



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

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**REGULAR MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, March 24, 2021 at 10:31 a.m.
Virtual Meeting**

MINUTES OF MARKETING STANDING COMMITTEE MEETING

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

COMMITTEE MEMBER ABSENT:

HTA STAFF PRESENT: Kalani Ka'anā'anā, Jennifer Chun, Pattie Herman

GUESTS: Darragh Walshe, Charis Hidebrando, Ireen Lee

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order and Pule:

Chair Kelly Sanders called the meeting to order at 10:31 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. Kalani Ka'anā'anā opened the meeting with an oli acknowledging the leadership and achievements of Prince Jonah Kūhiō Kalaniana'ole whose sense of joy and happiness and love of technology and innovation is worth embodying to achieve anything that one can imagine is possible.

2. Approval of Minutes of the February 24, 2021 Marketing Standing Committee Meeting

Chair Sanders requested a motion to approve the minutes of the February 24, 2021 Marketing Standing Committee meeting. George Kam made a motion, which was seconded by Kyoko Kimura. The motion was unanimously approved.

3. Update on Travel Agent Booking Pace and General Market Research Trends:

Chair Sanders opened the discussion for the travel agent booking pace and general market research trends agenda. Jennifer Chun, HTA Director of Tourism Research, acknowledged that the data collected came from Global Agency Pro. She reported that Q1's booking pace in the US is more than half of the 2019 case and that Q4 is at the same level with 2019 and 2020. She noted that there's a significant amount of booking pick up compared to 2020 which can be attributed to the quarantine period that started March 26 of last year.

Ms. Chun reported that Japan is seeing negative travel bookings from last month because people are cancelling for Japan and that the major travel agencies are not selling packages for Hawai'i. She noted that with Air Canada not flying and WestJet having limited flights, there's low booking volume for Canada but there is a small amount of movement from last month and so with Q4. She said that there are bookings from Australia, there are bookings but very few from last month and negative for Q3. Ms. Chun reported that majority of the bookings for O'ahu, Maui, Kaua'i and Hawai'i Island will come from the U.S. and minimal from the other markets like Canada and Japan. She noted that people are booking closer in as there are minimal bookings in the future even though there's some activity for the U.S. market.

Ms. Chun reported that using the YouGov dataset, the HVCB team was able to publish two reports: COVID-19 Impact on U.S. Avid Travelers and YouGov Destination Index Trends Responsible Traveler Segment. She noted that the reports are looking at the various types of travelers and their conversations regarding their economic situation and future travel plans among others and for the U. S. responsible traveler segment respectively. She added that they are looking at it in an island by island basis compared to the normal weekly YouGov report where they are charting all the islands together. She said that metrics that are similar are grouped together like the number of people talking about O'ahu vs. whether they heard of O'ahu from word-of-mouth. She noted that the chart shows the percentage of people recommending Hawai'i, who considers coming and who are actually booking for Hawai'i. She noted that the high recommendations are very consistent with the visitor satisfaction score and that the idea of coming to Hawai'i as the next vacation destination is consistent with their marketing effectiveness project.

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

4. Presentation of the 2021 Brand Management Plan by each Global Marketing Team:

Chair Sanders recognized the Global Marketing Team of Hawai'i Tourism Oceania (HTO) to provide an update. Mr. Darragh Walshe, HTO's Senior Account Director, reported that the vaccine rollout which already began and Australian-New Zealand travel bubble seen to open in April are key to the opening of borders and the return of airlift between Ocean Air and

Hawai'i. He said that exchange rates are as high as they have been in the past two years and that consumer confidence is up. He added that their key success has been the basic elimination of COVID-19 in Australia and New Zealand where they can attend big events and enjoy restaurants and hospitality. He said that Australia's job keeper wage support will end this month but other grants and support are available for business. He noted that key airline partners (Qantas, JetStar, Hawaiian and Air New Zealand) have scheduled flights to Honolulu in Q4.

