



MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, July 29, 2020
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF MARKETING STANDING COMMITTEE MEETING

COMMITTEE MEMBERS PRESENT:

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

HTA BOARD MEMBER PRESENT:

Richard Fried

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Jennifer Chun, and Ariana Kwan

GUESTS:

Senator Glenn Wakai, Mufi Hannemann, Eric Takahata, Avi Mannis, Amy Terada, Jay Talwar, Darragh Walshe, Susan Webb, Lorenzo Campos, Irene Lee, and Liz You

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order:

Chair Kelly Sanders called the meeting to order at 1:08 PM. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs and Natural Resources, opened the meeting with a pule.

2. Approval of Minutes of the June 24, 2020 HTA Marketing Standing Committee Meeting:

Chair Sanders requested a motion to approve the minutes of the June 24, 2020 HTA Marketing Standing Committee meeting. George Kam made a motion, which was seconded by Fred Atkins. The motion was unanimously approved.

3. Presentation and Discussion of Hotel Readiness for when Hawai'i Opens Up to Visitors:

Chair Sanders recognized Mufi Hannemann, President and CEO of the Hawai'i Lodging and Tourism Association (HLTA), to present and discuss hotel industry readiness when Hawai'i reopens to visitors. Mr. Hannemann said it became clear in the early stages of the COVID-19

pandemic that the visitor industry would need to develop hygiene standards in hotels statewide. He noted that there are two types of hotels, labor affiliated and non-labor affiliated, both of which were represented at HLTA's "We are Ready" Day on July 23, 2020. The purpose of this event was to unveil the safety measures in place at the Outrigger Waikiki Beach Resort, Alohilani Resort, and Hilton Hawaiian Village and to show that Hawai'i's resorts are ready for visitors to return to Hawai'i. Mr. Hannemann played a video recap of "We are Ready" Day. He noted that Senator Glenn Wakai, Representative Daniel Holt, Councilmember Ann Kobayashi, and the staff of Councilmember Tommy Waters were among those who toured the resorts. Mr. Hannemann added that there will be additional touring days with other resorts on O'ahu, Maui, Kaua'i, and Hawai'i Island. He explained that this represents a statewide effort by the hotel industry to adopt standards vetted by Governor David Ige, the Department of Health, the Office of the Attorney General, and the four county mayors. Mr. Hannemann noted that some resorts have elected to institute even more stringent measures to ensure the safety of their guests and employees. He said there are three aspects to the safety measures in place: (1) Mākaukau (Preparation), (2) Hana Pono (Proper Procedures), and (3) Pane (Answer). Mākaukau refers to the preparations to resume business, which include mandatory employee training programs and the establishment of social distancing standards. Hana Pono refers to standard operating procedures which include the establishment and display of comprehensive sanitization practices for all common areas, guest rooms, and staff areas. Pane refers to the resort response to possible COVID-19 cases which include guests who arrive with a pre-test and those who do not. Mr. Hannemann explained that guests who do not provide a negative pre-test or are awaiting results will receive a single-use guest room key and must quarantine until 14 days have elapsed or until they receive a negative test. He added that law enforcement will be notified if guests violate their quarantine. Mr. Hannemann said that if a guest falls ill while staying at the hotel, the guest will be isolated and asked not to leave the hotel. He noted that the hotel will establish internal policies to set aside a part of the hotel should this occur. Mr. Hannemann emphasized that the hotel industry is ready for visitors to return to Hawai'i, and the goal is to restore trust because he understands that there are concerns about Hawai'i's reopening.

4. Update Relating to HTJ's Recovery Plan and What Has Been Implemented:

Chair Sanders recognized Eric Takahata, the Managing Director of Hawai'i Tourism Japan (HTJ), to present on the implementation of HTJ's recovery plan. Mr. Takahata said Japan and Hawai'i both have low numbers of confirmed cases compared to other destinations. He noted that the Japanese economy is not doing well and that tourism is a large part of their economy. Mr. Takahata said Gov. Ige is working hard to establish a travel agreement between Hawai'i and Japan to restart the visitor industry. Mr. Takahata noted that HTJ is on track with the implementation of its recovery plan. He added that there are still no direct flights to Hawai'i from Japan, but there are reports of Japanese travelers arriving in Hawai'i through connecting flights from Los Angeles who then undergo the 14-day quarantine. Mr. Takahata said the recovery plan is entering Phase 2, and the travel trade industry is eager and ready to restart the visitor industry. He noted that there is a high demand for travel to

