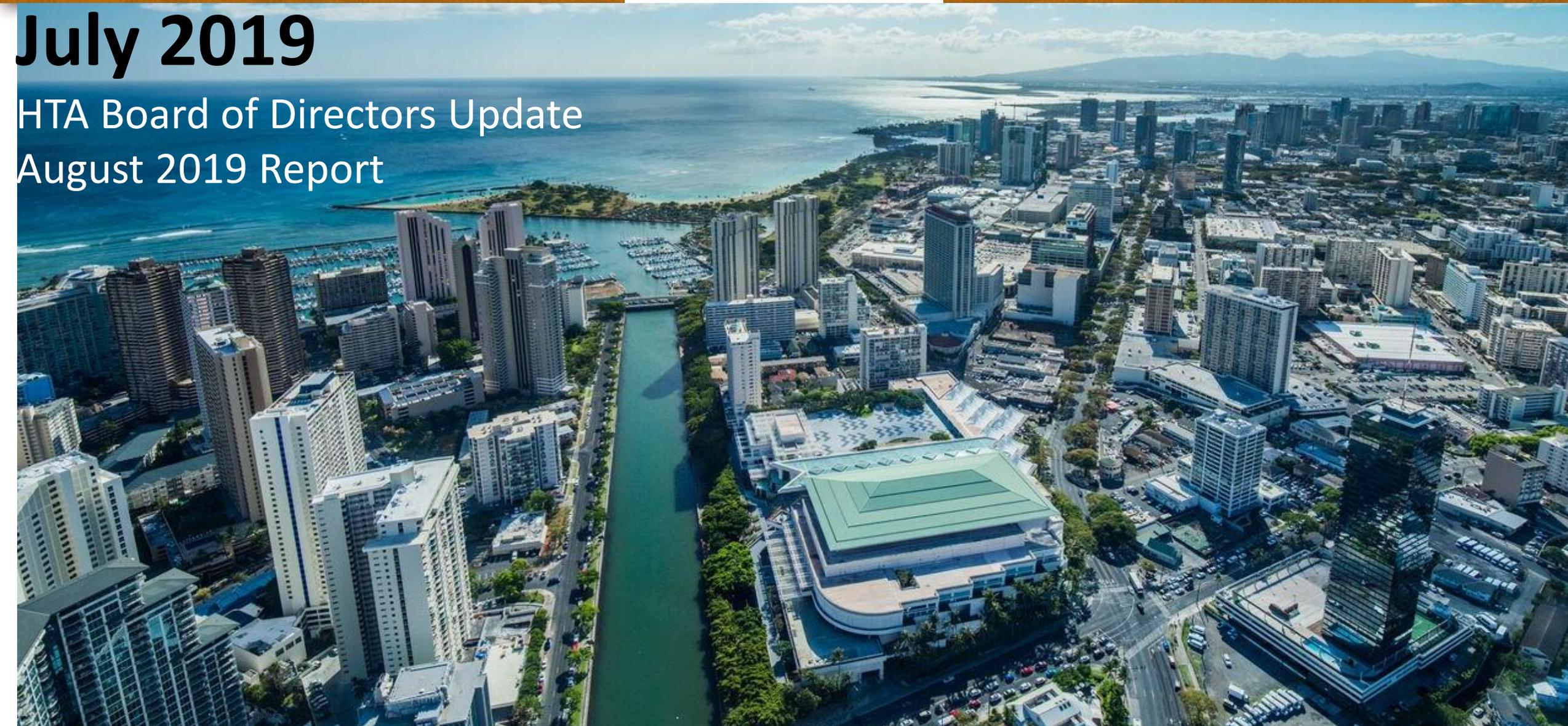
# **Agenda Item**

## **12**

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

**July 2019**

HTA Board of Directors Update  
August 2019 Report



# ***Agenda***

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

# 2019 Financial Update

	2019 June Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
Facility Occupancy	<b>28%</b>	<b>30%</b>	<b>31%</b>	<b>(1%)</b>	<b>29%</b>
Facility Number of Events	19	219	200	19	206
Facility Gross Revenue	<b>\$989,100</b>	<b>\$15,293,000</b>	<b>\$15,672,300</b>	<b>(\$379,300)</b>	<b>\$13,991,600</b>
Facility Gross Expenses	\$1,387,900	\$18,171,200	\$17,667,300	(\$503,900)	\$16,160,800
Facility Net Loss	<b>(\$398,800)</b>	<b>(\$2,878,200)</b>	<b>(\$1,995,000)</b>	<b>(\$883,200)</b>	<b>(\$2,169,200)</b>
S&M Net Expenses	<b>(\$303,400)</b>	<b>(\$5,843,400)</b>	<b>(\$6,095,000)</b>	<b>\$251,600</b>	<b>(\$6,221,100)</b>
HCC Net Loss	<b>(\$702,200)</b>	<b>(\$8,721,600)</b>	<b>(\$8,090,000)</b>	<b>(\$631,600)</b>	<b>(\$8,390,300)</b>

# 2019 Food & Beverage Update

Food & Beverage	2019 June Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
F&B Revenue	\$543,200	\$10,177,500	\$10,406,100	(\$228,600)	\$8,817,300
F&B Expenses	\$401,300	\$6,326,600	\$5,910,300	(\$416,300)	\$5,825,400
Net Income	\$141,900	\$3,850,900	\$4,495,800	(\$644,900)	\$2,991,900
% of flow through	27%	38%	43%	(5%)	34%

# 2019 ROI

HCC Revenue + State Revenue + Tax Revenue  
= \$169.6M

HCC Expense \$11.1M

***ROI = For every dollar spent by HCC we returned  
\$15.33 to the State***

# CIP Update

- Boiler Replacement – Final designs approved, submitting for permit.
- Cooling Tower, Ala Wai Waterfall Repair and Facility Equipment - Selected proposed winning bidder, finalizing contract.
- Camera, NVR and Access Control – RFP issued and site walk conducted, proposals due end August.

# HCC Sales Update

- 12,420 room nights closed in July 2019 bringing July YTD total to 58,256 room nights closed.
- Tentative pipeline July YTD total is 123,822 room nights.