Mr. Walsh reported that from the recent USA consumer research of the Visit USA organization in Australia and New Zealand, the affluent consumer is currently saving on travel with Hawai'i in their list with 47% actively planning for international travel in 2021. He said that the American Express Trends report showed that 78% of respondents want to travel this year and 56% will book a trip now even if they may need to cancel, which explains the number of bookings reported earlier by Ms. Chun. He noted that the American Express Travel Trends survey showed 59% of respondents tend to use a travel agent to plan and customize their trip. He added that there has been a huge buildup of desire for international travel with the lifting of travel restrictions and vaccine rollout. He turned the floor over to Ms. Charis Hidebrando, HTO's Senior Marketing Manager for her report.

Ms. Hidebrando reported that staying in their comfort zones than being more active is a high priority for Oceana travelers. She said that they intend on targeting the cultural explorers and the authentic experiences segments who are high value travelers inclined to travel mindfully. She added that both segments are highly educated, high income earners, digitally savvy and place importance on discovering authentic experiences, culture, history and giving back. She said that they plan to survey their consumer database and social media audience in Q1 and Q2 which will give an indication of repeat visitor satisfaction as gleaned from last year's survey. She added that sentiments from organic social media shows that their audience are still dreaming of Hawai'i. She noted that the HTA's grand pillars are always guiding their core brand messaging.

Ms. Hildebrando reported that they have three stages of recovery plan: (1) Inspiration and dreaming phase, (2) brand depth and active planning, and (3) conversion and booking. She noted that these stages focuses on inspiration, building deeper and richer connections and engagements, and collaboration with airline partners and restarting paid media across digital channels respectively.

Ms. Hildebrando reported that trade partners are now starting to work on their international travel strategy and promotions after a period of hibernation. She noted that travel agents will be highly sought after once people can travel internationally for they provide much needed and will play a key role in matching the right traveler to Hawai'i. She said that HTO will focus on responsible tourism and themes aligned with HTA's pillars for their trade strategy. She added that they will also run a visitor satisfaction survey and will continue building community of Hawai'i experts through their signature educational events and initiatives.

Mr. Walsh reported that their MCI strategy is seen to be having positive conversations around repeat business returning to Hawai'i with strong network of partners and loyal customers with responsible tourism playing an important part in their DNA. He added that according to the G Adventuress Survey 2021, 73% of Oceana travelers want their travel to benefit local communities. Mr. Walsh said that the HTO Sea Cleaners initiative will use international coastal cleanup day in September, 2021 to begin local activity to set the scene for the restart of the program in 2022. Mr. Walsh noted that the Mālama Hawai'i initiative resonates very well with the Oceana traveler and that they started discussions on implementing the Mālama Hawai'i program to their marketing and will be talking to the industry partners, HVCB and HTA to how best bring the program to their market.

Mr. Walsh reported that their BMP timeline begins with activities not requiring budget spend and investments will begin in Q3 and Q4 with the opening of borders. He noted that compared to 2019, their administration costs is reduced down by 65% in 2020 and 85% with a budget of \$400,000 in 2021. He said that they are looking for marketing spend budget to come back in Q3 and Q4 but will continue on activities with no marketing spend through Q1 and Q2. He said that by ensuring the HTA's key pillars woven throughout all activities, a positive influence with regards to visitor satisfaction and resident sentiment will be felt from Oceana.

Chair Sanders asked whether the vaccine passport is seen as an opportunity to travel outside of the country. Mr. Walsh responded that though there are no formal announcements from the government, it's likely to happen with Qantas grounds that only those vaccinated will be able to fly with them.

Ms. McNamara asked for the timeline of vaccination. Mr. Walsh answered that vaccination started in February for both Australia and New Zealand and aims for the majority of the population vaccinated in Q3. He said that Australia will be producing their own AstraZeneca vaccine where they have permission to produce locally. He noted that New Zealand have enough of the Pfizer bought for the whole population so they could just go with the one vaccine.