Hawai‘i and JAL flights are resuming in late August. He reported that inquiries for MICE groups are beginning to rise. Mr. Takahata said that with the available budget, HTJ will continue to advertise in the Japanese market. He noted that competing destinations like Guam and Australia have extensive safety protocol and procedure videos circulating in the Japanese market in anticipation of an increase in tourist travel.

Chair Sanders said HIS and ANA both announced that they would not resume travel packages to Hawaii until September 15, 2020. Chair Sanders asked how long the delay would be between the resumption of travel companies selling packages and the resumption of operations with the assumption that Hawai‘i reopens on September 1, 2020. Mr. Takahata responded that the tour companies would require 3 to 4 weeks to renegotiate prices with the airlines and hotels before resuming operations. He added that it is still unknown whether Gov. Ige will abide by the September 1st reopening date. Mr. Sanders asked that if September 1st remains the reopening date, should Hawai‘i expect to see more Japanese tourists returning in early October. Mr. Takahata responded that the airlines and tour companies would be ready for initial business to trickle in. However, he anticipates the initial people traveling from Japan will include essential workers, international students, and Japanese nationals who own property in Hawai‘i.

Kyoko Kimura asked for clarification regarding a number of news releases stating that Hawai‘i would be included on a list of accepted international travel destinations for Japan. Mr. Takahata responded that Hawaii will be considered as an accepted international destination along with the 12 other countries on the list. He noted that Hawai‘i is the only state from the U.S. included on that list and that Gov. Ige has been working towards a travel arrangement with Japan. Mr. Takahata expressed his appreciation to the Japanese government for considering Hawai‘i as a possible accepted destination.

Mr. Atkins asked about the safety procedures in place for the essential workers that may be traveling to Hawai‘i. Mr. Takahata responded that it would not be a pre-test and that these travelers would be subject to the current safety protocol and would undergo the 14-day quarantine period.

Benjamin Rafter asked how many direct flights there would be between Hawai‘i and Japan. Mr. Takahata responded that with the exception of the four JAL flights in August, no long term schedules have been announced or released. He noted that the airlines and travel companies only have been releasing schedules for two week periods.

5. Report of the Hawai‘i Forward Looking Bookings, Global Agency Pro and YouGov:

Chair Sanders recognized Jennifer Chun, HTA Director of Tourism Research, to report on Hawai‘i Forward Looking Bookings, Global Agency Pro, and YouGov. Ms. Chun reported that HTA subscribes to YouGov’s Brand Index and Profiles for U.S., Japan, and Australia and that these index trends are published on a weekly basis on HTA’s website. She noted that the Destination Indexes generally gauge how people feel about traveling to Hawai‘i. Ms. Chun explained that the different types of indexes include: (1) Buzz, the net percentage of people

who heard something positive about Hawai'i, (2) Recommend, the net percentage of people who would recommend Hawai'i as travel destination, (3) Word of Mouth Exposure, the net percentage of people who talked with someone about Hawai'i, and (4) Consideration, the net percentage of people who would consider Hawai'i for their next trip. Ms. Chun explained how to read and interpret the Destination Indexes as contained in the Committee packet. She highlighted that travel sentiment remains high even though people are not necessarily traveling to Hawai'i at the moment. Ms. Chun noted that there were dips when the quarantine and then subsequently the reopening delay were announced. She said Marisa Yamane, HTA Director of Communications and Public Relations, receives emails every day about people wanting to return to Hawai'i. Ms. Chun discussed the different trends in the destination indexes regarding U.S., Japan, and Australia as contained in the Committee packet.

Ms. Chun reported that HTA subscribes to Global Agency Pro, an online travel distribution system that provides access to over 90% of the world's travel agency airline transactions. She noted that these statistics are published in HTA's daily briefings. Ms. Chun discussed travel agency bookings as contained in the Committee packet. She highlighted that net bookings between 2019 and 2020 are negative, which means that people are canceling their trips. She highlighted that bookings for future travel is lower compared to 2019, but that the general increases and decreases are similar to 2020. Ms. Chun noted that the booking indexes are measurable by island.

