



**MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, December 16, 2020
Virtual Meeting**

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 STAFF PRESENT:

John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Marisa Yamane, Kalani Ka'anā'anā, Caroline Anderson, Jennifer Chun, and Maka Casson-Fisher

GUESTS:

Representative Richard Onishi, John Monahan, Jay Talwar, and Eric Takahata

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Chair Kelly Sanders called the meeting to order at 10:34 a.m. Keith Regan, HTA Chief Administrative Officer, provided instructions to the general public with regard to submitting testimony. Mr. Regan confirmed the attendance of the Committee members by roll call. Mr. Regan turned the floor over to Chair Sanders. Maka Casson-Fisher opened the meeting with a pule.

2. Approval of Minutes of the November 18, 2020 HTA Marketing Standing Committee Meeting:

Chair Sanders requested a motion to approve the minutes of the November 18, 2020 HTA Marketing Standing Committee meeting. George Kam made a motion, which was seconded by Fred Atkins. The motion was unanimously approved.

3. Presentation, Discussion and Approval of the Revised Fiscal Year 2021 Branding Budget to be Included in the Proposed Fiscal Year 2021 Revised Overall Budget for the Hawai'i Tourism Authority:

Chair Sanders recognized Pattie Herman, HTA Vice President of Marketing & Product Development, to present the revised Fiscal Year 2021 Branding Budget. Ms. Herman said that the budget must remain fluid and be able to pivot to accommodate market conditions.



Ms. Herman presented the revised Branding Budget for Fiscal Year 2021. She said that Cruises would remain at \$50,000. The U.S. line item would be reduced by \$685,707 to \$17 million mostly as a result of staffing changes.

Ms. Herman said that the Canada line item would be increased by \$26,180 to \$400,000. She noted that the situation in Canada is improving due to the trusted travel partner program being in place and direct flights with WestJet and Air Canada resuming.

Ms. Herman said that the Japan line item would be reduced by \$500,000 to \$4,500,000. She noted that the Japanese government is recommending that Japanese citizens not travel at this time due to a spike in COVID-19 cases. Ms. Herman said that the Korea line item would be reduced by \$100,000 to \$300,000 for similar reasons.

Ms. Herman said that the Oceania line item would be reduced by \$100,000 to \$400,000 because the borders in Australia and New Zealand remain closed. She noted that there is a stop work order for the Oceania marketing team. She added that if flights resume in June 2021 as anticipated, then the Oceania marketing team would resume activities in February 2021. Ms. Herman explained that many other destinations are fighting for the same travelers, and marketing activities will need to resume quickly.

Ms. Herman said that the line items for Global Digital Marketing Strategy and Global Market Shared Resources would remain the same. She noted that the Global Market Shared Resources is a critically important entity that HVCB and HTA's other global marketing teams utilize.

Ms. Herman said that the Travel line item would be reduced by \$40,000 to \$10,000. She explained that this line item is the travel budget for John De Fries, HTA President & CEO. However, given the current state of COVID-19, she does not anticipate Mr. De Fries traveling much. Ms. Herman said that the Salaries line item increased by \$26,363 to \$535,011. She noted that the overall Branding budget decreased from \$28,590,675 to \$27,217,511.

Chair Sanders said that the decreases are in line with market perspectives and commended Ms. Herman and her team for saving money where possible.

Mr. Kam asked if it is possible to ask the respective markets for quarterly projections for 2021, and to prepare a report of the nexus between money invested in the market and the respective returns. Ms. Herman responded that it will be difficult for the marketing teams to project into 2021, but she will reach out to them to gather what projections they may have.



Benjamin Rafter asked Ms. Herman about her confidence level for the first quarter of 2021 or if she believes tourism will remain flat. Ms. Herman responded that she hopes the vaccine will make a difference for the domestic market, but based on the signals they are receiving from the international market and flight volume she is not confident. She noted that Canada and possibly Japan may make more of a difference moving forward.

Kyoko Kimura asked if the Meetings, Conventions, and Incentives (MCI) line item is included in the U.S. line item. Marc Togashi, HTA Vice President of Finance, responded in the affirmative and noted that HVCB will need to balance MCI and leisure with the budget available. John Monahan of HVCB added that there has not been much group business. He said that HVCB currently has MCI sales staff that are multi-tasking. He noted that the group sales staff will build up again when business returns.

Mr. Atkins asked if the \$17,000,000 U.S. line item includes the \$2,300,000 budget for MCI, and if so, then HVCB has a marketing budget of \$14,700,000. Mr. Togashi responded in the affirmative and noted that the line items used to be separated.

