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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**REGULAR MARKETING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, July 28, 2021 at 2:00 p.m.
In-Person and Virtual Meeting
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF MARKETING STANDING COMMITTEE MEETING

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBER ABSENT:

HTA STAFF PRESENT:

Kalani Ka'anā'anā, Keith Regan, Marc Togashi, Jennifer Chun, Caroline Anderson, Maka Casson-Fisher, Carole Hagihara-Loo, Laci Goshi, Jadie Goo, Ronald Rodriguez, Ariana Kwan

GUESTS:

Jay Talwar, John Reyes, John Monahan, Eric Takahata, Mitsue Varley, David Baronfeld, Barbara Okamoto, Kara Imai, Jeff Eslinger, Nathan Kam

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Chair Daniel Chun called the meeting to order at 2:07 pm. Maka Casson-Fisher opened the meeting with a pule.

2. Presentation by HVCB including updates on market insights, airlift, vaccination exception outreach, Mālama Hawai'i and other programs for the balance of 2021

Chair Chun recognized John Reyes, Jay Talwar and John Monahan to provide an update. Mr. Talwar reported that there's an increasing monthly growth in scheduled U.S. non-stop seats from June to August compared to the same months in 2019. He noted that the month of September and October is also seeing growth. He added that the combined worldwide non-stop seat to Hawai'i is down to 5% in July and 2% in August compared to that of 2019. He

said that September through November shows seats on the schedule but there's a lot of time to adjust it based on what's happening to the world and travelling, in particular. Mr. Talwar said that the total US visits rose steeply during the Spring break which is a very quick recovery from 2020 with zero visitors and climbing above 2019 benchmark. He noted that globally, it's below the 2019 mark but heading to that direction through June.

John Monahan reported that hotel performance for June in terms of occupancy is slightly decreased compared to 2019 but with solid growth in ADR and in RevPar, particularly for the luxury class. Mr. Monahan noted that the average daily rate in Wailea is approaching \$800 per night and that the vacation rentals' occupancy is recovering quicker than the hotels but their ADR is down. Mr. Talwar reported that room nights on the books is solid in growth until June 27 but the demand started to shrink as of July 4th and softening through July 11th. He noted that this is an area of concern as incredible growth was seen but it could have been a bubble. He expressed concern with the impact of this year's visitation to next year in regards to the U.S market's experience with the surge in travel and lack of service workers. He noted that the word-of-mouth is the best form of marketing and that they will ensure that it's maintained in a positive way. He reported that U.S. travel concerns has been going downhill but has popped back up with 51% saying that the Delta variant makes them less interested in traveling. He added that nationally, people are not as comfortable as they have been with having travelers come to their community.

John Reyes reported that they have started off with a good MCI pace but like a marathon, the last couple of miles become important. He noted that the stakeholders' sentiment is to vocalize that Hawai'i is open for group meetings just like what Arizona and California is doing with their national campaigns. He added that HVCB will be focusing on this. He noted that they are seeing tremendous inquiry and bookings for MCI in Q4 of 2021 and Q1 and Q2 of 2022 with softening in Q3 and Q4 of 2022. He added that the MCI customer concerns are similar to the travelers' concerns: changing government mandates related to COVID, liability and risk in booking future meetings and industry staffing issues/loss of hotel sales contact. He added that they're constantly updating their meeting planners of what's happening on each of the islands and where HTA can start coming into play as a destination expert for them where they can promote and sell Hawai'i.