6. Presentation and Discussion of Airline Readiness for When Hawai'i Opens Up to Visitors:

Chair Sanders recognized Avi Mannis, Senior Vice President of Marketing for Hawaiian Airlines, to present and discuss the airline industry's readiness for Hawai'i's reopening. Mr. Mannis said safety measures instituted by all major airlines are aligned and was precipitated by a great deal of collaboration across the industry. He noted that a great deal of work has been done on cleaning and sterilization of aircraft in between uses. Mr. Mannis said there has been an increased focus on passenger's wearing masks and protective equipment for employees. He noted that all major airlines have made substantial changes to their in-flight services and at airports by reducing unnecessary contact and maximizing the physical distance between passengers and employees. He noted that even in close quarters, aircrafts are a safe place with air filtration systems, proper cleaning, and mask compliance. Mr. Mannis said new measures and issues have arisen since his last presentation. He highlighted that the enforcement of mask wearing is critical, and the airline industry has taken an aggressive stance towards mask wearing on board flights, such as policies in which non-compliance with mask-wearing policies has the consequence of a ban from flying during the course of the pandemic. He noted that people in Hawai'i have been responsible in complying with Hawaiian Airlines' mask wearing requirement. Mr. Mannis added that medical exemption policies have been established for people who cannot wear masks for legitimate medical reasons. Those people must undergo additional screening to verify said medial reason. Mr. Mannis said passengers are required to complete a health attestation form prior to check-in. He explained that when a passenger checks in, that passenger

attests that he or she does not have any symptoms or an elevated temperature and is willing to comply with mask wearing policies. Mr. Mannis added that this attestation is on a separate screen during the check-in process. He noted that Hawaiian Airlines is running a pilot program in which it assists with temperature screening from U.S. mainland destinations. He expressed that long-term, temperature screening is a measure best managed by state safety officials, but the industry is willing to step up and fill that role in the meantime. Mr. Mannis said airlines are exploring novel technology and alternative forms of sanitation such as ultraviolet light and anti-viral polishes that last for a long period of time. He noted that Hawaiian Airlines is working collaboratively with the airline industry, health professionals, and manufacturers to keep passengers and employees as safe as possible. Mr. Mannis said that in recent months, Hawaiian Airlines has been sending emails and text messages to passengers with information about Hawai'i's safety protocol and procedures to reduce stress and conflict with screeners at airports. He noted that Hawaiian Airlines has also produced a number of what-to-expect videos and new TV commercials showing that Hawaiian Airlines is ready for Hawai'i's reopening. He added that Hawaiian Airlines has partnered with local businesses and has released a new series of content called "Travel Pono," which shows travelers what it is like to visit Hawai'i in the new normal and drive home the notion of personal responsibility.

Mr. Mannis said the industry as a whole saw a resurgence in air travel, and Hawaiian Airlines saw a steady increase in demand for neighbor island travel. He noted that Hawaiian Airlines reported a loss of \$175 million for the second quarter, which underscores the need for financial strength to withstand more quarters like this. Mr. Mannis said Hawaiian Airlines has access to new financing using its aircraft as collateral such that it now has up to \$1 billion in cash reserves. He noted that it will be a long road moving forward and that Hawaiian Airlines burns through about \$3 million in cash per day. Mr. Mannis said it is increasingly important to reduce costs to survive and that he expects Hawaiian Airlines to be 15 to 25% smaller by next summer. He noted that Hawaiian Airlines is expecting to furlough up to 2,000 contract employees and will manage the situation as sensitively as possible. Mr. Mannis said the measures that Hawaiian Airlines takes now will mitigate the severity and duration of the economic cliff it and all other airlines currently face. He added that the visitor industry as a whole needs to be focused on reopening the economy while keeping the community safe.

Mr. Atkins asked if these safety procedures and Travel Pono content are being communicated to the community so that people feel comfortable about visitors returning. Mr. Mannis responded that Hawaiian Airlines is using advertisements and its social media channels to communicate these messages to the local communities.