# Sales Initiatives

- Participated in the CESSE Educational Forum in Baltimore, MD. Delegates were senior level executives from vertical markets of science and engineering sectors. HCC sponsored a breakfast to promote our East Meets West message.
- Exhibited at the Cvent Connect trade fair in Las Vegas, NV. Hands on training and interactive environment about the latest trends, technologies and mythologies.
- Participated at the Experient E4 trade fair in Baltimore, MD. E4 is the premier annual customer conference for 250 of Experient and Maritz' top-level client contacts, Account Owners, Executive Leadership and most valued business partners.

# Sales Initiatives

- In July, the HCC developed sales initiatives to further stimulate business interest for in the year and future years. Offshore, Local and Asian markets will be targeted with special incentive promotions. Third party PCO's and Japanese Wholesalers will be the primary support sources. Direct Clientele, e.g. Association, Corporate and Sports, qualified to execute License Agreements before year-end 2019 will also be aggressively targeted.



# Advertising and PR

## Other Advertising

- SportsTravel magazine dedicated eblast
- SportsEvents magazine website leaderboard ad
- NASC (National Association of Sports Commission) website retargeting
- Local: Holiday Pā'ina ad placement in Pacific Business News (PBN)



# 2019 Awards



2019 IAVM Venue Excellence Award  
(International Association of Venue Managers)



2019 Smart Stars Award (Smart Meetings)  
Best Convention Center



2019 Smart Women in Meetings. HCC GM  
Teri Orton was named among the 29  
Industry Leaders



2019 Prime Site Awards  
(Facilities & Destinations)



2019 SportsEvents Magazine  
Readers' Choice Award  
(3 consecutive years)

# Facilities & Destinations Fall 2019 (Cover Story)

## VENUE REVIEW



The Association for Research in Vision and Ophthalmology (ARVO) holds a social event on the Hawaii Convention Center rooftop.