Jay Talwar reported the Mālama Hawai'i Program is seeing more and more partners are coming and asking how they can participate in the volunteer programs and in a few lodging partners as well. He noted that the Mālama Hawai'i messaging is communicated mindful travelers pre-booking, through their booking and arrival to Hawai'i and then starts to transition to Kuleana messaging once they are in the communities. He shared one of the 10 videos that they've been working with Condé Nast Traveler as part of the targeting and messaging. He added that the airlines are stepping up to share these stories in social media

and that the program has been embedded in different editorial formats such as SFGate, Houston Chronicle, as well as locally. He noted that Skift, a highly influential tourism industry virtual publication expressed their kudos for HTA with how the Mālama Hawai'i was launched which is the way that it should be done. He noted that this has been picked up by Prevue, Travel Press and Travel Weekly. He added that their team also worked with industry partners in promoting the Mālama Hawai'i Program. He noted that all of these videos are available in www.youtube.com/gohawaii.

John Reyes reported that Corporate Social Responsibility (CSR) programs for both corporate and association groups have always gone hand in hand with programs. He noted that their Meet Hawai'i team is ensuring that they are not communicating not only the program but also the emotion and respect for Hawai'i and ensuring that groups give back. He added that Teri Orton and her team has done a great job with sponsoring the reforestation of Hawai'i with Plant a Tree program that they are communicating and educating to city-wide customers who are coming. He reported that HVCB is actively involved in business development through attendance at premier industry trade events, which are face-to-face. He noted that they are working with HVCB membership on the "Made in Hawai'i" retail program and will get back with specifics through the Go Hawai'i app as well as specific partnerships they wanted to implement. He said that they are actively collaborating with O'ahu hotel partners on a unified citywide message and strategy focused on future bookings for 2021 and beyond. He said that they are excited in developing corporate business in terms of industry trade events by attending the Corporate Event Marketing Association (CEMA), Maritz Global, Connect 2021 and IMEX America 2021.

Jay Talwar reported that they've sent out vaccination exception outreach messages to all their constituents and have been heavily involved in communicating to the media, airlines and industry partners what's happening through the Safe Travels program. He noted that initially it involved following up with people who are quarantined then the COVID testing and now, the vaccination exception program. He said that travel-related instances of COVID spread are vastly from residents returning without a test and opting to quarantine. Mr. Reyes reported that they've been in strong communication regarding the MCI vaccination exception and have also used FB, Instagram and Twitter in getting the messaging out.

Mr. Monahan reported that their expected number of 8,000 visitors with the Safe Travels in October 2020 exceeded to an average of 30,000 visitors a day and close to 4.5 million people that came to Hawai'i paying for a test. He noted that the support team for the Safe Travels program handled 225,000+ calls and 105,000+ emails and has been instrumental in helping visitors with the issues and problems they encounter.

Ms. Kimura asked about the travel demand. Mr. Talwar responded that with the data on

hand, it's starting to soften at the end of August to the October period. He noted that December looks good with the holiday season but is concerned with the start of Year 2022. Mr. Reyes said that the huge pent-up demand is starting to mitigate as other destinations are opening up along with a number of other factors.

Mr. Atkins asked about the mechanism to see how the Mālama messaging is penetrating visitors. Mr. Reyes responded that it can be done through research but it's not within the budget. He added that they spoke with participating partners who are measuring it by the number of people selecting the Mālama Hawai'i program and the numbers has been super positive.

Mr. Atkins asked about Maritz Global. Mr. Talwar responded that Maritz Global is expanding beyond their typical incentive program and wants to go full MCI. He added that HVCB is excited to be at this conference to talk about Hawai'i being able to do all these things.

Ms. Menor-McNamara asked about the profile of the MCI bookings. Mr. Reyes responded that Q1 and Q2 of 2022 bookings are re-bookings or meetings they had in 2021. He said that Q3 and Q4 are new opportunities for HVCB and that they are continuing to find new business.

Mr. Regan read a question from the public asking the domestic airlines where the Mālama Hawai'i videos are playing on. Mr. Talwar responded that there are six domestic airlines coming in to the destination and have been sharing Safe Travels information and Mālama Hawai'i messaging.