Sherry Menor-McNamara said that when she returned home to Hilo in June, she felt safe and it was a seamless process. She noted that each county has different guidelines and rules. Ms. Menor-McNamara asked whether Hawaiian Airlines plays a role in communicating these different guidelines to its passengers. Mr. Mannis responded that Hawaiian Airlines tries to do so. He noted that the procedures at the airports have been

consistent and well executed. Mr. Mannis said Hawaiian Airlines will continue to work with its counterparts at the Department of Transportation and communicate this information to its passengers.

Mr. Atkins asked if there is a correlation between downsizing workforce and reducing direct flights to Hawai'i. Mr. Mannis responded that the expectation is that as airlines become smaller, there will likely be a similar reduction in flight operations. Mr. Atkins asked how long it would take to increase the number of flights if business begins to improve. Mr. Mannis responded that it depends on how long the downturn lasts. If the downturn is brief, the return will be swift. However, if the downturn is longer, more work will need to be done to train employees as they return to work and provide maintenance to aircrafts.

Pattie Herman, HTA Vice President of Marketing and Product Development, asked if there are still social distancing measures on Hawaiian Airlines' flights. Mr. Mannis responded that they have continued to cap load factors at 70% by leaving vacant seats and that these measures are in place through September. He noted that the airline industry is studying how effective social distancing measures are given mask wearing policies and the economic reality of being able to operate with lower load capacities. Mr. Mannis said he does not expect it to be a permanent measure, but Hawaiian Airlines will continue to do so as long as it provides confidence to travelers.

Chris Tatum, HTA President and CEO, commended Hawaiian Airlines for its engagement in the process of making it safer to travel. He thanked Hawaiian Airlines for its support and efforts because 7,500 Hawaiian Airlines employees are members of the local community. Mr. Tatum expressed that HTA will do what it can to support Hawaiian Airlines.

7. Presentation and Discussion of Wholesale/Travel Agent Readiness for when Hawai'i Opens Up to Visitors:

Chair Sanders recognized Amy Terada, Vice President of Marketing for Pleasant Holidays, to present on wholesale and travel agent readiness when Hawai'i reopens. Ms. Terada presented a brief overview of Pleasant Holiday's company history. She highlighted that the bulk of their business is through travel agents. Ms. Terada recapped a timeline of COVID-19 travel-related events. She noted that pre-COVID-19, travel to Hawai'i was trending upward by almost 20%. Ms. Terada said she started to see positive trends in daily TSA checkpoint passengers entering July, but it did not materialize due to the rising case numbers nationwide. Ms. Terada said Phase 1 of Pleasant Holiday's recovery efforts began in March. She said Pleasant Holidays supported cancellations and rebookings. She noted that they offered incentives to travelers to postpone their trips as opposed to canceling outright. She added that Pleasant Holidays continued to provide information and travel advisories. Ms. Terada said they entered Phase 2 of their recovery plan in April, during which time they tried to tap into people's desire to travel when stay-at-home orders are lifted. She noted that Pleasant Holidays wanted to encourage confidence and flexibility with cancel-for-any-reason travel protections plans. Ms. Terada said Pleasant Holidays entered Phase 3 of its recovery plan in May, during which time they invested heavily in digital marketing after

Gov. Ige announced the original August 1st reopening date. She noted that Pleasant Holidays saw an initial spike in demand, but that demand tapered off as COVID-19 cases began to spike on the U.S. mainland.

Ms. Terada said Pleasant Holidays has created a new portal on its website to provide timely and relevant information to travelers for the purpose of building trust and confidence. She discussed travel protection plan trends and highlighted a dramatic increase in the purchase of plans that provide minimum risk in booking and maximum flexibility. Ms. Terada said Pleasant Holidays offers a \$99 cancel-for-any-reason travel plan that offers future credit for rebooking through 2021. Ms. Terada explained that Hawai'i significantly lags behind all other major destinations except for Europe. She then discussed the reasons why the Tahiti industry recovery has been so successful. Ms. Terada said more travelers are moving trips beyond September due to the lack of confidence that they will be able to travel. Ms. Terada noted that less than 50% of activity vendors are operating. She shared that travelers want to know what to expect when they arrive in Hawai'i, and the answers are not available because safety procedures have not been finalized. However, Ms. Terada expressed optimism for Hawai'i's recovery.