Ms. McNamara asked about the anticipated timeframe for the opening of boarders and if there are target places where travelers are allowed to go. Mr. Walsh answered that to start the process, they need the Australian-New Zealand travel bubble to open which is likely in April and international travel will follow suit. He noted that how COVID is controlled and the vaccine rollout will be important aspects for international markets.

Mr. Atkins asked the amount of time they're going to give to gear up for an opening to Hawai'i. Mr. Walsh responded that the first flights are likely being approved in October which is at par with the current flight schedules of Qantas, JetStar and Air New Zealand and Hawaiian in Q4. He added that they're hoping to know of the travel approval between New Zealand and Hawai'i at least two or three months prior.

Mr. Atkins asked if there will be quarantine and pre-test requirements with the Australian-New Zealand travel bubble. Mr. Walsh responded that the concept of the bubble is for people to be able to travel freely between Australia and New Zealand.

Chair Sanders recognized Irene Lee, HTK's Country Manager to provide an update. Ms. Lee reported that Korea's economy is projected to grow 3.2% this year. She noted that Korea's GDP 2020 ranking moved to the world's 9th largest economy from 11th the previous year and that the current exchange rate is steady compared to last year. She said that they've seen 4.27 million people traveling outbound last year which was - 85% compared to Korean visitors to Hawai'i which was slightly better at -78% . Ms. Lee added that there is currently one flight a week with Hawaiian Airlines flying from Korea to Honolulu but are increasing to two flights from April 4th due to increasing demand. She noted that Korean Air is projected to resume service on Q3 or Q4.

Ms. Lee reported that they have about 6,500 active COVID cases with manageable level of cases per day. She noted that large gatherings are restricted and though their borders never closed, the government restricted non-essential travels until April 17 which is likely to be extended each month. She said that Korea required PCR test negative results starting February 24 for all incoming visitors and Korean nationals. She said that the government has set aside \$1.37 billion budget for the tourism industry which is about 11.2% increase from last year.

Ms. Lee reported that about 700,000 people were vaccinated as of yesterday with the goal of inoculating 70% of the total population by November this year. She noted that currently, four major hospitals are included in the pre-travel testing program. She added that the Incheon Airport Test Center has submitted all approved documents to be included in the program and awaiting announcement from the Department of Health of Hawai'i, which is will be a game changer for Korean Air resuming flights to Hawai'i because the test results are available within one hour of testing.

Ms. Lee reported that major Korean agencies have started selling overseas travel products since January. She noted that Interpark Tour, which is one of the largest OTA in Korea, sold \$9 million worth of revenue with about 15,000 bookings within one hour of sales from their TV Home Shopping sales that started in January. She added that for the lunar New Year holiday in February, the booking rate for flights and hotels to Jeju Island reached about 80% and 70% respectively. She added that Instagram surpassed Facebook as the most used social networking service in 2020 and that YouTube announces that the subscription has increased by 67%.

Ms. Lee reported that they will be targeting mindful travelers which include the millennial minded people, mainstreamers and first-time travelers. She noted that their key recovery strategies are to revitalize the market demand, refresh the images of Hawai'i as a safe and sustainable destinations, inspire the Korean travelers, and leveraging HTK owned channels. She added that their B2C tactics include generating more specific travel stories targeting

their audience, promoting Hawaiian culture and Mālama initiative, maintaining social media channels active, and ensuring all coop programs will include a social media component as a call to action.

Ms. Lee reported that their trade marketing strategy includes campaigns to accelerate the pace of Hawai'i bookings with trade partners, drive high value visitation to increase PPDS and destination brand awareness. She added that they will be working with four leading travel trade partners among others to include the Mālama branding campaign in their coop programs, organize educational seminars online and offline, and work with airlines to increase or reinstate their services to Honolulu as soon as possible. She noted that their Aloha Specialist University (ASU) training program is a year round agent training program where they will be conducting quarterly webinars and year-end offline training to convey the contents of Kuleana Mālama.