Mr. Chun asked about the Made in Hawai'i program. Mr. Talwar said that they will be sharing more content starting this fall about unique products that can be purchased in Hawai'i. Mr. Reyes said that for MCI, it will involve evaluation of membership with the Go Hawai'i app and strategic partnerships in platforms that can give HVCB reach into the community. He noted that what other destinations see as most important is doing a made in something program and has turned over. He added that more education and training is needed thus HVCB needs to market it to the meeting planner and are ironing out a membership for the retailer who's not as familiar with the MCI format.

Ms. Menor-McNamara asked about B2B opportunities for the Hawai'i products. Mr. Ka'anā'anā responded that their work is still ongoing with DBED and other partner organizations to make sure that they're doing it in a holistic way.

Mr. Ka'anā'anā flagged that even though the travel wave softens, it's still a high margin of people wanting to travel and that they need to be aware of. He also asked if Mr. Talwar could follow up on earned vs. paid ads and how much they're getting from each. He added

that Condé Nast Traveler is a paid partnership so it's not earned. He said that he's concerned on what's being done about HTA's owned platforms in strengthening it in giving safe travels and expectations.

3. Presentation of the 2021 Brand Presentation by HTJ including updates on market insights, airlift, vaccination progress, Mālama Hawai'i and other programs for the balance of 2021

Chair Chun recognized Eric Takahata of HTJ to provide an update. Mr. Takahata presented a video of Ms. Carissa Moore, Hawai'i's gold medalist in surfing, endorsing Hawai'i. Mr. Takahata reported that Japan is looking to reopen in Q4 this year noting that the vaccination has crossed 20% in the past few days and are looking to have herd immunity by October. He added that Tokyo and Okinawa are under a state of emergency which will both end in August 22. He said that the government will start accepting applications for vaccination certificates from July 26 for people to travel internationally to Italy, Korea, Austria, Turkey, Bulgaria, Poland and Estonia where the exemption from the 14-day quarantine upon return is still under discussion. He noted that HTJ is working with the Japanese government about the possibilities of vaccine passports with Hawai'i and in setting up travel corridor as being tried to set up last year. Mr. Takahata said that there's still the 14-day quarantine and a negative RT-PCR test result are still required for all entry to Japan.

Mr. Takahata reported that the Tourism recovery is seen by JATA in three broad areas, namely vaccination situation, event, and international travel. He said that heading to Q4, the majority of their population would be vaccinated and able to travel. He added that for events, the Olympics & Paralympics are ongoing and there'll be a House of Representatives election, Honolulu Marathon and Beijing Olympics. He added that they already have 3,000 registered runners from Japan for the December Honolulu Marathon but the February Beijing Olympics will somewhat affect travel out of Japan. He said that the international travel industry is looking to open at least the business track sometime soon and to restart leisure travel in Q4. He added that the Japanese is working on reducing the alert level of the travel advisory to the U.S. and the relaxation/exemption of the 14-day quarantine from Hawai'i. Mr. Takahata reported that the airlines are looking at increasing capacity for Q4 and are investing to getting back to business to Hawai'i with Haneda flights operating with first-class sitting and a Face Express system database which is tied in with like IATA's vaccination database. He said that ZipAir will be flying back to Hawai'i again and ANA has the 10,000 mile campaign for passengers traveling between Japan and Honolulu. He noted that Skyscanner and Infiniti report a high pent-up demand for Hawai'i, specifically Honolulu to be the number one most searched destinations by the Japanese.

Eric Takahata reported that HTJ's recovery preparation is broken down into three major ideas which are mainly to remove as many travel roadblocks. He noted that they're working with the Japanese government and Ministry of Health to increase the number of TTPs to help lower the cost for the PCR test for Hawai'i travels. He added that work with the vaccine passport program and the Mālama Hawai'i campaign through education will continue for Q3 and Q4. He said that the Japan market is picking up on the messaging with John De Fries in morning shows in Japan talking about regenerative tourism through the Mālama mindset. He added that they are collaborating with Hilton Grand Vacations in doing Mālama events for their ownership and that JCB Credit Cards will also help in messaging throughout their network consisting of 70% of Japan's population. He said that they will be showing the Moananuiākea movie in 25 cities in collaboration with PVS with tickets all sold out last year. Mr. Takahata said that they will be focusing on edu-tourism, small groups and CSR for MCI targeting Q1 and Q2 next year but are having bookings for Q4 already. He said that HTJ is taking almost a 360 degree approach towards destination management with their work in collaborating with industries in both Japan and Hawai'i.