Chair Sanders asked what customers are telling their travel agents in regard to Hawai'i's pre-test policy. Ms. Terada responded that there are mixed results because it is becoming more of a challenge to get tested without showing symptoms, and the results take longer than 72 hours.

8. Presentation and Discussion of Establishing a Surfing & Canoe Paddling Advisory Group to the HTA Board of Directors:

Chair Sanders recognized Senator Glenn Wakai to present and discuss establishing a Surfing and Canoe Paddling Advisory Group. Sen. Wakai said the surfing industry is worth over \$50 billion a year globally. He noted that two events will enhance global interest in surfing: the Tokyo Olympics and the Michelob ULTRA Pure Gold Rumble at the Ranch surfing competition in Fresno. Sen. Wakai said surfing is deeply rooted in Hawaiian culture and noted that Hawai'i does not even have a surfing museum. He expressed his desire to establish an advisory group to nurture children, promote marine safety, and prevent climate change. Sen. Wakai noted that six U.S. states have surfing as a high school sport while Hawai'i does not. He expressed his desire to see an HTA advisory group work with the Department of Education (DOE) to establish surfing as a high school sport. Sen. Wakai said Hawai'i should have a global surfing brand with merchandise, professional events, and position Hawai'i to be the U.S. Olympic Team official training ground. He added that the World Surf League will both open its preseason and end the season in Hawai'i. Sen. Wakai expressed his desire that Hawai'i be the epicenter of the surfing world and does not want to lag behind California. He said the Legislature has tried and failed to establish a surfing commission and HTA may be the appropriate body to accomplish this goal.

Chair Sanders recognized Mr. Ka'anā'anā to present on how HTA can establish an advisory board. Mr. Ka'anā'anā said the HTA Board has the statutory authority to establish advisory

committees. He noted that such an advisory board would align with HTA's Branding, Community, Hawaiian Culture, and Natural Resources pillars.

Mr. Sanders expressed his support for the creation of an advisory group and asked if there would be a financial commitment. Mr. Ka'anā'anā responded in the negative. Mr. Sanders agreed with Sen. Wakai, noting that Hawai'i is the birthplace of surfing and it should be more of a focus.

Ms. Menor-McNamara expressed her support for the creation of an advisory group and asked how many members would be appropriate for the advisory board and from what backgrounds. Mr. Ka'anā'anā responded that 17 members would be appropriate and listed backgrounds from cultural, coastal environment, youth development, beach boys, surf lessons, film, art, literature, history, health and wellness, festival, retail, and science and technology, among others.

Mr. Atkins expressed his support for the creation of an advisory group and noted how beneficial it is for children, from a sporting and cultural perspective. Mr. Ka'anā'anā responded that canoe paddling and surfing are well aligned. He noted that currently, DOE does surfing as a club, and private schools compete nationally. He said the framework is already in place and can be developed. Mr. Ka'anā'anā raised the point that the advisory group would have limitations and would not influence policy on its own.

Ms. Kimura asked if the HTA Board can be members of the advisory group. Gregg Kinkley responded that he is not aware of any statutory prohibition, though noted that few people from HTA should be involved given that it is an advisory group.

Chair Sanders expressed his support to present this proposal to the HTA Board.

9. Review and Discussion of the Approved FY 2021 Budget Reflecting the Changes Approved in June by the Full Board to Address the TAT Allocation Shortfall:

Chair Sanders recognized Mr. Tatum to review and discuss the approved FY 2021 budget. Mr. Tatum said the Branding budget was not changed at the last HTA Board meeting, but there was discussion about how funding can be used to maximize opportunities for the HTJ and HVCB recovery programs. He noted that HVCB put aside \$3.8 million for its recovery campaign, but requested an additional \$2.5 million and another \$1 million for MCI. Mr. Tatum said the discussion centered on utilizing FY 2021 funds to supplement their recovery campaign budgets to ensure a successful relaunch with the intention of replenishing the budget should TAT allocations resume. Mr. Tatum said HTA is still waiting on Gov. Ige to release the \$5 million in emergency funds. Mr. Atkins asked if the emergency funds are included in the budget, to which Mr. Tatum responded in the affirmative. Mr. Atkins asked where the supplement would be pulled from. Mr. Tatum responded that it would be pulled from the U.S. line item in the Branding budget.