Ms. Lee reported that their marketing strategy for MCI is to promote Hawai'i as the COVID-19 MCI travel destination and it's geared towards targeting high value MCI leads in 2022 and 2023. She noted that they will be conducting virtual meetings this year which will include destination updates, destination sanitary measures and Mālama Hawai'i initiatives. She said that they will be targeting the mindful travelers with strategies to maintain the cultural integrity of the Hawaiian culture and increase awareness and understanding of its deep culture.

Ms. Lee reported that for their BMP timeline, they will be conducting social media messaging, media PR efforts, trade sales calls and industry communication throughout the year and that major campaigns and programs on the second half of this year with an annual total budget of \$300,000. She added that they target to meet or exceed PPDS of \$71 dollars, \$290 million for 2021 total expenditure and aim to maintain or improve visitor satisfaction and resident sentiment score from 2019.

Chair Sanders asked if returning residents still need to go through the 14-day quarantine and clarified if the border will be lifted in Q4. Ms. Lee responded that everyone will undergo quarantine and that the travel industry and airlines are pushing the government to ease the quarantine to five to seven days for travelers with the vaccine passport.

Mr. Atkins asked if the Hawaiian Airlines flights that are now operating are mostly for cargoes and if they're adding more flights because of this. Ms. Lee responded that the average load factor is 20% to 30% so it includes some passengers and added that since the TTP program launched, they are seeing some increase in actual travel which is mostly essential travels.

Mr. Rafter asked the indicators needed to actually spend money on. Ms. Lee answered that they have started booking international travels since January and that other competitive destinations are already beginning to do some large scale marketing programs to target the early shooter of these avid travelers. She added that trade partners are offering non

cancellation penalties on these booking so the agents are actually seeing increased bookings which is so far mostly Southeast Asian destinations. She added that for Hawai'i, their Korean operators are preparing for the market to actually open with actual leisure travelers from summer.

Chair Sanders recognized Pattie Herman to provide information related to conversations on the BMP. Ms. Herman shared the strategic brand marketing guideline for BMP which aims to bring back tourism based on the condition of COVID-19 and the CDC guidelines with the assumption of HTA investing in the five markets and their 2021 combined market being \$21.205 million. She noted that they are hoping to reinvest in all of the GMTs that have been terminated and bring them back in fiscal 2022 depending on metrics such as air access, visitor's expenditure, in market travel restrictions and in market vaccination. She said that what should take place for brand marketing activities will depend on the four tiers and budget allocation range.

Ms. Herman reported that brand marketing activities for tier1 will be more on messaging and education, tier 2 with an added component of social marketing and online marketing, tier 3 with advertising, PR and promotions, more aggressive trade marketing and "It's time" video and tier 4 will be very much wide open. She noted that for budget allocation, tier 1 has fixed cost for all of the GMTs except for HVCB with their pre-committed programs, tier 2 has fixed cost plus limited programs, tier 3 will slowly increase and a full budget of the reduced annual budget which is \$20 million and tier 4 will be all go.

Mr. Atkins asked if full funding is going to happen as early as July. Ms. Herman answered that everything is not fixed but signals are affirming as long as the vaccine rollout stays on time and there's not resurgent and hopefully, the 14 day quarantine isn't required.

Ms. Kimura asked if it's possible to see the GMT budget for Korea and Oceania as the total arrivals on January is for others, which include Korea and Oceana. Ms. Chun responded that they have arrivals for all the other market that they are tracking in their website. She added that there are no expenditure calculations because there are not enough people coming right now.

Chair Sanders as for public testimony and there was none

5. Adjournment:

The meeting adjourned at 12:00 p.m.

Respectfully submitted,



Sheillane P. Reyes

Recorder