Ms. Kimura suggested holding promotions for next year with the 14-day quarantine still in place. Mr. Takahata responded that all signs seen in the industry and with the Hawai'i Consul General and Japanese government saying that the quarantine requirement is seen to relax in Q4, they wanted to be ready when the business starts moving, noting that they're still on the fixed costs until November. Ms. Varley added that pre-education is really important that sending the message out now is really important, more so with the hotels and airlines already having their media plans in place.

Ms. Kimura asked about the obstacles of the travel corridor that's been worked on. Mr. Takahata responded that the Travel corridor talk has been derailed due to the pandemic taking the turn for the worse.

Mr. Rafter asked about the vaccine passport, herd immunity and coops. Mr. Takahata responded that the Japanese traveler can enter the U.S. with some kind of test but only in Hawai'i that it's specified as RT-PCR. He noted that they're looking at the vaccine passport to be set up with Japan through a state level. He added that personally, he's doubtful that 80% of the Japanese population is achievable by October but it's what the Japanese government says. Mr. Takahata said that they will submit the application and related data pertaining to coops and HTA will be the one to decide on it.

Mr. Atkins asked about the reciprocity of the vaccination passport to Hawai'i visitors with Japan opening up and the focus of their budget. Mr. Takahata responded that it is the goal to be able to travel to Japan under the same conditions. Ms. Varley said that they're

planning to put the budget to the Mālama Hawai'i education and the industry partners in finding efficient ways to do the Mālama campaign altogether with the airlines and wholesalers. She added that JATA and Japan travel associations are talking about the top leaders to come to Hawai'i for the site inspection tours in Q4 around the Honolulu Marathon time. She said that the coops will be from the proposals of airlines and wholesalers which will come later and HTJ will work together with them.

Mr. Regan read Chair Wakai's thoughts about waiting for the Japanese government to end quarantine rather than chasing rainbows with the travel quarter and bubble tourism talks always failing. Mr. Takahata said that they're looking at it as chasing possibilities and that there's value in working with the Japanese government and travel industry to get to the goals as quick as they can.

Ms. Kimura asked for clarifications about the budget for Japan. Mr. Ka'anā'anā responded that there are two contracts with one ending in December 31, 2021 with the fixed price they're on now and a second contract for calendar 2022 which is funded from the 2021 budget. Ms. Kimura further asked if this year's budget allocation can be changed within the contractor from branding to natural resource or others. Mr. Ka'anā'anā confirmed that it is possible.

4. 2021-2022 Major Market Area Contract Updates

Chair Chun recognized Kalani Ka'anā'anā to provide an update. Mr. Ka'anā'anā reported about the list of active 2021 MMA contracts showing most contracts ended. He also showed the list of 2022 MMA contracts that are DAGS approved and encumbered with the exception of U.S. MMA which is not in the list.

5. RFP Planning Updates: United States Major Market Area, Global Meetings Conventions & Incentives, and Global Support Services.

Mr. Ka'anā'anā provided an update of staff's planning for 3 RFPs which are United States major market area, Global MCI and Global Support Services. He added that in order to have the competitive bid open for a window of 10 weeks, they have to release the RFPs by the first week of August to make sure that it's compliant and meets the deadline. He noted that these will be funded via ARPA.