10. Update Relating to HVCB's Recovery Plan and What Has Been Implemented:

Mr. Kam recognized Jay Talwar, Senior Vice President and Chief Marketing Officer for HVCB, to present an update on the implementation of HVCB's recovery plan. Mr. Talwar discussed U.S. travel sentiment statistics as contained in the Committee packet and highlighted that U.S. travel sentiment remains low. He noted that the tourism recovery will start slowly, and many Americans likely will not get on a plane until 2021 because of health and safety reasons.

Mr. Talwar discussed the challenge of how to effectively communicate the safety measures in place for travel to Hawai'i, as well as communicating to local residents that these policies are in place so that residents are comfortable with Hawai'i's reopening. He noted residents most care about health and safety and perpetuating cultural and environmental sustainability. Mr. Talwar said people will be more willing to travel to places that are closer to home and that they are more familiar with. He noted that repeat visitors and respectful travelers will be the focus. Mr. Talwar said it is important to update the content on www.gohawaii.com with accurate information from the State and to coordinate this information with industry partners. He noted that HVCB is preparing content related to safety protocol and pono travel for all stages of travel from planning, pre-departure, in-flight, and arrival. Mr. Talwar said there will be a greater emphasis on earned media rather than paid media to work more efficiently as the budget tightens. He noted that there will be a greater emphasis on strengthening connections with the community so HVCB is aligned with how the community wants to share the islands with visitors. Mr. Talwar said the focus will be on the U.S. West Coast and national media outlets with a transition towards more digital media. He said the content will have two phases of messaging, the first of which will be sharing the health and safety protocol in place. Mr. Talwar added that the second phase of messaging will cover unique stories about the destination. He noted that there is a change in traveler sentiment in regard to being respectful travelers, which is aligned with resident sentiment. Mr. Talwar highlighted that programming on Netflix (Somebody Feed Phil) and PBS (Field Trip with Curtis Stone) will feature Hawai'i.

Mr. Talwar discussed HVCB's travel trade strategy. He said the focus will be on communication, providing training content, and partner marketing to ensure a consistent message. He added that HVCB will be hosting a Virtual Hawai'i Destination Expo scheduled for the fall. Mr. Talwar shared a visitor journey map that notes opportunities to interact with visitors with appropriate messaging, as well as protocols in place for each step along the traveler's journey, which are designed to provide confidence to travelers

Mr. Talwar discussed the "It's Time" messaging. He said the goal is to maintain brand integrity, dial up responsible traveler messaging, and share health and safety protocol. He added that messaging will be delivered both pre-arrival and post-arrival. He said HVCB will continue the "Rooted" campaign, in which cultural ambassadors share values and stories that will increase the depth of knowledge of visitors. Mr. Talwar said messaging will also focus on resorts and the importance of appropriate behavior in the community and in the environment. He added that the visitor target for the "Kuleana" campaign will be travelers who are looking to rejuvenate and are sensitive and responsible. Mr. Talwar played a

“Kuleana” sample video. Mr. Talwar discussed message delivery and noted that U.S. media consumption has evolved with increased consumption of over-the-top media, digital media, and streaming. He added that there has been an increase in advertising demands and premiums due to the holiday season and political election. He said there is potential to leverage paid media to secure and connect with earned media. Mr. Talwar discussed a breakdown of the budget. He said that with the current budget, major market coverage would be about 20%. He noted that with a supplement of \$2.5 million as requested, the market coverage would increase to 41%.

Mr. Talwar discussed a new blueprint for group travel, including health and safety protocol for group meetings across all venues statewide. He noted that the goal is to promote the attendee journey. He added that HVCB has introduced new sales tools for the sales team and has redeveloped www.meethawaii.com to increase productivity.

11. Adjournment:

The meeting adjourned at 3:23 PM.

Respectfully submitted,

Reyn S.P. Ono

Reyn S.P. Ono
Recorder