# HAWAII CONVENTION CENTER

2019 IAVM VENUE EXCELLENCE AWARD WINNER INTRODUCES A VARIETY OF NEW AMENITIES

By George Selj

Geographically speaking, the Hawaii Convention Center (HCC) may well be the ideal site choice in the United States for conventions aiming to cater to members in the Asia-Pacific region. An organization that recently began taking advantage of this accessibility is the **Association for Research in Vision and Ophthalmology (ARVO)**, which had been meeting in Florida until 2012 and then in various mainland North American cities. “ARVO has a large membership base in Asia, and this group had been disadvantaged related to the location of the meeting always being in Florida. So Hawaii made sense both as an appealing destination to all of our members and as a good option for our members in Asia,” explains **Lancey Cowan, JD, CAE**, Chief Meetings Officer. ARVO first held its Annual Meeting at the HCC in 2018, drawing over 11,000 delegates. The first **ARVO International Meeting** — branded **ARVO Pacific Rim** — will be held at the facility in October 2020. “We chose Hawaii [a second time] because of the success of our 2018 Annual Meeting there and the good attendance from Asia, in addition to the ease of executing a meeting at the Center,” Cowan says. That prowess in customer service garnered major

industry recognition this summer when the **International Association of Venue Managers (IAVM)** named the HCC its **2019 Venue Excellence Award** winner. The award was presented on July 24 at **VenueConnect** to **Teri Orton**, General Manager of the HCC, managed by **AEG Facilities**. “This award honors the work of our entire team for providing world-renowned service and aloha to each of our guests,” Orton said. “During the past year, we were proud to welcome a variety of major conferences and international sports tournaments, and develop new and engaging community events, such as **Sunset Mele** and **Night Market**,” she added. “We also rolled out numerous amenities to provide additional convenience, as well as launched our **Hō‘omalau** environmental conservation program, which includes our **Leadership in Energy and Environmental Design (LEED)** certification.”

### THE LATEST ENHANCEMENTS

Among the new amenities, features and venues recently introduced at the HCC are the following:

- 1801 Café + Bar in the main lobby, offering fresh-made snacks, lunch items, beverages and local treats and gift items

- An easily accessible business center on the third floor
- 12 luxurious massage chairs
- A Mamava nursing pod to provide a secure, comfortable and private lactation space for mothers
- Two secure charging station locker bays located at key points throughout the building
- Contemporary furniture with large, plush cushions throughout public spaces
- An online interactive map and 3D floor plans that allow planners and guests to view and tour services and spaces
- Complimentary light-use Wi-Fi in all public spaces
- A floral arrangement and plant rental program
- Digital signage in high-traffic locations for easy exhibit or event promotion

This year, numerous medical conventions with international attendance have enjoyed these new amenities, including the **International Stroke Conference** in February, which drew registrants from 50 countries; the **Society of Gynecologic Oncology’s 50th Annual Meeting on Women’s Cancer** in March, which welcomed attendees from more than 40 countries; the **American Roentgen Ray Society’s** annual meeting in May, which drew nearly 2,500 participants from



“We chose Hawaii because of the success of our 2018 Annual Meeting there and the good attendance from Asia, in addition to the ease of executing a meeting at the Center.”

—Lancey Cowan, JD, CAE,  
Chief Meetings Officer, ARVO

32 countries; and the **15th International Congress of Toxicology**, the first ICT meeting held in the United States in nearly 25 years.

**ARVO Pacific Rim** registrants, who will number about 1,000, can look forward to the variety of enhancements at the HCC. The association already has a favorable impression of the facility’s design. “The building itself with its indoor/outdoor setup is unique,” says Cowan. “We have attendees from all over the world with different preferences related to the temperature in the building. The climate-controlled meeting rooms suited the needs of some attendees, while others really enjoyed the opportunity to sit in the common areas where it was warmer. The opportunity to experience so much natural light during a meeting is also unique.”

In terms of amenities, Cowan commends the HCC’s Wi-Fi coverage. “We often say our members are happy if they have ‘Wi-Fi, coffee and a place to sit down.’ The HCC met the mark on all of these and our attendees had a wonderful experience. The availability of water bottle fillers was something that some may consider small, but that had a great impact on our meeting. Our members are very health conscious and appreciated having this option. Also, having two permanent auditorium seats was something unique that we appreciated.”