Mr. Atkins asked if he feels that they need to put some more RFPs and to have something in there as a protection. Mr. Ka'anā'anā responded that they won't issue until the CSFRF is approved. He added that they will submit the CSFRF which is the form that they request the funding and then the allocation would come to HTA, after which they could issue the RFP

properly and not prior to it as it would be out of order. Mr. Togashi noted of the uncertainty of ARPA's future funding as its funding is only for the next year. He added that they have it in the RFP contracts that it's subject to the availability of funding to address the protection that Mr. Atkins mentioned. Mr. Regan noted that he felt confident that their request will flow through budget and finance.

Mr. Chun asked where the actual recommendation to the Board meeting will come from. Mr. Ka'anā'anā responded that HTA staff will make the recommendation to the Board and if approved, they will submit the CSFRF where they will go with the RFP if it gets signed and approved.

Ms. Menor-McNamara asked if they are incorporating management of tourism into the RFPs since this is a priority. Mr. Ka'anā'anā responded that everything they're working on is based on the Board's recommendation with the change management plan and in alignment with their strategic plan and DMAPs.

Mr. Regan asked whether or not the marketing savings can be used to support the other three pillars. He noted that the challenge of reducing the HTJ contract for 2021 which is a TAT contract is that the funds will no longer be available to HTA as the TSF has been eliminated and they can't reprogram it to something else.

Mr. Regan asked a public comment addressed to Mr. Ka'anā'anā how the 2022 amounts were selected by MMA, specifically why China's amount is so high. Mr. Ka'anā'anā responded that those amounts were based on prior budget amounts from the Fiscal 2020 budget.

6. 2022 Brand Marketing Plan Updates

Mr. Ka'anā'anā reported that the staff is ensuring that their 2022 objective is to add emphasis on visitor and industry education for responsible travel and Mālama Hawai'i and to keep their performance measures up-to-date to align with HTA's change management plan. He added that the BMPs will coincide timing-wise with the RFPs. He concluded that they will take all of the GMT's BMPs and roll them up into one big plan. He added that their pivot will be reflected in the BMPs and RFPs.

7. Calendar Year 2021 Budget vs. Actuals

Mr. Ka'anā'anā presented the list of 2021 MMA budget vs. actuals. He noted that Japan with a \$4.5 million budget has a contract balance of over \$3.46 million under a fixed cost agreement. He added that anything in excess of the base fixed costs will come through a written process of formal application in order for funds to be released.

Mr. Chun asked at the threshold to which the written process will come to the marketing committee. Mr. Ka'anā'anā responded that he intended that it go through staff then leadership will make a determination and would be happy to have the conversation with the committee at what level they wanted to come in. Mr. Chun said that it would be beneficial for the committee to look through what it would look like to have at least visibility to it as the budget can't be rolled over.

Mr. Regan noted that they've been working with the State Procurement Office about time extension for some of the contracts and would have to ask them if it's acceptable or not. He added that they have just completed their internal training process allowing them to have the delegation of procurement authority and are waiting for it to be granted by DBEDT. He assured that they will have the answer by next month's marketing meeting.

Mr. Atkins said that it would be great to see what the market is thinking of in terms of budget and how realistic for them to use the money to see as oversight but not as micromanagers. Mr. Ka'anā'anā responded that they can bring back the amended brand management plan as the adjustments are made. He presented the slides where the markets are targeted for restart with Japan in November, Canada in August and Oceania in November. He added that the U.S. and Korea have already started their activities.

8. Planning for Fall (September) and Spring (March) Tourism Updates

Mr. Ka'anā'anā reported that the HTA staff will get back to their rhythm in doing fall and spring marketing updates. He added that though the RFPs and BMPs won't be ready by September, they will still have September update to be able to provide the market insights and current conditions and existing plans for community awareness on HTA's work. He added that they will have another meeting in March.

Chair Chun asked for public testimonies and there was none.

9. Adjournment:

The meeting adjourned at 4:18 p.m.

Respectfully submitted,



Sheillane P. Reyes
Recorder