Chair Sanders invited the public to provide testimony, and there was none.

4. Presentation and Discussion of the Travel Agents Booking Pace and General Market Research Trends:

Chair Sanders recognized Jennifer Chun, HTA Director of Tourism Research, to present on travel agent booking pace. Ms. Chun reported that the U.S. market for December 2020 is a third of the volume for December 2019 and that booking pace remains slow through the third quarter of 2021. She noted that there was an increase in bookings for the U.S. market between November and December, which indicates that people are booking closer to their travel dates.

Ms. Chun reported that there were very few bookings for Japan in December. She noted that the booking pace for the first three quarters of 2021 remains slow. She added that there were a number of cancellations for the month of December, which is reflective of the current situation in Japan.

Ms. Chun reported that there was little movement for Canada in December and not much movement in the first three quarters of 2021. Ms. Chun said that there was little movement for Australia in December and not much movement in the first three quarters of 2021.

Ms. Chun reported that O'ahu bookings are dominated by the U.S. market. She said that Maui bookings are likewise dominated by the U.S., with a few more bookings from Canada. She noted that there is very little activity for Moloka'i and Lāna'i. She added that more people are intending to travel to Kaua'i in December. Ms. Chun said that Hawai'i Island



bookings are also dominated by the U.S. market. She noted that booking pace for 2021 continues to be slow. She added that these reports are updated weekly and posted on the HTA website.

Chair Sanders invited the public to provide testimony, and there was none.

5. Presentation by the Hawai'i Visitors and Convention Bureau that will Include Market Insights, an Update on the Mālama Hawai'i Program, and Discussion on Calendar Year 2021 as it Relates to Certain Assumptions and Approaches Including Information Pertaining to the PGA Tour's Messaging:

Chair Sanders recognized Jay Talwar of HVCB to present an update on market insights and marketing campaigns. Mr. Talwar reported that U.S. travel sentiment remains low with 56.9% of survey participants saying that they would feel somewhat or very unsafe traveling on a commercial airline. He added that one-third of respondents said that they will not travel until fall of 2021. Mr. Talwar noted that 50.7% of respondents are more comfortable flying if a COVID-19 pre-test is required before a flight, and 60% feel safer if passengers are required to get the vaccine before traveling. He said that people are more comfortable with regional travel as opposed to long haul travel. Mr. Talwar added that the airlines are preparing for a soft January 2021.

Mr. Talwar reported that the Kuleana health and safety video has performed well on social media. He said that the It's Time video has also performed well in the four major West Coast markets. He added that HVCB has created a Mindful Traveler Guide on Instagram. Mr. Talwar said that HVCB has continued its digital marketing campaign in key markets and with key publications.

Mr. Talwar reported that the Mālama Hawai'i Program has over 68 hotel properties offering free nights. He noted that the offers are valid through the end of 2021. He said that HVCB's airline and hotel partners are doing a great job of promoting the program. He added that the Mālama Hawai'i Program has garnered earned media coverage in publications like Forbes, Lonely Planet, Travel & Leisure, Frommers, and local media.

Mr. Talwar reported that the plan for 2021 is to remain engaged with residents' position on tourism. He said that the target audience remains the avid explorer who is mindful, responsible, and respectful. He noted that HVCB will continue to improve its knowledge on how to effectively communicate with avid explorers through targeted paid and earned media.

Mr. Talwar reported that media consumption has changed during COVID-19 and that it will continue to evolve post-vaccine. He noted that adults spend half of their day connected to



media and that smart phone usage is up 55%. He added that streaming subscriptions will continue to increase post-COVID, which will place a greater emphasis on earned media through content such as Netflix's Somebody Feed Phil Hawai'i episode. Mr. Talwar said that digital ad spending exceeded traditional ad spending for the first time with mobile advertising dominating two-thirds of the total ad spend. Mr. Talwar played two PGA player vignettes that will run into January and February. He said that HVCB will release its first media flight in the second quarter of 2021 and its second media flight in the third quarter.

Mr. Kam asked how HVCB is building non-profit participation for the Mālama Hawai'i Program. Mr. Talwar responded that Caroline Anderson, HTA Director of Community Enrichment, and Kalani Ka'anā'anā, HTA Director of Hawaiian Culture & Natural Resources, have been helpful connecting HVCB with non-profits. He added that everyone involved is cognizant of maintaining social distancing. He noted that hotels are providing kits so visitors can also work individually.