### KEY SUPPORTING PLAYERS

The food and beverage service, which Cowan describes as



Hawaii Convention Center General Manager Teri Orton (left) presents the IAVM 2019 Venue Excellence Award.

“excellent,” is led by newly appointed Executive Chef **Hans Lentz**. An award-winning chef with nearly three decades of experience in culinary management, Lentz most recently served as Executive Chef at **Jumeriah Hotels & Resorts** in Dubai. He previously served as the Executive Chef of the **Hilton Waikoloa Village**, and as Executive Chef at the **Mauna Kea Beach Hotel**, both on the Island of Hawaii. Lentz leads the Center’s culinary program under AEG partner **Levy Convention Centers**.

Another partner in the planning process at the HCC is the **Hawaii Visitors and Convention Bureau (HVCB)**. Their dynamic staff “assisted us with sourcing all aspects of the meeting from finding the hotels that we needed to sourcing DMC services for entertainment and other needs,” Cowan says. She relates an example of that assistance: “We ended up sourcing supplies while on our planning site visit and needed a storage unit for these items — they assisted us in finding this and other similar needs.” The HCC also helped iron out the details of the ARVO Annual Meeting: “We purchased lei for our Board and VIPs, and were able to do this through the Center, which made offering this local touch very easy for us.”

The HVCB also helps concert planners to the local resort(s) for their meeting. And there is a vast selection, with more than 39,000 overnight rooms in Waikiki, 28,000 of which are in a 15-mile radius of the HCC. “We had large blocks at all of the major hotels in the destination — **Hilton Hawaiian Village**, **Sheraton Waikiki**, **Royal Hawaiian**, **Ala Moana**, **Prince Waikiki**, **Marriott Waikiki** and more,” Cowan says. “The variety of price point options in Honolulu is excellent and we were able to arrange tiered rates at most properties based on room type and view. This was very helpful to our planning. For our International meeting we are initially planning to utilize a resort option (Hilton Hawaiian Village), a convention option (Ala Moana) and a business traveler option (Prince), and will add additional properties (or rooms at these properties) as needed.”



ARVO attendees enjoy traditional Hawaiian entertainment.

### SCENIC SETTINGS FOR ATTENDEES

A major lodging option for convention groups, the 2,860-room **Lilani Hawaiian Village Waikiki Beach Resort** offers over 150,000 sq. ft. of indoor and outdoor meeting space, including the 2,600-capacity **Mid-Pacific Conference Center**. The ARVO Annual Meeting took advantage of the **Great Lawn**, Waikiki’s largest private oceanfront grass lawn. Affording views of the **Duke Kahanamoku Lagoon**, the venue accommodates up to 1,600 guests for a banquet or luau and 2,000 for a reception. “The only event we did away from the Convention Center was our **Foundation Gala**, which took place on the Great Lawn,” Cowan says. “Attendees were being seated at sunset and it was a great event showcasing the beauty of Hawaii; we had **keke hula** dancers and other local entertainment.”

All of the ARVO attendees enjoyed an “event with a view” at the HCC’s **Rooftop Garden**, where the social event for the overall membership took place. “We used a luau theme and had hula lessons and Hawaiian arts and crafts for attendees to participate in,” she describes. With large windows displaying mountain vistas and a center concourse that opens up to a canal, the HCC is certainly immersed in its natural environment. A rooftop event such as ARVO’s not only connects attendees to that amazing scenery, but also to Hawaii’s timeless culture.

### FACILITY FAST FACTS

- Located eight miles from the Daniel K. Inouye International Airport (HNL) on Honolulu’s Kalia Avenue, home to shopping, dining and entertainment venues.
- 200,000 sq. ft. Kanehameha Exhibit Hall and 35,000-sq.-ft. Kalia Ballroom, both divisible into thirds
- 47 meeting rooms, many with shaded verandas or direct courtyard access
- 35,000-sq.-ft. registration lobby
- Two tiered seating theaters for up to 329 and 467 attendees, respectively
- 23-acre rooftop events garden, accommodating 1,000-person banquets or 2,500-person receptions overlooking the city

***Mahalo!***