Mr. Rafter asked about the current status of airline flight volume. Mr. Talwar responded that airlines are chasing yield and have been more nimble than they have ever been. He added that volume will increase as demand increases.

Mr. Atkins asked about the conversion rate of booking under the Mālama Hawai'i Program and how it is contributing to occupancy. Chair Sanders responded that he would be willing to share numbers from Highgate Hotels with the Board, but noted that overall demand is low.

Mr. Atkins said that he believes travelers who book with the program want to have an exchange with local people, which would also be good for social media. Mr. Talwar responded that HVCB is working to bring influencers to Hawai'i to participate in the program and to represent the destination the right way across a wide audience.

Ms. Kimura added that there has been interest from the Japan market for the Mālama Hawai'i Program.

Chair Sanders invited the public to provide testimony, and there was a question. Patrick Blangy asked about the distribution of survey takers across the U.S. Mr. Talwar responded that it is a national sample balanced to population centers.

Representative Richard Onishi asked how often HVCB collects its survey data. Mr. Talwar responded that the surveys are ongoing and fielded every other week. Ms. Chun added that the annual HTA resident sentiment survey will be presented at the December Regular Board meeting.



6. Presentation and Discussion of the General Japanese Market Updates and Trends of which Could Include the Leisure and Group Segments:

Chair Sanders recognized Eric Takahata of Hawai'i Tourism Japan (HTJ) to present market updates and trends. Mr. Takahata reported that Japan is still doing a good job containing the pandemic compared to other countries. He discussed the Japanese government's economic stimulus measures. He noted that Japan is reopening slowly and conservatively to inbound traffic from Vietnam, China, Singapore, and Korea.

Mr. Takahata reported that Japanese travelers will not have issues with mask wearing, hand washing, and social distancing. He noted that 31.7% of survey respondents want to travel to Hawai'i between June and December 2021. He added that the numbers would be higher if the 14 day quarantine was lifted for Japanese travelers returning to Japan.

Mr. Takahata reported that the number of flights to Hawai'i from Japan is increasing in December and January. He said that there is also a new airline ZIPAIR starting flights to Hawai'i.

Mr. Takahata reported that there was a smooth transition to the Japan Safe Travels website. He noted that there are 57 trusted testing partners, and HTJ receives new requests from labs and clinics weekly. He said that 50% of the market comes from the Kanto area, which has 34 trusted testing partners. Mr. Takahata added that the airlines have been helpful with communicating procedures. He said that the traveler is reminded about pre-testing when the flight is booked, through email, and at check-in.

Mr. Takahata reported that HTJ continues to engage with the Japanese consumer through the Remote Hawai'i Trip online platform. He said that downloadable content is created every month. He noted that HTJ has been working closely with the Polynesian Voyaging Society, 'Iolani Palace, and Bishop Museum. He added that the content has built-in fundraising mechanisms for the Japanese consumer to donate to the organizations directly. Mr. Takahata said that in November, the He Wa'a He Honua film by the Polynesian Voyaging Society aired in Japan with full subtitles. He noted that all tickets sold out in theaters. Mr. Takahata said that in December, the Hawai'i Youth Symphony, held a virtual fundraiser. He added that HTJ will continue to support and facilitate these types of virtual events.

Chair Sanders asked if there has been any progress with the Japanese government ending the 14 day quarantine for returning Japanese travelers. Mr. Takahata responded that the Counsel General has said that there has been movement in piloting a two week trial period allowing Japanese travelers to return to Japan without a 14 day quarantine.

Sherry Menor-McNamara asked what challenges prevent the Japanese government from ending the 14 day quarantines. Mr. Takahata responded that it is difficult to carve out special exceptions for Hawai'i because Hawai'i is part of the U.S.



Ms. Kimura asked how many travelers have arrived with trusted travel partner forms. Mr. Takahata responded that upwards of 85% had trusted travel forms.

Chair Sanders invited the public to provide testimony, and there was a question. Michael Takayama asked about current flight load factors and projected load factors moving forward. Mr. Takahata responded that HTJ can provide those numbers.

Rep. Onishi asked about the Japanese government's plans for a vaccine rollout and whether that will increase potential travel. Mr. Takahata responded that HTJ will compile a report on Japan's vaccine rollout plan and present it to the Board.

7. Adjournment:

The meeting adjourned at 12:29 a.m.

Respectfully submitted,

Reyn S.P. Ono

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Recorder